

**Far Eastern New Century Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2017 and 2016 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2017 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2017 and 2016, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2017 and 2016. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2017.

Very truly yours,

FAR EASTERN NEW CENTURY CORPORATION

By:

DOUGLAS TONG HSU
Chairman

March 22, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Far Eastern New Century Corporation

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern New Century Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matters of the consolidated financial statements for the year ended in December 31, 2017 are as follows:

Fair Value Evaluation of Investment Property

As of December 31, 2017, the Group's total investment property was NT\$124,148,885 thousand, which represented 24% of the consolidated total assets. In 2017, the gain from adjusting the fair value of investment property was NT\$1,040,128 thousand, which represented 6% of the consolidated income before income tax. The items mentioned above are considered to be significant for consolidated financial statements as a whole. The Group's investment properties were subsequently measured using the fair value model. The fair value evaluation involved significant accounting estimation and judgment. As a result, the fair value evaluation of investment property is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to investment property, refer to Notes 4 (j) and 5 (c) of the consolidated financial statements. For more information about the Group's investment property, refer to Note 18 of the consolidated financial statements.

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

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

Evaluation of Impairment Loss of Related Assets in Telecommunication Department

The Group's telecommunications department faces a highly competitive market condition and a rapidly changing environment. Economic trends and technology development influence the management's evaluation and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which assets belong, which in turn is used for the evaluation of the assets' impairment. Thus, the evaluation of impairment loss of the related assets in the telecommunications department is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to the impairment of assets, refer to Notes 4 (k and m) and 5 (a and b) of the consolidated financial statements. For other related disclosures, refer to Notes 17 and 19 of the consolidated financial statements.

For the evaluation of impairment loss of the related assets in the telecommunications department, we performed the corresponding audit procedures as follows:

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

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

Recognition of Telecommunications Service Revenue

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

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

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of Far Eastern New Century Corporation for the years ended December 31, 2017 and 2016 on which we have issued unmodified opinions.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2018

Notice to Readers

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

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 34)	\$ 25,464,223	5	\$ 35,675,422	7
Financial assets at fair value through profit or loss - current (Notes 4, 7, 34 and 35)	4,209,638	1	3,835,959	1
Available-for-sale financial assets - current (Notes 4, 8 and 35)	331,362	-	656,773	-
Derivative financial assets for hedging - current (Notes 4, 9 and 34)	1,700	-	2,073	-
Debt investments with no active market - current (Notes 4, 11 and 34)	2,044,153	-	1,797,697	-
Notes and accounts receivable, net (Notes 4, 12 and 34)	25,709,039	5	24,830,649	5
Amounts due from customers for construction contracts (Notes 4 and 13)	1,591,619	-	1,202,624	-
Other receivables (Note 34)	4,585,596	1	7,811,376	2
Current tax assets (Note 4)	63,544	-	60,895	-
Inventories (Notes 4, 14 and 35)	26,582,952	5	22,103,308	4
Prepayments	3,420,983	1	3,399,270	1
Other financial assets - current (Notes 34 and 35)	4,329,504	1	4,402,953	1
Refundable deposits - current	31,009	-	37,643	-
Other current assets	1,687,875	-	1,722,674	-
Total current assets	<u>100,053,197</u>	<u>19</u>	<u>107,539,316</u>	<u>21</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4, 8 and 35)	339,122	-	4,245,668	1
Derivative financial assets for hedging - non-current (Notes 4, 9 and 34)	35,544	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 10)	1,178,179	-	1,135,148	-
Investments accounted for using the equity method (Notes 4, 16 and 35)	61,532,483	12	53,421,270	11
Property, plant and equipment (Notes 4, 5, 17 and 35)	152,732,987	30	148,316,398	29
Investment properties, net (Notes 4, 5, 17, 18 and 35)	124,148,885	24	124,758,539	24
Concessions (Notes 20 and 35)	44,561,464	9	41,422,996	8
Goodwill (Notes 4, 5 and 19)	11,865,515	2	11,865,515	2
Other intangible assets (Notes 4, 5 and 20)	3,884,685	1	3,676,776	1
Deferred tax assets (Notes 4 and 28)	2,204,959	1	2,361,276	1
Prepayments for equipment (Note 17)	1,632,368	-	1,612,960	-
Refundable deposits - non-current	861,274	-	806,289	-
Long-term other receivables (Note 34)	1,312,111	-	1,440,000	-
Other financial assets - non-current (Notes 34 and 35)	3,050,829	1	3,783,584	1
Long-term prepayments for leases	6,830,254	1	6,716,440	1
Other non-current assets (Note 24 and 35)	542,424	-	357,983	-
Total non-current assets	<u>416,713,083</u>	<u>81</u>	<u>405,920,842</u>	<u>79</u>
TOTAL	<u>\$ 516,766,280</u>	<u>100</u>	<u>\$ 513,460,158</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 34)	\$ 30,944,587	6	\$ 35,131,547	7
Short-term bills payable (Note 21)	7,643,775	2	9,278,381	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 34)	12,987	-	3,421	-
Derivative financial liabilities for hedging - current (Notes 4, 9 and 34)	-	-	47,767	-
Notes and accounts payable (Note 4)	19,913,510	4	15,910,920	3
Notes and accounts payable to related parties (Notes 4 and 34)	339,718	-	418,751	-
Amounts due to customers for construction contracts (Notes 4 and 13)	63,549	-	1,428	-
Payables to suppliers of machinery and equipment	2,212,726	-	2,615,378	1
Other payables	14,363,744	3	14,451,394	3
Current tax liabilities (Note 4)	2,202,099	-	2,393,096	-
Provisions - current (Notes 4 and 23)	282,035	-	270,831	-
Guarantee deposits received - current	291,998	-	298,281	-
Receipts in advance	1,201,255	-	1,174,563	-
Unearned revenue	2,972,547	1	2,585,723	1
Current portion of long-term liabilities (Notes 21 and 22)	16,689,480	3	20,057,220	4
Other current liabilities	2,506,610	1	2,544,731	-
Total current liabilities	<u>101,640,620</u>	<u>20</u>	<u>107,183,432</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Derivative financial liabilities for hedging - non-current (Notes 4, 9 and 34)	-	-	171,366	-
Bonds payable (Note 22)	71,711,418	14	62,518,046	12
Long-term borrowings (Note 21)	66,540,553	13	68,837,916	14
Provisions - non-current (Notes 4 and 23)	887,441	-	859,586	-
Deferred tax liabilities (Notes 4 and 28)	16,874,470	3	17,014,677	3
Net defined benefit liabilities - non-current (Note 24)	2,603,463	1	3,610,061	1
Guarantee deposits received (Note 34)	506,167	-	607,007	-
Deferred credit - gains on related party transactions (Note 34)	123,637	-	124,192	-
Other non-current liabilities	339,418	-	341,223	-
Total non-current liabilities	<u>159,586,567</u>	<u>31</u>	<u>154,084,074</u>	<u>30</u>
Total liabilities	<u>261,227,187</u>	<u>51</u>	<u>261,267,506</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Common shares	53,528,751	10	53,528,751	10
Capital surplus	2,859,569	1	2,859,588	1
Retained earnings				
Legal reserve	15,945,807	3	15,315,028	3
Special reserve	112,928,355	22	110,292,892	22
Unappropriated earnings	12,819,238	2	11,785,464	2
Total retained earnings	141,693,400	27	137,393,384	27
Other equity	(3,696,270)	(1)	(2,870,205)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity attributable to owners of the Company	<u>194,360,387</u>	<u>37</u>	<u>190,886,455</u>	<u>37</u>
NON-CONTROLLING INTERESTS (Note 26)	<u>61,178,706</u>	<u>12</u>	<u>61,306,197</u>	<u>12</u>
Total equity	<u>255,539,093</u>	<u>49</u>	<u>252,192,652</u>	<u>49</u>
TOTAL	<u>\$ 516,766,280</u>	<u>100</u>	<u>\$ 513,460,158</u>	<u>100</u>

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 8 and 35)				
Net sales	\$ 136,468,217	63	\$ 132,422,673	61
Telecommunications service revenue	63,590,599	29	67,315,200	31
Gain on disposal of investments, net	1,647,132	1	33,462	-
Construction revenue	4,976,080	2	5,178,983	3
Other operating revenue	<u>11,164,920</u>	<u>5</u>	<u>10,905,603</u>	<u>5</u>
Total operating revenue	<u>217,846,948</u>	<u>100</u>	<u>215,855,921</u>	<u>100</u>
OPERATING COSTS (Notes 4, 14, 27 and 35)				
Cost of goods sold	130,959,088	60	127,872,750	59
Cost of telecommunications services	26,310,617	12	26,134,094	12
Construction costs	4,761,021	2	4,975,804	2
Other operating costs	<u>6,118,017</u>	<u>3</u>	<u>5,702,151</u>	<u>3</u>
Total operating costs	<u>168,148,743</u>	<u>77</u>	<u>164,684,799</u>	<u>76</u>
GROSS PROFIT	<u>49,698,205</u>	<u>23</u>	<u>51,171,122</u>	<u>24</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 27 and 35)				
Selling and marketing	22,326,374	10	24,244,348	11
General and administrative	11,124,854	5	11,521,573	5
Research and development	<u>813,263</u>	<u>1</u>	<u>868,947</u>	<u>1</u>
Total operating expenses	<u>34,264,491</u>	<u>16</u>	<u>36,634,868</u>	<u>17</u>
OPERATING INCOME	<u>15,434,269</u>	<u>7</u>	<u>14,536,809</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of associates (Note 16)	4,114,335	2	1,873,936	1
Interest income	486,339	-	440,904	-
Other income - other	1,377,315	1	1,304,074	-
Gain on disposal of investment properties (Notes 18 and 35)	2,605	-	313,100	-
Exchange loss, net	(185,372)	-	(792,420)	-
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	167,143	-	(62,755)	-
Valuation gain on investment properties (Note 18)	1,040,128	-	3,269,052	1
Interest expense (Note 27)	(2,605,876)	(1)	(2,486,885)	(1)
Other expenses	(882,744)	(1)	(1,021,408)	(1)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Loss on disposal of property, plant and equipment (Note 17)	\$ (756,824)	-	\$ (746,006)	-
Gain (loss) on disposal of concessions (Note 20)	5	-	(108)	-
Loss on disposal of intangible assets (Note 20)	(64)	-	(10,085)	-
Impairment loss	<u>(1,298,968)</u>	<u>(1)</u>	<u>(658,098)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,458,022</u>	<u>-</u>	<u>1,423,301</u>	<u>-</u>
INCOME BEFORE INCOME TAX	16,892,291	7	15,960,110	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(2,690,954)</u>	<u>(1)</u>	<u>(3,257,420)</u>	<u>(1)</u>
NET INCOME	<u>14,201,337</u>	<u>6</u>	<u>12,702,690</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	577,628	-	(443,067)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,828	-	(82,222)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(8,987)</u>	<u>-</u>	<u>17,732</u>	<u>-</u>
	<u>575,469</u>	<u>-</u>	<u>(507,557)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,071,916)	(1)	(3,287,569)	(2)
Unrealized loss on available-for-sale financial assets	(1,018,683)	-	(289,788)	-
Cash flow hedges	231,609	-	149,385	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>1,185,860</u>	<u>1</u>	<u>(4,006,347)</u>	<u>(2)</u>
	<u>(673,130)</u>	<u>-</u>	<u>(7,434,319)</u>	<u>(4)</u>
Total other comprehensive loss, net	<u>(97,661)</u>	<u>-</u>	<u>(7,941,876)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 14,103,676</u>	<u>6</u>	<u>\$ 4,760,814</u>	<u>2</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 8,066,136	3	\$ 6,307,786	3
Non-controlling interests	<u>6,135,201</u>	<u>3</u>	<u>6,394,904</u>	<u>3</u>
	<u>\$ 14,201,337</u>	<u>6</u>	<u>\$ 12,702,690</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 7,808,712	3	\$ (1,049,835)	(1)
Non-controlling interests	<u>6,294,964</u>	<u>3</u>	<u>5,810,649</u>	<u>3</u>
	<u>\$ 14,103,676</u>	<u>6</u>	<u>\$ 4,760,814</u>	<u>2</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 1.61</u>		<u>\$ 1.26</u>	
Diluted	<u>\$ 1.61</u>		<u>\$ 1.26</u>	

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)

	Equity Attributable to Owners of the Company					Other Equity					Total Equity Attributable to Owners of the Company	Non-controlling Interests (Note 26)	Total Equity
	Common Shares (Note 26)	Capital Surplus (Notes 4 and 26)	Legal Reserve (Note 26)	Retained Earnings Special Reserve (Note 26)	Unappropriated Earnings (Note 26)	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 26)	Cash Flow Hedges (Notes 4 and 26)	Gains on Property Revaluation (Note 26)	Treasury Shares (Note 26)			
BALANCE AT JANUARY 1, 2016	\$ 53,528,751	\$ 2,807,683	\$ 14,511,559	\$ 108,721,550	\$ 13,706,389	\$ 2,274,683	\$ 1,119,927	\$ (95,944)	\$ 702,030	\$ (25,063)	\$ 197,251,565	\$ 63,145,438	\$ 260,397,003
Appropriation of the 2015 earnings	-	-	803,469	-	(803,469)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(803,469)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,165,513	(2,165,513)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	(5,352,875)	-	-	-	-	-	(5,352,875)	-	(5,352,875)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,710,107)	(7,710,107)
Net income for the year ended December 31, 2016	-	-	-	-	6,307,786	-	-	-	-	-	6,307,786	6,394,904	12,702,690
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(486,720)	(3,852,495)	(3,067,584)	48,430	748	-	(7,357,621)	(584,255)	(7,941,876)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	5,821,066	(3,852,495)	(3,067,584)	48,430	748	-	(1,049,835)	5,810,649	4,760,814
Change in associates accounted for using the equity method	-	9,432	-	(2)	(1,116)	-	-	-	-	-	8,314	(1,109)	7,205
Disposal of investments in associates	-	-	-	(1,194)	(795)	-	-	-	-	-	(1,989)	-	(1,989)
Partial acquisition (disposal) of interests in subsidiaries	-	41,694	-	-	(11,198)	-	-	-	-	-	30,496	61,341	91,837
Cash capital reduction by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	779	-	-	-	-	-	-	-	-	779	-	779
Reversal of special reserve	-	-	-	(592,975)	592,975	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2016	53,528,751	2,859,588	15,315,028	110,292,892	11,785,464	(1,577,812)	(1,947,657)	(47,514)	702,778	(25,063)	190,886,455	61,306,197	252,192,652
Appropriation of the 2016 earnings	-	-	630,779	-	(630,779)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(630,779)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,662,006	(2,662,006)	-	-	-	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	(4,282,300)	-	-	-	-	-	(4,282,300)	-	(4,282,300)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,783,681)	(7,783,681)
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136	-	-	-	-	-	8,066,136	6,135,201	14,201,337
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641	(1,499,559)	590,338	83,156	-	-	(257,424)	159,763	(97,661)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777	(1,499,559)	590,338	83,156	-	-	7,808,712	6,294,964	14,103,676
Change in associates accounted for using the equity method	-	(650)	-	-	(22,116)	-	-	-	-	-	(22,766)	(233)	(22,999)
Disposal of investments in associates	-	-	-	-	(2,367)	-	-	-	-	-	(2,367)	(1)	(2,368)
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(6,899)	-	-	-	-	-	(6,899)	(13,129)	(20,028)
Change in ownership interest of subsidiaries	-	8	-	-	(21,079)	-	-	-	-	-	(21,071)	158,817	137,746
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,215,787	1,215,787
Cash capital reduction by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	623	-	-	-	-	-	-	-	-	623	-	623
Reversal of special reserve	-	-	-	(26,543)	26,543	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2017	\$ 53,528,751	\$ 2,859,569	\$ 15,945,807	\$ 112,928,355	\$ 12,819,238	\$ (3,077,371)	\$ (1,357,319)	\$ 35,642	\$ 702,778	\$ (25,063)	\$ 194,360,387	\$ 61,178,706	\$ 255,539,093

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,892,291	\$ 15,960,110
Adjustments for:		
Depreciation	15,851,009	15,301,556
Amortization	4,661,631	4,036,836
Allowance for doubtful accounts	487,155	700,454
Interest expense	2,605,876	2,486,885
Interest income	(486,339)	(440,904)
Dividend income	(259,126)	(202,531)
Share of the profit of associates	(4,114,335)	(1,873,936)
Loss on disposal of property, plant and equipment	756,824	746,006
Gain on disposal of investment properties	(2,605)	(313,100)
Loss on disposal of intangible assets	64	10,085
(Gain) loss on disposal of concessions	(5)	108
Gain on disposal of investments	(1,654,107)	(39,781)
Impairment loss	1,298,968	658,098
Write-down of inventory	124,714	25,958
Realized gain on the transactions with associates	(555)	(555)
Gain on change in fair value of investment properties	(1,040,128)	(3,269,052)
Deferred loss on derivative assets for hedging	30,605	23,424
Net changes in operating assets and liabilities		
Financial assets held for trading - current	(373,679)	161,936
Notes and accounts receivable	(1,418,981)	(2,156,165)
Amounts due from customers for construction contracts	(388,995)	(228,736)
Other receivables	285,408	(351,646)
Inventories	(4,604,358)	4,204,741
Prepayments	(9,264)	(43,606)
Other current assets	34,799	371,730
Financial liabilities held for trading	9,566	3,421
Notes and accounts payable	4,002,590	288,018
Notes and accounts payable to related parties	(79,033)	37,368
Amounts due to customers for construction contracts	62,121	(119,268)
Other payables	(160,333)	72,386
Provisions	39,059	60,685
Receipts in advance	26,692	127,337
Other current liabilities	(38,121)	551,819
Net defined benefit liabilities	(429,429)	(776,415)
Unearned revenue	386,824	4,546
Cash generated from operations	32,496,803	36,017,812
Interest received	460,911	439,835
Dividends received	2,236,100	3,137,207
Interest paid	(2,527,267)	(2,456,047)
Income tax paid	(2,877,477)	(2,566,581)
	29,789,070	34,572,226
Net cash generated from operating activities	29,789,070	34,572,226

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$ (1,029,197)	\$ (12,285)
Proceeds from the disposal of available-for-sale financial assets	653,919	202,059
(Increase) decrease in debt investments with no active market	(246,456)	1,553,293
Acquisition of financial assets measured at cost	(54,897)	-
Proceeds from the disposal of financial assets measured at cost	945	-
Return on the capital reduction of financial assets measured at cost	3,505	-
Acquisition of investments accounted for using the equity method	(83,138)	(183,357)
Proceeds from disposed of investments accounted for using the equity method	383,778	111,959
Acquisition of property, plant, equipment and prepayments for equipment	(23,129,609)	(19,516,098)
Proceeds from the disposal of property, plant and equipment	1,090,591	99,148
(Increase) decrease in refundable deposits	(48,351)	28,862
Decrease (increase) in other receivables	1,826,870	(250,270)
Acquisition for intangible assets	(1,115,283)	(1,099,920)
Proceeds from the disposal of intangible assets	33,003	-
Acquisition for investment properties	(1,895)	(1,723)
Proceeds from the disposal of investment properties	1,330,530	-
Increase in long-term prepayments for leases	(450,769)	(489,429)
Payments for concessions	(6,515,000)	(8,526,330)
Proceeds from disposal of concessions	5	450,384
Decrease (increase) in other financial assets	806,204	(898,591)
Increase in other non-current assets	<u>(190,267)</u>	<u>(102,628)</u>
Net cash used in investing activities	<u>(26,735,512)</u>	<u>(28,634,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(4,186,960)	10,443,920
(Decrease) increase in short-term bills payables	(1,635,000)	2,678,000
Proceeds from issue of bonds	22,700,000	15,600,000
Repayments of bond payables	(16,450,000)	(21,029,500)
Proceeds from long-term borrowings	155,645,199	160,375,278
Repayments of long-term borrowings	(158,304,697)	(166,031,854)
Decrease in guarantee deposits received	(107,123)	(77,887)
Decrease in other non-current liabilities	(1,805)	(52,108)
Cash dividends paid	(4,281,644)	(5,352,875)
Cash capital increase by subsidiaries	1,353,533	91,837
Cash capital reduction by subsidiaries	(15)	(15)
Partial acquisition of interests in subsidiaries from non-controlling interests	(20,028)	-
Dividends paid to non-controlling interests	<u>(7,783,681)</u>	<u>(7,710,107)</u>
Net cash used in financing activities	<u>(13,072,221)</u>	<u>(11,065,311)</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
EFFECTS OF EXCHANGE RATE CHANGES	\$ <u>(192,536)</u>	\$ <u>(75,381)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,211,199)	(5,203,392)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>35,675,422</u>	<u>40,878,814</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 25,464,223</u>	<u>\$ 35,675,422</u>

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 22, 2018.

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

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

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

- 1) 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 Group accrues the related liability when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time (such as the 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.

2) 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.

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 amendment should be applied prospectively to business combinations with acquisition dates on or after January 1, 2017.

The amended IFRS 8 requires the Group 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.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate should be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

3) 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 arrangements themselves. The amendment should be applied prospectively starting from January 1, 2017.

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 those contracts which 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 the application of both standards may be required to determine whether the investment property acquired is an acquisition of an asset or a business combination.

4) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the Group's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation conditions after a business combination and the expected benefits at the acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 34 for the related disclosures.

- b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018 and the amendments to IFRS 9 for early adoption starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 3)
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

Note 3: The amendments to IFRS 9 are not yet endorsed by the FSC; however, the FSC permits that entities may elect to early adopt the amendments starting from 2018.

1) IFRS 9 “Financial Instruments” and related amendments

Classification, measurement and impairment of financial assets

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

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group 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. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect an entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way the hedging cost of derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

The assessment of the Group's current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of IFRS 9.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- a) Identify the contract with the customer;
- b) Identify the performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contract; and
- e) Recognize revenue when the Group satisfies a performance obligation.

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

Under IFRS 15, the Group will allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Currently, the recognition of the revenue is based on the allocation of the total consideration received from customers using the relevant fair values, and the sales of goods are limited to the amount that the customers pay for.

Incremental costs of obtaining a contract will be recognized as an asset to the extent that the Group expects to recover those costs. Such an asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Currently, related costs are recognized as expenses immediately.

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

IFRS 15 and the related amendments require that when another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Since a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

- a) The good or another asset that it then transfers to the customer.
- b) The right to a service to be performed by another party which gives the Group the ability to direct that party to provide the service to the customer on its behalf.
- c) A good or service from another party that it then combines with other goods or services in providing a specified good or service to the customer.

Indicators to support the Group's assessment of whether it controls a specified good or service include, but are not limited to, the following:

- a) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.
- b) The Group has inventory risk before or after the specified good or service is transferred to the customer.
- c) The Group has discretion in establishing the price of the specified good or service.

Currently, the Group determines whether it is a principal or an agent based on its exposure to the significant risks and rewards in the transaction.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Currently, the receivable is recognized or the deferred revenue is reduced when revenue is recognized for the contract under IAS 18.

The Group elects to recognize the cumulative effect of retrospectively applying IFRS 15 in the retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 9 and IFRS 15 as of January 1, 2018 is detailed below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Current assets</u>			
<u>Anticipated impact from IFRS 9</u>			
Available-for-sale financial assets - current	\$ 331,362	\$ (331,362)	\$ -
Financial assets at fair value through profit or loss - current	4,209,638	246,088	4,455,726
Financial assets through other comprehensive income through profit or loss - current	-	85,274	85,274
Derivative financial assets for hedging - current	1,700	(1,700)	-
Financial assets for hedging - current	-	1,700	1,700
Financial assets at amortized cost - current	-	2,044,153	2,044,153
Debt investments with no active market - current	2,044,153	(2,044,153)	-
<u>Anticipated impact from IFRS 15</u>			
Amounts due from customers for construction contracts	1,591,619	(1,591,619)	-
Contract assets - current	-	6,031,158	6,031,158
<u>Notes and accounts receivable, net</u>			
Anticipated impact from IFRS 9		(10,671)	
Anticipated impact from IFRS 15		(406,259)	
	25,709,039	(416,930)	25,709,039
<u>Non-current assets</u>			
<u>Anticipated impact from IFRS 9</u>			
Financial assets measured at cost - non-current	1,178,179	(1,178,179)	-
Financial assets through other comprehensive income through profit or loss - non-current	-	1,490,803	1,490,803
Available-for-sale financial assets - non-current	339,122	(339,122)	-
Investments accounted for using the equity method	61,532,483	297,645	61,830,128
Derivative financial assets for hedging - non-current	35,544	(35,544)	-
Financial assets for hedging - non-current	-	35,544	35,544

(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Anticipated impact from IFRS 15</u>			
Contract assets - non-current	\$ -	\$ 1,997,827	\$ 1,997,827
Incremental costs of obtaining a contract - non-current	-	1,566,190	1,566,190
Total effect on assets	<u>\$ 516,766,280</u>	<u>\$ 7,857,773</u>	<u>\$ 524,624,053</u>
<u>Current liabilities</u>			
<u>Anticipated impact from IFRS 15</u>			
Contract liabilities - current	\$ -	\$ 4,815,955	\$ 4,815,955
Notes and accounts payable (including to related parties)	20,253,228	(730,107)	19,523,121
Amounts due to customers for construction contracts	63,549	(63,549)	-
Current tax liabilities	2,202,099	1,597,549	3,799,648
Receipts in advance	1,201,255	(1,201,255)	-
Unearned revenue	2,972,547	(2,972,547)	-
Provisions	-	26,610	26,610
Total effect on liabilities	<u>\$ 261,227,187</u>	<u>\$ 1,472,656</u>	<u>\$ 262,699,843</u>
<u>Equity</u>			
<u>Retained earnings</u>			
Anticipated impact from IFRS 9		\$ 622,371	
Anticipated impact from IFRS 15		<u>2,335,295</u>	
	\$ 141,693,400	2,957,666	\$ 144,651,066
<u>Anticipated impact from IFRS 9</u>			
Other equity	(3,696,270)	(350,351)	(4,046,621)
<u>Non-controlling interests</u>			
Anticipated impact from IFRS 9		(11,544)	
Anticipated impact from IFRS 15		<u>3,789,346</u>	
	61,178,706	3,777,802	64,956,508
Total effect on equity	<u>\$ 255,539,093</u>	<u>\$ 6,385,117</u>	<u>\$ 261,924,210</u>

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

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

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

2) IFRS 16 "Leases"

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

4) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value.

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 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 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

e. Business combinations

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to 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 categories

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 33.

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 Group's right to receive the dividends is established.

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence 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 were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, 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 to be objective evidence of impairment.

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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 receivable where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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 held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 34.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

o. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges.

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

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

p. Provisions

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

1) Decommissioning, restoration and similar liabilities

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

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

2) Onerous contracts

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

3) Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the best estimate by the management of the Group of the expenditure required to settle the Group's obligation.

q. 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. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

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

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

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

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

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

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

2) Rendering of services

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

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

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

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

3) Handling service revenue

The handling service revenue is the service charge recognized as revenue as car owners pass electronic toll collection ETC points and recognizes the service charge as revenue on the basis of specified ETC rates. ETC collects the toll from car owners in advance and recognizes the ETC payments as receipts under custody, which will be remitted to the Taiwan Area National Freeway Bureau (TANFB). In addition, the toll payments received in advance from enterprise users are recognized as accounts receivable received in advance, which are remitted to TANFB on the basis of real usage at specified toll rates.

4) Dividend and interest income

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

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

r. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. However, where reasonably reliable estimates cannot be made, the measurement of proportion of contract may not be made. Variations in contract work, claims and incentive payments are included to the extent the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

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

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

s. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

3) Leasehold land for own use

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

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

t. Borrowing costs

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

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

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

u. Government grants

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

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

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

v. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

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

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, 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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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

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

b. Impairment of goodwill

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

c. Fair value measurements and valuation processes of investment properties

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 18.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash		
Cash on hand and petty cash	\$ 35,493	\$ 79,920
Demand and checking accounts	<u>22,316,975</u>	<u>18,810,198</u>
	<u>22,352,468</u>	<u>18,890,118</u>
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	1,167,395	1,841,027
Commercial paper and corporate bonds purchased under resale agreements	<u>1,856,129</u>	<u>14,831,983</u>
	<u>3,023,524</u>	<u>16,673,010</u>
Management discretionary accounts		
Demand accounts	<u>88,231</u>	<u>112,294</u>
	<u>\$ 25,464,323</u>	<u>\$ 35,675,422</u>

The Group's members individually contracted and fully authorized an "other related party", Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to \$88,231 thousand and \$112,294 thousand as of December 31, 2017 and 2016, respectively.

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Time deposits	0.10%-3.65%	0.05%-8.30%
Commercial paper and corporate bonds purchased under resale agreements	0.28%-1.10%	0.28%-0.75%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets held for trading - current</u>		
Mutual funds - beneficial certificates	\$ 3,764,926	\$ 3,405,976
Marketable equity securities	418,496	355,122
Guarantee deposits cotton futures contracts	17,867	42,328
Guarantee deposits - PTA futures contracts	-	12,396
Forward exchange contracts	5,005	17,760
Combined foreign exchange options	<u>3,344</u>	<u>2,377</u>
	<u>\$ 4,209,638</u>	<u>\$ 3,835,959</u>
<u>Financial liabilities held for trading - current</u>		
Forward exchange contracts	\$ 12,987	\$ 255
Option contracts	<u>-</u>	<u>3,166</u>
	<u>\$ 12,987</u>	<u>\$ 3,421</u>

a. Cotton futures contracts

The Group entered into cotton futures contracts mainly to hedge against the adverse fluctuation of cotton prices. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Group had no outstanding cotton future contracts as of December 31, 2017 and 2016.

b. PTA futures contracts

The Group entered into PTA futures contracts mainly to hedge against the adverse fluctuation to PTA prices. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Group had no outstanding PTA futures contracts as of December 31, 2017 and 2016.

c. Forward exchange contracts

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

As of December 31, 2017 and 2016, the Group had outstanding forward exchange contracts, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2017</u>			
Buy	USD/TWD	2018.01.02-2018.02.26	USD48,750/TWD1,459,740
Sell	EUR/USD	2018.01.29-2018.02.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.01.26-2018.02.26	USD6,000/JPY676,010
Buy	USD/RMB	2018.02.26	USD2,000/RMB13,240
Sell	USD/RMB	2018.01.24-2018.01.28	USD12,000/RMB79,623
Sell	USD/JPY	2018.01.26-2018.04.27	USD5,960/JPY665,211
Sell	USD/TWD	2018.01.18-2018.01.31	USD8,000/TWD237,716
<u>December 31, 2016</u>			
Buy	USD/TWD	2017.01.03-2017.02.03	USD27,900/TWD887,939
Sell	EUR/USD	2017.02.24-2017.03.29	EUR7,000/USD7,406
Buy	USD/JPY	2017.03.29	USD7,000/JPY820,190
Buy	USD/RMB	2017.02.24-2017.03.29	USD12,000/RMB84,161

d. Option contracts

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

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

As of December 31, 2016, the Group had outstanding forward exchange contracts, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell USD call options	USD/TWD	2017.01.05-2017.01.24	USD22,000/TWD719,580
Sell EUR call options	EUR/USD	2017.01.10-2017.01.19	EUR4,000/USD4,240

e. Combined foreign exchange options

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

As of December 31, 2017 and 2016, the Group had outstanding combined foreign exchange options, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2017</u>			
Sell USD call options	USD/TWD	2018.01.03-2018.02.13	USD175,000/TWD5,264,807
Buy USD put options	USD/TWD	2018.01.03-2018.02.13	USD87,500/TWD2,632,404

(Continued)

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell EUR call options	EUR/USD	2017.02.13-2017.03.02	EUR18,000/USD19,489
Buy EUR put options	EUR/USD	2017.02.13-2017.03.02	EUR6,000/USD6,496
(Concluded)			

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Equity investments</u>		
Marketable equity securities	\$ 424,396	\$ 4,198,219
Overseas mutual funds - beneficial certificates	246,688	598,132
Overseas shares	<u>-</u>	<u>106,090</u>
	<u>\$ 670,484</u>	<u>\$ 4,902,441</u>
Current	\$ 331,362	\$ 656,773
Non-current	<u>339,122</u>	<u>4,245,668</u>
	<u>\$ 670,484</u>	<u>\$ 4,902,441</u>

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

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Derivative financial assets under hedge accounting - current</u>		
Fair value hedges - foreign exchange swap contracts	\$ 1,700	\$ -
Cash flow hedges - forward exchange contracts	<u>-</u>	<u>2,073</u>
	<u>\$ 1,700</u>	<u>\$ 2,073</u>
<u>Derivative financial assets under hedge accounting - non-current</u>		
Cash flow hedges - interest rate swaps	<u>\$ 35,544</u>	<u>\$ -</u>
(Continued)		

	December 31	
	2017	2016
<u>Derivative financial liabilities under hedge accounting - current</u>		
Cash flow hedges - forward exchange contracts	\$ -	\$ 40,229
Cash flow hedges - foreign exchange swap contracts	<u>-</u>	<u>7,538</u>
	<u>\$ -</u>	<u>\$ 47,767</u>
<u>Derivative financial liabilities under hedge accounting - non-current</u>		
Cash flow hedges - interest rate swaps	<u>\$ -</u>	<u>\$ 171,366</u> (Concluded)

Fair Value Hedges

The Group hedged exposure to changes in fair value by using foreign exchange swap contracts to minimize currency exposure to changes in the fair value of certain assets in foreign currencies. The terms for foreign exchange swap contracts were negotiated in accordance with the terms on the hedged items, and management believes the foreign exchange swap contracts are highly effective hedging instruments. The outstanding foreign exchange swap contracts of the Group at the end of the reporting period were as follows:

December 31, 2017

	Currency	Maturity Date	Contract Amount (Thousands)
Foreign exchange swap contracts	USD/TWD	2018.02.26	USD10,000

The foreign exchange swap contracts were 100% effective in hedging the exposure to currency rate movements. The gain related to foreign exchange swap contracts was \$1,700 thousand for the year ended December 31, 2017, and loss related to the hedge items due to the fluctuations of foreign currency exchange rates was \$1,700 thousand for the year ended December 31, 2017.

Cash Flow Hedges

The Group used forward exchange contracts and foreign exchange swap contracts to hedge against adverse cash flow fluctuations on its foreign currency-denominated assets. These contracts were negotiated in accordance with the contracts on the hedged items. The outstanding forward exchange contracts and foreign exchange swap contracts at the end of the reporting period were as follows:

December 31, 2016

	Currency	Maturity Date	Contract Amount (Thousands)
Forward exchange contracts	TWD/EUR	2017.01.25-2017.10.25	EUR29,500
Foreign exchange swap contracts	USD/TWD	2017.01.11-2017.02.15	USD20,000

The Group invested in overseas mutual funds and used foreign exchange contracts to hedge against adverse cash flow fluctuations, and the foreign exchange agreements were designated as cash flow hedges. The Group also used forward exchange contracts to hedge against fluctuations of exchange rates for expected future purchases, and the forward exchange contracts were designated as cash flow hedges.

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

	For the Year Ended December 31	
	2017	2016
Net gain or loss on disposal of investments	<u>\$ 19,325</u>	<u>\$ 41,589</u>

The Group entered into interest rate swaps to minimize the cash flow risk exposure of floating rate debt. The outstanding interest rate swaps at the end of the reporting period were as follows:

Hedged Items	Financial Instruments for Hedging	Notional amount	For the Year Ended December 31		Expected Cash Flow Period
			2017	2016	
Interest expense from long-term borrowings	Interest rate swaps	Notional amount	\$ 3,879,644	\$ 4,920,467	2012-2015

All interest rate swaps, which involved the exchange of floating interest amounts for fixed interest amounts, were designated as cash flow hedges to reduce the Group's cash flow exposure to adverse changes in interest rates on borrowings. The interest rate swaps and the interest payments on the respective loans were transacted simultaneously, and the amount accumulated in equity was reclassified to profit or loss over the period that the floating interest payments on debts affected profit or loss.

Profit or loss reclassified from equity was included in the following line item in the consolidated statements of comprehensive income:

	For the Year Ended December 31	
	2017	2016
Debited interest expense	<u>\$ 42,875</u>	<u>\$ 29,872</u>

10. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2017	2016
<u>Noncurrent</u>		
Domestic unlisted common shares	\$ 931,400	\$ 882,424
Overseas unlisted common shares	<u>246,779</u>	<u>252,724</u>
	<u>\$ 1,178,179</u>	<u>\$ 1,135,148</u>
<u>Distinguished by the type of measurement</u>		
Available-for-sale	<u>\$ 1,178,179</u>	<u>\$ 1,135,148</u>

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

Kaohsiung Rapid Transit Corporation, the entity in which the Group invested, is the BOT Concession Company under the BOT concession contract that it entered into with the Kaohsiung City Government. When the concession period expires (concession expires in October 2037), the assets shall be transferred to the Kaohsiung City Government and the BOT Concession Company will be eliminated. For the years ended December 31, 2017 and 2016, the amortization of \$2,415 thousand and \$2,055 thousand, respectively, was recognized as impairment loss.

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u>2,044,153</u>	\$ <u>1,797,697</u>

The range of market interest rates of the time deposits with original maturities of more than 3 months were 0.07%-3.15% and 0.12%-1.30%, respectively, as of December 31, 2017 and 2016.

12. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Notes and accounts receivable	\$ 27,124,528	\$ 26,173,376
Less: Allowance for doubtful accounts	(1,414,582)	(1,342,727)
Less: Unrealized interest income	<u>(907)</u>	<u>-</u>
	<u>\$ 25,709,039</u>	<u>\$ 24,830,649</u>

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

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

The aging of receivables was as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
1-90 days	\$ 23,362,829	\$ 22,399,146
91-180 days	1,893,096	1,996,949
181-365 days	120,965	138,193
More than 365 days	<u>332,149</u>	<u>296,361</u>
	<u>\$ 25,709,039</u>	<u>\$ 24,830,649</u>

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 245,426	\$ 1,097,301	\$ 1,342,727
Add: Accounts recovered during the period	-	254,465	254,465
Add: (Reversal of) impairment losses/bad debts	(3,699)	490,854	487,155
Deduct: Amounts written off during the period as uncollectible	(597)	(667,121)	(667,718)
Effect of exchange rate differences	<u>-</u>	<u>(2,047)</u>	<u>(2,047)</u>
Balance at December 31, 2017	<u>\$ 241,130</u>	<u>\$ 1,173,452</u>	<u>\$ 1,414,582</u>
Balance at January 1, 2016	\$ 11,546	\$ 1,240,968	\$ 1,252,514
Add: Accounts recovered during the period	-	211,333	211,333
Add: Impairment losses/bad debts	239,786	460,668	700,454
Deduct: Amounts written off during the period as uncollectible	(5,906)	(811,236)	(817,142)
Effect of exchange rate differences	<u>-</u>	<u>(4,432)</u>	<u>(4,432)</u>
Balance at December 31, 2016	<u>\$ 245,426</u>	<u>\$ 1,097,301</u>	<u>\$ 1,342,727</u>

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

	<u>December 31</u>	
	2017	2016
Gross amount of accounts receivable	\$ 64,068	\$ -
Unrealized interest income	<u>(3,373)</u>	<u>-</u>
	<u>\$ 60,695</u>	<u>\$ -</u>

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

Sale of Overdue Accounts Receivable

Under agreements on sales of accounts receivable signed during the years ended December 31, 2017 and 2016, the Group sold to asset management companies the overdue accounts receivable that had been written off. Thus, as of December 31, 2017 and 2016, the Group was not under the risk of irrecoverable receivables.

Related information as of December 31, 2017 and 2016 is as follows:

	Amounts of Accounts Receivable Sold	Proceeds of the Sale of Accounts Receivable
<u>For the year ended December 31, 2017</u>		
E-Hao Management Consultant Co., Ltd.	\$ <u>1,499,625</u>	\$ <u>97,143</u>
<u>For the year ended December 31, 2016</u>		
E-Hao Management Consultant Co., Ltd.	\$ <u>1,226,233</u>	\$ <u>67,735</u>

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

	<u>December 31</u>	
	2017	2016
<u>Amount due from customers for construction contracts</u>		
Construction costs incurred plus recognized profit less recognized loss to date	\$ 22,571,407	\$ 18,074,224
Less: Progress billings	<u>20,979,788</u>	<u>16,871,600</u>
	<u>\$ 1,591,619</u>	<u>\$ 1,202,624</u>
<u>Amount due to customers for construction contracts</u>		
Progress billings	\$ 980,714	\$ 894,236
Less: Construction costs incurred plus recognized profit less recognized loss to date	<u>917,165</u>	<u>892,808</u>
	<u>\$ 63,549</u>	<u>\$ 1,428</u>
Retentions receivable	<u>\$ 406,259</u>	<u>\$ 281,193</u>
Retentions payable	<u>\$ 730,107</u>	<u>\$ 633,699</u>

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

14. INVENTORIES

	December 31	
	2017	2016
Merchandise inventories	\$ 5,963,346	\$ 3,528,667
Finished goods	6,022,810	4,645,827
Work in progress	3,135,112	2,673,769
Raw materials	6,149,870	5,237,872
Supplies	723,989	728,798
Available-for-sale - buildings and land	1,996,228	2,764,531
Available-for-construction - land	208,384	2,523,844
Construction in progress	<u>2,383,213</u>	<u>-</u>
	<u>\$ 26,582,952</u>	<u>\$ 22,103,308</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was \$130,959,088 thousand and \$127,872,750 thousand, respectively.

The cost of goods sold included inventory write-downs \$124,714 thousand and \$25,958 thousand for the years ended December 2017 and 2016, respectively.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2017	2016
Far Eastern New Century Corporation	Far EasTone Telecommunications Co., Ltd. (Far EasTone) (Note 1)	Telecommunications	38.29	38.29
	Yuan Ding Investment Co., Ltd.	Investment	99.70	99.70
	Far Eastern Resources Development Co., Ltd.	Real estate leasing and development services	100.00	100.00
	Yuan Tong Investment Co., Ltd.	Investment	100.00	100.00
	Far Eastern Polychem Industries Ltd. (FEPI)	Investment	100.00	100.00
	Oriental Petrochemical (Taiwan) Corporation	Petrochemical materials production	80.76	80.76
	Far Eastern Investment (Holding) Ltd.	Investment	100.00	100.00
	PET Far Eastern (Holding) Ltd. (PETH)	Investment	100.00	100.00
	Kai Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	Far Eastern Polytex (Holding) Ltd.	Investment	100.00	100.00
	Yuan Ding Co., Ltd. (Note 2)	Real estate leasing and hotels	49.99	49.99
	Far Eastern Construction Co., Ltd.	Real estate construction and sale	65.11	65.11
	Ding Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	An Ho Garment Co., Ltd.	Garment production and investment	100.00	100.00
	FEDP (Holding) Ltd. (FEDP)	Investment	100.00	100.00
	Fu Kwok Knitting & Garment Co., Ltd. (Note 7)	Garment production	100.00	99.99
	Far Eastern Textile Ltd.	Textile production	100.00	100.00
	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection services	66.33	66.33
	Yuan Hsin Digital Payment Co., Ltd.	Digital payment	65.01	65.01
	Malaysia Garment Manufactures Pte. Ltd.	Clothing production and investment	50.92	50.92
Yuan Ding Investment Co., Ltd.	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00
	Far Eastern Apparel (Holding) Ltd. (FEAH)	Investment	100.00	100.00
	Far Eastern Fibertech Co., Ltd.	Nylon production	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2017	2016
	Far Eastern Apparel Co., Ltd.	Sale of textiles, garments, and clothing	100.00	100.00
	Oriental Resources Development Co., Ltd.	Production and wholesale of medical supplies; waste recycling and re-processing	70.00	70.00
Far Eastern Investment (Holding) Ltd. (FEIH)	Yuan Faun Co., Ltd.	Consulting	100.00	100.00
	FETG Investment Antilles N.V.	Investment	100.00	100.00
	PET Far Eastern (M) Sdn. Bhd.	Bottle production	100.00	100.00
	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	Worldwide Polychem (HK) Ltd. (WWPI)	Foreign trade	100.00	100.00
	Far Eastern Polytex (Vietnam) Ltd.	Chemical fiber and textile production	100.00	100.00
Far Eastern Polychem Industries Ltd. (FEPI)	Far Eastern New Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	Magna View Sdn. Bhd.	Investment	100.00	100.00
	Far Eastern Industries (Shanghai) Ltd.	Chemical fiber production	100.00	100.00
	Far Eastern Industries (Yangzhou) Ltd.	Production and sales of polyester products	100.00	100.00
Far Eastern Construction Co., Ltd.	Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Recycled PET production and sales	90.00	90.00
	Far Eastern General Contractor Inc.	Construction	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00
FETG Investment Antilles N.V.	Waldorf Services B.V.	Investment	100.00	100.00
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	Personnel recruitment	55.19	55.19
Yuan Tong Investment Co., Ltd.	Sino Belgium (Holding) Ltd.	Investment	90.88	90.88
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd. (Note 4)	Human services and equipment procurement and product sales agency services	100%	-
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	Garment production	100.00	100.00
PET Far Eastern (Holding) Ltd. (PETH)	Oriental Petrochemical (Shanghai) Corporation	PTA production and sale	61.35	61.35
Oriental Textile (Holding) Ltd. (OTTI)	Far Eastern Industries (Wuxi) Ltd.	Fiber and textile production	100.00	100.00
	Oriental Industries (Suzhou) Ltd.	Production and sales of polyester resins and industrial fabrics	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	Far Eastern Industries (Suzhou) Ltd.	Production and sales of polyester products	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	100.00	100.00
	Far Eastern Apparel (Suzhou) Co., Ltd.	Garment production	100.00	100.00
Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00
	Far Eastern New Century (China) Investment Co., Ltd.	Investment	100.00	100.00
	Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00
	Yuan Ding Enterprise (Shanghai) Limited	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses	100.00	100.00
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	100.00	100.00
Oriental Petrochemical (Shanghai) Corporation	Martens Beers (Shanghai) Ltd.	Beer sale	100.00	100.00
	Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	100.00	100.00
Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd. (Note 5)	Hotel	90.26	80.99
	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2017	2016
	Far Eastern Technical Consultants Co., Ltd.	Real estate development business consulting and management	100.00	100.00
	FET Consulting Engineers Co., Ltd.	Corporate management consulting, pipe and cable installment and replacement	100.00	100.00
	Ding Ding Integrated Marketing Service Co., Ltd.	Market research and general advertisement	80.00	80.00
	Far Eastern Electronic Commerce Co., Ltd. (FEEC) (Note 6)	Online retail services	-	73.42
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	Investment	100.00	100.00
YDC (Virgin Islands) Ltd.	Speedy (Shanghai) digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products	100.00	100.00
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00
Malaysia Garment Manufactures Pte. Ltd.	PT Malaysia Garment Bintan (PTMG)	Clothing production	99.00	99.00
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Types I and II telecommunications services	100.00	100.00
	ARCOA Communication Co., Ltd.	Sales of communications products and office equipment	61.63	61.63
	KGEx.com Co., Ltd.	Type II telecommunications services	99.99	99.99
	Yuan Cing Co., Ltd.	Call center services	100.00	100.00
	Far Eastern Info Service (Holding) Ltd. (FEIS)	Investment	100.00	100.00
	O-music Co., Ltd.	Electronic information providing services	50.00	50.00
	Q-ware Communications Corporation	Type II telecommunications services	81.46	81.46
	Hiiir Digital Marketing Co., Ltd. (Note 6)	Electronic information providing services	-	89.54
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.) (Note 6)	Electronic information providing services	93.62	-
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Investment	100.00	100.00
	Information Security Service Digital United Inc.	Security and monitoring service via Internet	100.00	100.00
	Digital United (Cayman) Ltd.	Investment	100.00	100.00
	Simple InfoComm Co., Ltd. (Note 3)	Electronic information providing services	-	-
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd.	Design and research of computer systems	100.00	100.00
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00
	Far East New Diligent Company Ltd.	Investment	100.00	100.00
	New Diligent Hong Kong Co., Ltd.	Investment	100.00	-
Far East New Diligent Company Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00
	Far Eastern New Century Information Technology (Beijing) Limited (Note 8)	Electronic information providing services	90.52	90.52
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00
	Home Master Technology Ltd.	Sale of communications products	100.00	100.00

(Concluded)

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

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

Note 3: The subsidiary was dissolved on December 19, 2015 and liquidated on April 6, 2016.

Note 4: This is a subsidiary of Far Eastern Electronic Toll Collection Co., Ltd., which is a newly established subsidiary of an overseas business borne from the resolution of the shareholders of Far Eastern Electronic Toll Collection Co., Ltd. on April 27, 2017 under the Enterprises Mergers and Acquisitions Act (the date of the partition was April 30, 2017).

Note 5: From the shareholders resolution on June 28, 2017, Ding Ding Hotel Co., Ltd. issued 100,000 thousand new common shares on October 13, 2017 at a par value of \$10. The Group subscribed for additional new shares at a different percentage from its existing ownership percentage, which increased its continuing interest from 80.99% to 99.26%.

Note 6: In order to integrate the Group's e-commerce businesses and resources and enhance its competitiveness, the board of directors of Hiiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd. (FEEC) both resolved to approve the merger on June 27, 2017 with Hiiir Digital Marketing Co., Ltd. as the surviving company. Upon the completion of the aforesaid merger, the surviving company will be renamed as Yuanshi Digital Technology Co., Ltd. The merger record date was set on August 1, 2017. Hiiir Digital Marketing Co., Ltd. will issue 9,167,468 new shares in exchange for FEEC's 14,253,321 shares.

Note 7: On December 30, 2017, the Group subscribed for additional new shares of Fu Kwok Knitting & Garment Co., Ltd., which increased its continuing interest from 99.99% to 100%.

Note 8: The subsidiary was dissolved on February 9, 2018 which approved by local government.

Some financial statements of immaterial subsidiaries, including those of Far Eastern Tech-Info Ltd. (Shanghai) and Far Eastern New Century Information Technology (Beijing) Corporation for the year ended December 31, 2017 and of Far Eastern New Century Information Technology (Beijing) Corporation for the year ended December 31, 2016, were not audited. The Group believes that the financial statements of those subsidiaries which had not been audited would have no material effect on the Group's consolidated financial statements.

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended		December 31	
	2017	2016	2017	2016
Far EasTone	\$ 6,696,619	\$ 7,048,945	\$ 43,735,717	\$ 44,534,397

	December 31	
	2017	2016
Current assets	\$ 26,284,153	\$ 26,557,388
Non-current assets	106,422,202	106,249,934
Current liabilities	(30,391,974)	(30,980,704)
Non-current liabilities	<u>(31,868,168)</u>	<u>(30,104,017)</u>
Equity	<u>\$ 70,446,213</u>	<u>\$ 71,722,601</u>
Equity attributable to:		
Owners of the Group	\$ 26,710,496	\$ 27,188,204
Non-controlling interests of Far EasTone	43,047,916	43,817,814
Non-controlling interests of Far EasTone's subsidiaries	<u>687,801</u>	<u>716,583</u>
	<u>\$ 70,446,213</u>	<u>\$ 71,722,601</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 92,069,681</u>	<u>\$ 94,344,266</u>
Net income for the year	\$ 10,853,643	\$ 11,410,675
Other comprehensive loss for the year	<u>171,098</u>	<u>(42,178)</u>
Total comprehensive income for the year	<u>\$ 11,024,741</u>	<u>\$ 11,368,497</u>
Net income (loss) attributable to:		
Owners of the Group	\$ 4,157,024	\$ 4,361,730
Non-controlling interests of Far EasTone	6,699,658	7,029,573
Non-controlling interests of Far EasTone's subsidiaries	<u>(3,039)</u>	<u>19,372</u>
	<u>\$ 10,853,643</u>	<u>\$ 11,410,675</u>
Total comprehensive income (loss) attributable to:		
Owners of the Group	\$ 4,222,360	\$ 4,345,096
Non-controlling interests of Far EasTone	6,804,959	7,002,764
Non-controlling interests of Far EasTone's subsidiaries	<u>(2,578)</u>	<u>20,637</u>
	<u>\$ 11,024,741</u>	<u>\$ 11,368,497</u>
Net cash flow from:		
Operating activities	\$ 24,849,266	\$ 27,074,691
Investing activities	(14,158,138)	(17,546,575)
Financing activities	(12,602,055)	(15,270,889)
Effect of exchange rate changes	<u>(512)</u>	<u>6,749</u>
Net cash outflow	<u>\$ (1,911,439)</u>	<u>\$ (5,736,024)</u>
Dividends paid to non-controlling interests		
Far EasTone	<u>\$ 7,542,998</u>	<u>\$ 7,543,336</u>
Far EasTone's subsidiaries	<u>\$ 62,228</u>	<u>\$ 83,507</u>

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31			
	2017		2016	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Associates that are individually material				
Listed companies				
Asia Cement Corporation	\$ 20,205,365	26	\$ 19,291,041	26
Associates that are not individually material				
Listed companies				
Far Eastern Department Stores Co., Ltd.	7,181,591	24	7,079,848	23
Oriental Union Chemical Corporation	6,027,848	31	5,903,309	32
Far Eastern International Bank (Note 8)	5,456,496	16	-	-
Everest Textile Corporation	<u>1,141,919</u>	26	<u>1,160,911</u>	26
	<u>19,807,854</u>		<u>14,144,068</u>	
Unlisted companies				
Oriental Securities Corporation	4,730,989	47	4,658,305	47
Pacific Liu Tong Investment Co., Ltd.	4,231,574	40	4,234,587	40
Far Eastern International Leasing Corporation	1,862,319	34	1,866,661	34
Liquid Air Far East Co., Ltd.	1,912,746	35	1,778,443	35
Da Ju Fiber Co., Ltd.	1,714,916	42	1,585,067	42
Far Eastern Union Petrochemical (Yangzhou) Corporation	2,028,774	50	1,515,620	50
Yu Yuan Investment Co., Ltd.	1,799,752	44	1,298,224	44
Tong Da Air Industry (Yangzhou) Co., Ltd.	1,083,569	50	969,375	50
Yu Ding Industry Co., Ltd.	728,273	31	636,473	31
Kowloon Cement Corporation	444,941	49	471,469	49
Yuan Ding Leasing Corporation	388,327	46	389,978	46
Freudenberg Far Eastern Spunweb Co., Ltd.	370,377	30	341,233	30
FEDS Asia Pacific Development Ltd.	131,033	5	129,763	5
Yue Ming Trading Corporation	62,743	47	62,062	47
Alliance Digital Technology Corporation	14,451	14	33,869	14
Com 2B	12,392	20	13,333	20
Opas Fund Segregated Portfolio Company	1,582	34	1,699	34
Catalyst_207 SPC	<u>506</u>	34	-	-
	<u>21,519,264</u>		<u>19,986,161</u>	
	<u>\$ 61,532,483</u>		<u>\$ 53,421,270</u>	

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			2017	2016
Asia Cement Corporation	Cement production	Taiwan	25.67%	25.62%

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

Name of Associate	December 31	
	2017	2016
Asia Cement Corporation	<u>\$ 24,342,166</u>	<u>\$ 22,700,192</u>

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

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

Asia Cement Corporation

	December 31	
	2017	2016
Current assets	\$ 50,262,702	\$ 42,148,568
Non-current assets	196,801,646	196,322,217
Current liabilities	(53,948,167)	(40,857,530)
Non-current liabilities	<u>(47,319,817)</u>	<u>(56,950,034)</u>
Equity	145,796,364	140,663,221
Non-controlling interests	<u>(18,360,799)</u>	<u>(18,000,144)</u>
	<u>\$ 127,435,565</u>	<u>\$ 122,663,077</u>
Proportion of the Group's ownership	25.67%	25.62%
Equity attributable to the Group	32,712,710	31,426,280
Cross shareholdings	<u>(12,507,345)</u>	<u>(12,135,239)</u>
Carrying amount	<u>\$ 20,205,365</u>	<u>\$ 19,291,041</u>
	For the Year Ended December 31	
	2017	2016
Operating revenue	<u>\$ 64,899,248</u>	<u>\$ 60,946,190</u>
Net income for the year	\$ 6,665,541	\$ 4,683,297
Other comprehensive income (loss)	<u>2,119,539</u>	<u>(14,688,396)</u>
Total comprehensive income (loss) for the year	<u>\$ 8,785,080</u>	<u>\$ (10,005,099)</u>
Dividends received from Asia Cement Corporation	<u>\$ 776,878</u>	<u>\$ 946,080</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Net income for the year	\$ 3,166,691	\$ 1,228,198
Other comprehensive income (loss)	<u>471,776</u>	<u>(1,040,184)</u>
Total comprehensive income for the year	<u>\$ 3,638,467</u>	<u>\$ 188,014</u>

On August 18, 2017, the Group has significant influence on Far Eastern International Bank (Note 8). Therefore, starting from August 18, 2017, the investment in Far Eastern International Bank was recognized as investments accounted for using the equity method.

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

The calculation of the investments which were accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements, except for those of Alliance Digital Technology Corporation and Catalyst_207 SPC in 2017 and Alliance Digital Technology Corporation in 2016. Management believes that were the financial statements of the investees above to have been audited, they would have no material impact on the Group.

17. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	<u>December 31</u>								
	<u>2017</u>				<u>2016</u>				
<u>Carrying amounts</u>									
Property, plant and equipment	\$ 152,732,987				\$ 148,316,398				
Prepayments for equipment	<u>1,632,368</u>				<u>1,612,960</u>				
	<u>\$ 154,365,355</u>				<u>\$ 149,929,358</u>				
	Land	Buildings	Machinery and Equipment	Telecommunications Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2017	\$ 18,445,818	\$ 31,531,905	\$ 119,190,973	\$ 127,805,053	\$ 15,295,038	\$ 4,662,292	\$ 20,917,820	\$ 33,727,717	\$ 371,576,616
Additions	2,360	275,896	273,516	64,491	70,216	16,786	313,580	21,710,112	22,726,957
Disposals	(3,500)	(165,465)	(1,211,443)	(47,991,698)	(1,417,444)	(120,291)	(733,818)	(726,392)	(52,370,051)
Reclassification	1,683,853	1,124,603	2,178,318	5,392,410	959,624	112,633	710,009	(10,786,840)	1,374,610
Effect of exchange rate difference	(1,496)	(145,004)	(493,115)	(1)	(1,682)	(7)	(75,608)	(263,804)	(980,717)
Balance at December 31, 2017	<u>\$ 20,127,035</u>	<u>\$ 32,621,935</u>	<u>\$ 119,938,249</u>	<u>\$ 85,270,255</u>	<u>\$ 14,905,752</u>	<u>\$ 4,671,413</u>	<u>\$ 21,131,983</u>	<u>\$ 43,660,793</u>	<u>\$ 342,327,415</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2017	\$ (96,557)	\$ (14,181,156)	\$ (82,531,268)	\$ (93,211,884)	\$ (12,825,382)	\$ (3,575,769)	\$ (15,158,386)	\$ (66,856)	\$ (221,647,258)
Disposals	663	61,732	1,092,880	47,236,584	1,415,413	83,294	632,070	-	50,522,636
Impairment loss	-	(42,052)	(1,088,369)	-	-	-	(10,524)	(126,549)	(1,267,494)
Depreciation expense	-	(846,346)	(3,997,105)	(7,990,753)	(1,293,375)	(380,498)	(1,342,932)	-	(15,851,009)
Reclassification	-	(1,927)	41,312	(41,013)	29,440	9,128	(23,087)	-	13,853
Effect of exchange rate differences	-	39,348	193,748	2	159	7	33,948	-	267,212
Balance at December 31, 2017	<u>\$ (95,894)</u>	<u>\$ (14,970,401)</u>	<u>\$ (86,288,802)</u>	<u>\$ (54,007,064)</u>	<u>\$ (12,673,745)</u>	<u>\$ (3,863,838)</u>	<u>\$ (15,868,911)</u>	<u>\$ (193,405)</u>	<u>\$ (187,962,060)</u>
<u>Cost</u>									
Balance at January 1, 2016	\$ 18,464,710	\$ 31,111,961	\$ 120,064,405	\$ 130,687,381	\$ 14,974,029	\$ 4,760,258	\$ 19,901,501	\$ 29,934,984	\$ 369,899,229
Additions	26,432	125,155	310,315	83,612	48,823	28,504	362,312	18,160,050	19,145,203
Disposals	-	(96,277)	(1,315,189)	(10,072,475)	(430,470)	(312,871)	(337,406)	(77,595)	(12,642,283)
Reclassification	2,205	1,025,745	3,377,419	7,106,539	703,336	186,454	1,213,456	(13,694,672)	(79,518)
Effect of exchange rate difference	(47,529)	(634,679)	(3,245,977)	(4)	(680)	(53)	(222,043)	(595,050)	(4,746,015)
Balance at December 31, 2016	<u>\$ 18,445,818</u>	<u>\$ 31,531,905</u>	<u>\$ 119,190,973</u>	<u>\$ 127,805,053</u>	<u>\$ 15,295,038</u>	<u>\$ 4,662,292</u>	<u>\$ 20,917,820</u>	<u>\$ 33,727,717</u>	<u>\$ 371,576,616</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2016	\$ (96,557)	\$ (13,669,523)	\$ (81,147,180)	\$ (94,832,452)	\$ (12,028,807)	\$ (3,469,410)	\$ (14,233,316)	\$ -	\$ (219,477,245)
Disposals	-	93,209	1,238,475	9,412,351	427,879	299,432	325,783	-	11,797,129
Impairment loss	-	-	(271,425)	(313,563)	-	-	-	(66,856)	(651,844)
Depreciation expense	-	(830,968)	(3,981,778)	(7,478,222)	(1,216,417)	(405,838)	(1,388,333)	-	(15,301,556)
Reclassification	-	(2,305)	(13,582)	-	(8,520)	-	1,055	-	(23,352)
Effect of exchange rate differences	-	228,431	1,644,222	2	483	47	136,425	-	2,009,610
Balance at December 31, 2016	<u>\$ (96,557)</u>	<u>\$ (14,181,156)</u>	<u>\$ (82,531,268)</u>	<u>\$ (93,211,884)</u>	<u>\$ (12,825,382)</u>	<u>\$ (3,575,769)</u>	<u>\$ (15,158,386)</u>	<u>\$ (66,856)</u>	<u>\$ (221,647,258)</u>

The Group expects that future cash flows of the machinery equipment which produce certain products from the petrochemical department, the textile department and the chemical fiber department will decrease. As a result, the recoverable amount was less than the book value. The recoverable amount of the machinery equipment was based on the usable value. As of December 31, 2017 and 2016, the recoverable amounts were \$8,105,634 thousand and \$3,236,858 thousand, respectively, with the range of discount rates of 4.5648% to 8% and 3.9703% to 8%, respectively. The Group recognized the impairment loss amounting to \$1,267,494 thousand and \$338,281 thousand, respectively. The impairment loss was recognized in the comprehensive income statements under the impairment loss account.

The 2G license will expire in June 2017, and the related services will be terminated. Accordingly, the future cash inflows of 2G operating equipment are expected to decline, which results in the recoverable amount being less than the carrying amount. Therefore, the Group recognized an impairment loss of \$313,563 thousand for the year ended December 31, 2016.

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

Buildings	3-60 years
Telecommunications equipment	2-25 years
Computer equipment	3-10 years
Machinery and equipment	3-20 years
Leasehold improvements and operating and miscellaneous equipment	3-15 years

As of December 31, 2017 and 2016, farmland was reclassified to property, plant and equipment amounting to \$238,430 thousand for both dates and to investment properties amounting to \$36,095 thousand and \$34,956 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing that the farmland belongs to the Group or have pledged the land to the Group.

18. INVESTMENT PROPERTIES

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

	Completed Investment Properties
Balance at January 1, 2017	\$ 124,758,539
Additions	1,895
Disposals	(6,965)
Reclassification	(1,628,073)
Recognized in profit (gain arising from the change in fair value of investment property)	1,040,128
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(16,639)</u>
Balance at December 31, 2017	<u>\$ 124,148,885</u> (Continued)

	Completed Investment Properties
Balance at January 1, 2016	\$ 124,190,706
Additions	1,723
Disposals	(827,860)
Reclassification	(1,813,249)
Recognized in profit (gain arising from the change in fair value of investment property)	3,239,649
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(32,430)</u>
Balance at December 31, 2016	<u>\$ 124,758,539</u> (Concluded)

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

The construction of a building (Mega City) located in the Banqiao district, Xin Ban section was completed in 2011, and the building was leased to Far Eastern Department Stores Co., Ltd. (FEDS) as its department store space. A portion of the rental income generated from the operating lease was recognized over the lease term on a straight-line basis and the rest of the income was recognized as a percentage of FEDS's gross operating income. The lease of FEDS will expire in December 2026. The construction of Banqiao Zhong Ben commercial building (Mega Tower) was completed in the six months ended June 30, 2015 and recognized as inventories (available-for-sale - buildings and land). For the year ended December 31, 2016, a portion of the floors which had been rented out to others were reclassified from inventories to investment properties at their fair value of \$53,166 thousand and a gain on the transfers from inventories to investment properties amounting to \$29,403 thousand (recognized as gain on change in fair value of investment properties) was recognized, and a portion of the floors which had been rented out to the Group were reclassified from inventories to property, plant and equipment at their carrying amount of \$23,763 thousand.

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

The fair value of investment properties were as follows:

	<u>December 31</u>	
	2017	2016
Independent valuation	<u>\$ 124,148,885</u>	<u>\$ 124,758,539</u>

The fair value of the investment properties as of December 31, 2017 and 2016 was based on the valuations carried out at February 23, 2017 and February 6, 2016, respectively, by independent qualified professional valuers Mr. Chia-ho Tsai and Ms. Chun-Chun Hu in 2017 and Mr. Chia-ho Tsai, Ms. Chun-Chun Hu and Mr. Ken Yuan Li in 2016 from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions of main contracts used were as follows:

	December 31	
	2017	2016
Expected future cash inflows	\$ 58,854,858	\$ 59,070,894
Expected future cash outflows	<u>(2,260,679)</u>	<u>(2,208,126)</u>
Expected future cash inflows, net	<u>\$ 56,594,179</u>	<u>\$ 56,862,768</u>
Discount rate intervals	1.845%-2.36%	1.845%-2.22%

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

Part of the investment properties had been leased out under operating leases. The rental income generated for the years ended December 31, 2017 and 2016 were \$1,050,359 thousand and \$1,020,481 thousand, respectively.

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

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

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

	December 31	
	2017	2016
Estimated total sale price	<u>\$ 21,861,268</u>	<u>\$ 26,831,445</u>
Rate of return	15%	15%
Overall capital interest rate intervals	1.04%-2.41%	1.04%-2.20%

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

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

19. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Cost</u>		
Beginning and ending balance	<u>\$ 11,865,515</u>	<u>\$ 11,865,515</u>

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

Far EasTone was divided into four identifiable cash-generating units that enhance its operating effectiveness and integrate its telecommunications resources: The mobile telecommunications service business, telecommunications equipment business, WiFly business and integrated network business.

As of December 31, 2017 and 2016, the carrying amounts of the tangible and intangible assets used by the Group were \$102,343,078 thousand and \$102,308,029 thousand, respectively. The Group's management estimated the recoverable amounts of core assets at their expected useful lives and, thus, based the cash flow forecasts with the following discount rates as of December 31, 2017 and 2016: Mobile telecommunications service business - 7.17% and 5.83%, respectively; telecommunications equipment business - 7.20% and 6.75%, respectively; integrated network business - 7.13% and 5.99%, and WiFly business - 6.96% and 5.83%, respectively. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the projected advancement of the Group's own business. The principal assumptions and the relevant measurement of the recoverable amounts of the Group are summarized as follows:

- a. Expected future growth rate of the telecommunications industry
 - 1) Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, while the development trend of the market is taken into account.
 - 2) Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenues of previous years, while the demands and changes of the market are taken into account.
 - 3) Business of selling cellular phone units: The anticipated selling cellular phone is based on the historical sales revenues and quantities of previous years, while the trend of the market is taken into account.
 - 4) WiFly business: The anticipated WiFly is based on present operating experience and the demand of WiFly, while the trend of the industry is taken into account.
 - 5) Integrated network business (INB): The anticipated INB is measured based on the actual effective customer base and service revenues of previous years, while the trend of the market is taken into account.

- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenue, while the possible influence of each source of revenue, cost and expense are taken into account.

20. CONCESSIONS AND OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Carrying amounts</u>		
Concessions	\$ 44,561,464	\$ 41,422,996
Other intangible assets		
Computer software	3,421,047	3,177,633
Others	<u>463,638</u>	<u>499,143</u>
	<u>3,884,685</u>	<u>3,676,776</u>
	<u>\$ 48,446,149</u>	<u>\$ 45,099,772</u>

	Concessions	Computer Software	Others	Total
Balance at January 1, 2017	\$ 41,422,996	\$ 3,177,633	\$ 499,143	\$ 45,099,772
Additions	6,515,000	1,112,597	2,686	7,630,283
Amortization	(3,463,097)	(889,926)	(111,793)	(4,464,816)
Disposals	-	(33,067)	-	(33,067)
Recognized impairment loss	(22,774)	-	-	(22,774)
Reclassification	109,339	55,854	74,417	239,610
Effect of exchange rate differences	<u>-</u>	<u>(2,044)</u>	<u>(815)</u>	<u>(2,859)</u>
Balance at December 31, 2017	<u>\$ 44,561,464</u>	<u>\$ 3,421,047</u>	<u>\$ 463,638</u>	<u>\$ 48,446,149</u>
Balance at January 1, 2016	\$ 35,151,640	\$ 2,811,278	\$ 654,267	\$ 38,617,185
Additions	9,526,330	1,058,163	41,757	10,626,250
Amortization	(2,850,194)	(803,692)	(187,079)	(3,840,965)
Disposals	(450,492)	(3,793)	(6,292)	(460,577)
Reclassification	45,712	121,200	2,449	169,361
Effect of exchange rate differences	<u>-</u>	<u>(5,523)</u>	<u>(5,959)</u>	<u>(11,482)</u>
Balance at December 31, 2016	<u>\$ 41,422,996</u>	<u>\$ 3,177,633</u>	<u>\$ 499,143</u>	<u>\$ 45,099,772</u>

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

Concessions	17.75 years
Computer software	10 years
Others	16 years

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Bank credit loans	\$ 26,851,641	\$ 31,214,468
Secured and pledged bank loans	360,000	430,056
Loans from related parties	<u>3,732,946</u>	<u>3,487,023</u>
	<u>\$ 30,944,587</u>	<u>\$ 35,131,547</u>

- 1) The range of interest rates for bank loans were from 0.50% to 5.00% and from 0.53% to 8.90% as of December 31, 2017 and 2016, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of December 31, 2017 and 2016.

b. Short-term bills payable

	December 31	
	2017	2016
Commercial paper	\$ 7,647,000	\$ 9,282,000
Less: Unamortized discount on commercial paper	<u>3,225</u>	<u>3,619</u>
	<u>\$ 7,643,775</u>	<u>\$ 9,278,381</u>

The short-term bills payable outstanding were issued at interest rates ranging from 0.40% to 1.788% and 0.50% to 1.838% as of December 31, 2017 and 2016, respectively.

c. Long-term borrowings

	December 31	
	2017	2016
Bank loans	<u>\$ 61,980,785</u>	<u>\$ 67,564,299</u>
Long-term commercial paper	7,762,000	4,900,000
Less: Unamortized discount on commercial paper	<u>8,281</u>	<u>13,237</u>
	<u>7,753,719</u>	<u>4,886,763</u>
	69,734,504	72,451,062
Less: Current portion	<u>3,193,951</u>	<u>3,613,146</u>
	<u>\$ 66,540,553</u>	<u>\$ 68,837,916</u>

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

	December 31	
	2017	2016
Maturity	December 2018- April 2031	January 2017- April 2031
Bank interest rate intervals	0.60%-4.75%	0.63%-8.10%

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

	Credit Line	Maturity Period	Interest Rate	Repayment
A	\$ 1,720,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.4% then divided by 0.946%	No revolving credit but batch employed available within 5 years; No repayment in the first 5 years; quarterly repayments of \$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	\$ 1,000,000 thousand	5 years after approve of the credit (Note 2)	Reference interest rate plus 0.69544% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
D	\$ 2,760,000 thousand	7 years after draw down of the credit (Note 3)	Reference interest rate plus 0.804% (negotiated by each loan, but no less than 1.5%)	No revolving credit but batch employed available within 3 years; credit will be paid every 6 months from 3 years after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
	<hr/> \$ 5,480,000 <hr/> <u>thousand</u>			

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

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

On July 19, 2017, a FENC's subsidiary, Oriental Petrochemicals (Taiwan) Corporation (OPTC), got a five-year syndicated loan in a total amount of \$16,800,000 thousand from bank groups which Mega International Commercial Bank is the leading bank. During the contract period, OPTC needs to keep its liability ratio within a certain range calculated based on the recent audited non-consolidated financial statements. If OPTC fails to meet the requirement, it should readjusts the liability ratio to within the required range in 5 months from June 1 next year. Otherwise, starting from November 1, OPTC has to pay extra 0.125% interest of the outstanding amounts until the day before the liability ratio has met the range requirement. OPTC does not violate the contract above.

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

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

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

Project	Credit	Fixed dial Date	Expected Repayment Period
Syndicated loan borrowings			
A	\$ 2,906,000	2012.05.10	2014.11-2021.02
B	3,294,000	2012.05.10	2019.08-2025.11
C	220,000	2012.05.10	The first drawdown to 6 months after completing the transfer of assets by the borrower based on the building operation contract

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathy United Bank were accounted for under other financial assets - non-current (Note 36). The terms of loans A and B further included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathy United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral. As of December 31, 2017 and December 31, 2016, the amount of operating assets with pledged rights was \$3,756,000 (refer to Note 35). ETC had already repaid the credit line A \$600,000 thousand in advance in December 2017 and are expected to change the repayment date of the credit amount from February 2021 to February 2019.

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

22. BONDS PAYABLE

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Nonconvertible bonds	\$ 85,300,000	\$ 79,050,000
Discount of nonconvertible bonds	<u>(93,053)</u>	<u>(87,880)</u>
	85,206,947	78,962,120
Less: Current portion	<u>13,495,529</u>	<u>16,444,074</u>
	<u>\$ 71,711,418</u>	<u>\$ 62,518,046</u>

Bonds

	Period	Maturity	Annual Rate (%)	Issued Amount	<u>December 31</u>		Repayment
					<u>2017</u>	<u>2016</u>	
					<u>Outstanding</u>	<u>Outstanding</u>	
					<u>Balance</u>	<u>Balance</u>	
<u>Company</u>							
Unsecured bonds							
	100-3	2012.02.15-2017.02.15	1.36	6,000,000	-	3,000,000	(Note 1)
	101-1	2012.06.07-2017.06.07	1.35	3,200,000	-	1,600,000	(Note 1)
	101-2	2012.11.26-2017.11.26	1.30	4,200,000	-	2,100,000	(Note 1)
	102-2	2013.08.28-2017.02.28	1.39	3,000,000	-	3,000,000	(Note 2)
	102-3	2013.12.23-2018.12.23	1.45	2,800,000	2,800,000	2,800,000	(Note 2)
	103-1	2014.08.21-2019.08.21	1.47	3,200,000	3,200,000	3,200,000	(Note 1)
	103-2	2014.12.04-2019.12.04	1.47	2,200,000	2,200,000	2,200,000	(Note 1)
	103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	2,600,000	(Note 1)
	104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	8,000,000	(Note 1)
	104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	5,200,000	(Note 1)
	104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	2,800,000	(Note 2)
	105-1-A	2016.04.29-2021.04.29	0.88	6,000,000	6,000,000	6,000,000	(Note 1)
	105-1-B	2016.04.29-2021.04.29	-	2,000,000	2,000,000	2,000,000	(Note 4)
	105-2	2016.09.20-2021.09.20	0.72	3,800,000	3,800,000	3,800,000	(Note 2)
	106-1	2017.05.17-2022.05.17	1.15	5,000,000	5,000,000	-	(Note 1)
<u>Subsidiary Yuan Ding Investment Co., Ltd.</u>							
Unsecured bonds							
	101-1-B	2012.08.06-2017.08.06	1.40	1,100,000	-	550,000	(Note 1)
	103-1	2014.05.26-2019.05.26	1.35	3,000,000	3,000,000	3,000,000	(Note 1)
	104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	3,000,000	(Note 1)
	104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	2,000,000	(Note 1)
	105-1	2016.05.30-2021.05.30	0.90	3,800,000	3,800,000	3,800,000	(Note 1)
	106-1	2017.06.30-2022.06.30	1.15	3,000,000	3,000,000	-	(Note 2)
<u>Subsidiary Far EasTone</u>							
Unsecured bonds							
	102-4	2013.06.27-2020.06.27	1.33	5,000,000	5,000,000	5,000,000	(Note 3)
	102-5-A	2013.10.15-2017.10.15	1.46	1,000,000	-	1,000,000	(Note 2)
	102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	4,000,000	4,000,000	(Note 2)
	102-6-B	2013.12.24-2017.12.24	1.27	5,200,000	-	5,200,000	(Note 2)
	102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	3,200,000	3,200,000	(Note 2)
	105-1	2017.01.05-2022.01.05	1.17	5,200,000	5,200,000	-	(Note 2)
	106-1	2017.04.26-2022.04.26	1.17	4,500,000	4,500,000	-	(Note 2)
	106-2	2017.09.04-2023.09.04	1.17	2,000,000	2,000,000	-	(Note 2)

(Continued)

Period	Maturity	Annual Rate (%)	Issued Amount	December 31		Repayment
				2017	2016	
				Outstanding Balance	Outstanding Balance	
106-3-A	2017.12.20-2022.06.20	0.95	1,500,000	\$ 1,500,000	\$ -	(Note 2)
106-3-B	2017.12.20-2024.12.20	1.09	1,500,000	<u>1,500,000</u>	<u>-</u>	(Note 2)
Total outstanding balance				<u>\$ 85,300,000</u>	<u>\$ 79,050,000</u>	

(Concluded)

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

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

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

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

23. PROVISIONS

	December 31	
	2017	2016
Dismantling obligation	\$ 1,022,012	\$ 975,571
Warranties	<u>147,464</u>	<u>154,846</u>
	<u>\$ 1,169,476</u>	<u>\$ 1,130,417</u>
Current	\$ 282,035	\$ 270,831
Non-current	<u>887,441</u>	<u>859,586</u>
	<u>\$ 1,169,476</u>	<u>\$ 1,130,417</u>

	Dismantling Obligation	Warranties	Onerous Contracts	Total
Balance at January 1, 2017	\$ 975,571	\$ 154,846	\$ -	\$ 1,130,417
Additional provisions recognized	77,646	44,605	-	122,251
Reductions arising from payments	<u>(31,205)</u>	<u>(51,987)</u>	<u>-</u>	<u>(83,192)</u>
Balance at December 31, 2017	<u>\$ 1,022,012</u>	<u>\$ 147,464</u>	<u>\$ -</u>	<u>\$ 1,169,476</u>
Balance at January 1, 2016	\$ 926,125	\$ 142,146	\$ 1,461	\$ 1,069,732
Additional provisions recognized	74,665	60,847	-	135,512
Reductions arising from payments	<u>(25,219)</u>	<u>(48,147)</u>	<u>(1,461)</u>	<u>(74,827)</u>
Balance at December 31, 2016	<u>\$ 975,571</u>	<u>\$ 154,846</u>	<u>\$ -</u>	<u>\$ 1,130,417</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to \$855,516 thousand and \$816,994 thousand for the years ended December 31, 2017 and 2016, respectively.

b. Defined benefit plans

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

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

	December 31	
	2017	2016
Present value of defined benefit obligation	\$ 8,485,467	\$ 9,094,104
Fair value of plan assets	<u>(5,922,878)</u>	<u>(5,524,458)</u>
Deficit	2,562,589	3,569,646
Recognized in net defined benefit assets (recognized as other non-current assets)	<u>51,403</u>	<u>50,944</u>
Net defined benefit liabilities (Note)	<u>\$ 2,613,992</u>	<u>\$ 3,620,590</u>

Note: Far EasTone conducted a tender offer to acquire the common shares of New Century InfoComm Tech Co., Ltd. (NCIC) in a premium price; therefore, the net defined benefit liabilities of \$10,529 thousand as of both December 31, 2017 and 2016 have been written off in the consolidated financial statements.

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2017	<u>\$ 9,094,104</u>	<u>\$ (5,524,458)</u>	<u>\$ 3,569,646</u>
Service cost			
Current service cost	109,937	-	109,937
Past service cost and loss on settlements	4,351	-	4,351
Interest expense (income)	<u>132,018</u>	<u>(82,117)</u>	<u>49,901</u>
Recognized in profit or loss (Note)	<u>246,306</u>	<u>(82,117)</u>	<u>164,189</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(327,914)	(327,914)
Actuarial (gain) loss - changes in demographic assumptions	2,972	-	2,972
Actuarial (gain) loss - changes in financial assumptions	123,345	-	123,345
Actuarial (gain) loss - experience adjustments	<u>(376,031)</u>	<u>-</u>	<u>(376,031)</u>
Recognized in other comprehensive income	<u>(249,714)</u>	<u>(327,914)</u>	<u>(577,628)</u>
Contributions from the employer	-	(538,844)	(538,844)
Benefits paid	(601,375)	547,936	(53,439)
Discharge or reduction	<u>(3,854)</u>	<u>2,519</u>	<u>(1,335)</u>
Balance at December 31, 2017	<u>\$ 8,485,467</u>	<u>\$ (5,922,878)</u>	<u>\$ 2,562,589</u>
Balance at January 1, 2016	<u>\$ 8,839,678</u>	<u>\$ (4,936,684)</u>	<u>\$ 3,902,994</u>
Service cost			
Current service cost	115,767	-	115,767
Past service cost and loss on settlements	77,749	-	77,749
Interest expense (income)	<u>151,906</u>	<u>(85,385)</u>	<u>66,521</u>
Recognized in profit or loss (Note)	<u>345,422</u>	<u>(85,385)</u>	<u>260,037</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	92,347	92,347
Actuarial (gain) loss - changes in demographic assumptions	3,678	-	3,678
Actuarial (gain) loss - changes in financial assumptions	133,187	-	133,187
Actuarial (gain) loss - experience adjustments	<u>213,855</u>	<u>-</u>	<u>213,855</u>
Recognized in other comprehensive income	<u>350,720</u>	<u>92,347</u>	<u>443,067</u>
Contributions from the employer	-	(1,018,312)	(1,018,312)
Benefits paid	<u>(441,716)</u>	<u>423,576</u>	<u>(18,140)</u>
Balance at December 31, 2016	<u>\$ 9,094,104</u>	<u>\$ (5,524,458)</u>	<u>\$ 3,569,646</u>

Note: The Group transferred defined benefit costs of \$875 thousand and \$836 thousand to related parties in 2017 and 2016, respectively. Defined benefit costs capitalized to property, plant and equipment were \$5,254 thousand in 2017 and \$4,099 thousand in 2016.

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

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

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

	<u>December 31</u>	
	2017	2016
Discount rate(s)	0.875%-1.63%	1.00%-1.50%
Expected rate(s) of salary increase	1.50%-4.00%	1.50%-4.00%

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

	<u>December 31</u>	
	2017	2016
Discount rate(s)		
0.50% increase	<u>\$ (381,155)</u>	<u>\$ (421,029)</u>
0.50% decrease	<u>\$ 403,198</u>	<u>\$ 446,259</u>
Expected rate(s) of salary increase		
0.50% increase	<u>\$ 398,933</u>	<u>\$ 442,239</u>
0.50% decrease	<u>\$ (373,971)</u>	<u>\$ (420,742)</u>

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

	<u>December 31</u>	
	2017	2016
The expected contributions to the plan for the next year	<u>\$ 299,826</u>	<u>\$ 359,829</u>
The average duration of the defined benefit obligation	6-15.6 years	7-16.7 years

25. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	December 31, 2017		
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 438,890	\$ 332,149	\$ 771,039
Inventories - construction and real estate	1,996,228	2,591,597	4,587,825
Amounts due from customers for construction contracts	268,901	1,322,718	1,591,619
Other financial assets - current	212,112	1,076,509	1,288,621
Refundable deposits - current	-	12,861	12,861
<u>Liabilities</u>			
Notes and accounts payable	1,648,369	730,107	2,378,476
Notes and accounts payable to related parties	90,323	-	90,323
Amounts due to customers for construction contracts	454	63,095	63,549
Provisions - current	1,200	53,299	54,499
Advance real estate receipts	56,975	-	56,975
December 31, 2016			
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 577,981	\$ 281,206	\$ 859,187
Inventories - construction and real estate	2,764,531	2,523,844	5,288,375
Amounts due from customers for construction contracts	1,050,825	151,799	1,202,624
Other financial assets - current	245,102	893,771	1,138,873
Refundable deposits - current	26	9,725	9,751
<u>Liabilities</u>			
Notes and accounts payable	1,500,463	633,699	2,134,162
Notes and accounts payable to related parties	131,766	-	131,766
Amounts due to customers for construction contracts	1,428	-	1,428
Provisions - current	1,250	49,659	50,909
Advance real estate receipts	63,219	-	63,219

26. EQUITY

a. Share capital

1) Common shares

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Numbers of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,352,875</u>	<u>5,352,875</u>
Shares issued	<u>\$ 53,528,751</u>	<u>\$ 53,528,751</u>

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

2) Global depositary receipt

The Company issued global depositary receipts (GDRs), one GDRs unit represents 10 common shares of the Company. The GDRs were traded and listed on the Luxembourg Stock Exchange. As of December 31, 2017 and 2016, there are 101 thousand units and 33 thousand units outstanding, which were equal to 1,007 thousand and 328 thousand common shares of the Company.

b. Capital surplus

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Arising from changes in percentage of ownership interests in subsidiaries	148,783	148,775
Treasury share transactions	13,131	12,508
<u>May not be used for any purpose</u>		
Changes in equity-method associates' capital surplus	<u>42,723</u>	<u>43,373</u>
	<u>\$ 2,859,569</u>	<u>\$ 2,859,588</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary, resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 23, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' and directors' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the distribution of dividends evenly by all of the shares. When capital increase, the amount of dividend for new shares of that year would be according to resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 27, d. "Employees' compensation and remuneration of directors."

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

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

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

Except for non-ROC resident shareholders, all shareholders 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 2016 and 2015 earnings were approved in the shareholders' meetings on June 28, 2017 and June 23, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation and Earnings		Dividend Per Share	
	For the Years Ended		(NT\$)	
	December 31		For the Years Ended	
	2016	2015	2016	2015
Legal reserve	\$ 630,779	\$ 803,469		
Special reserve	2,662,006	2,165,513		
Cash dividends	4,282,300	5,352,875	\$ 0.8	\$ 1.0

The appropriation of earnings for 2017 were proposed by the Company's board of directors on March 22, 2018. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 806,614	
Special reserve	1,523,136	
Reversals of special reserve	(2,643)	
Cash dividends	6,423,450	\$1.2

The appropriation of earnings for 2017 are subject to resolution in the shareholders' meeting to be held on June 29, 2018.

d. Special reserve

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

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

	For the Year Ended December 31	
	2017	2016
Beginning balance	\$ 21,565,171	\$ 21,860,117
Reversals on elimination of the original mandatorily appropriated special reserve		
Disposal of investment properties	(2,557)	(292,455)
Disposal of associates	<u>(10,118)</u>	<u>(2,491)</u>
Ending balance	<u>\$ 21,552,496</u>	<u>\$ 21,565,171</u>

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

	For the Year Ended December 31	
	2017	2016
Beginning balance	\$ 85,554,383	\$ 83,686,899
Reversals on elimination of the original mandatorily appropriated special reserve		
Disposal of investment properties	(282)	(296,564)
Disposal of associates	(13,586)	(1,465)
Appropriation in respect of:		
Application of the fair value method to investment properties	<u>2,655,804</u>	<u>2,165,513</u>
Ending balance	<u>\$ 88,196,319</u>	<u>\$ 85,554,383</u>

e. Other equity items

The changes in other equity items were as follows:

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gains on Property Revaluation	Total
Balance at January 1, 2017	\$ (1,577,812)	\$ (1,947,657)	\$ (47,514)	\$ 702,778	\$ (2,870,205)
Exchange differences on translating foreign operations	(874,059)				(874,059)
Unrealized gain (loss) on available-for-sale financial assets	-	(1,054,251)			(1,054,251)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-		80,713		80,713
Share of the other comprehensive income (loss) of associates	<u>(625,500)</u>	<u>1,644,589</u>	<u>2,443</u>	<u>-</u>	<u>1,021,532</u>
Balance at December 31, 2017	<u>\$ (3,077,371)</u>	<u>\$ (1,357,319)</u>	<u>\$ 35,642</u>	<u>\$ 702,778</u>	<u>\$ (3,696,270)</u>
Balance at January 1, 2016	\$ 2,274,683	\$ 1,119,927	\$ (95,944)	\$ 702,030	\$ 4,000,696
Exchange differences on translating foreign operations	(2,908,394)	-	-	-	(2,908,394)
Unrealized gain (loss) on available-for-sale financial assets	-	(248,260)	-	-	(248,260)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-	-	50,849	-	50,849
Share of the other comprehensive income (loss) of associates	<u>(944,101)</u>	<u>(2,819,324)</u>	<u>(2,419)</u>	<u>748</u>	<u>(3,765,096)</u>
Balance at December 31, 2016	<u>\$ (1,577,812)</u>	<u>\$ (1,947,657)</u>	<u>\$ (47,514)</u>	<u>\$ 702,778</u>	<u>\$ (2,870,205)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Beginning balance	\$ 61,306,197	\$ 63,145,438
Attributable to non-controlling interests:		
Net income	6,135,201	6,394,904
Cash dividends distributed by subsidiaries	(7,783,681)	(7,710,107)
Remeasurement on defined benefit plans	6,562	(21,469)
Exchange differences on translating foreign operations	(197,857)	(379,175)
Unrealized gain (loss) on available-for-sale financial assets	35,568	(41,528)
Gain on hedging instruments in cash flow hedges arising from fair value changes	150,896	98,536
Share of other comprehensive (loss) income of associates accounted for using the equity method	164,594	(240,619)
Changes in capital surplus of associates accounted for using the equity method	(4)	63
Changes in special reserve of associates accounted for using the equity method	-	(12)
Changes in unappropriated earnings of associates accounted for using the equity method	(229)	(1,160)
(Acquisition) disposal of partial interests of subsidiaries	(13,129)	61,341
Effect on changes in percentage of ownership in subsidiaries	158,817	-
Non-controlling interests arising from subsidiaries' issuance of new share capital for cash	1,215,787	-
Disposal of the investments accounted for using the equity method	(1)	-
Remittance of cash due to the liquidation of subsidiaries	<u>(15)</u>	<u>(15)</u>
Ending balance	<u>\$ 61,178,706</u>	<u>\$ 61,306,197</u>

g. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</u>
<u>December 31, 2016</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 18,861</u>

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

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

27. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2017	2016
Capitalized interests on properties	\$ 414,115	\$ 314,132
Capitalization rates	0.26%-4.75%	0.71%-4.51%

b. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	\$ 15,851,009	\$ 15,301,556
Intangible assets	4,464,816	3,840,965
Long-term prepayments for leases	<u>196,815</u>	<u>195,871</u>
	<u>\$ 20,512,640</u>	<u>\$ 19,338,392</u>
An analysis of deprecation by function		
Operating costs	\$ 14,021,791	\$ 13,486,134
Operating expenses	1,771,167	1,727,730
Other expense	<u>58,051</u>	<u>87,692</u>
	<u>\$ 15,851,009</u>	<u>\$ 15,301,556</u>

(Continued)

	For the Year Ended December 31	
	2017	2016
An analysis of amortization by function		
Operating costs	\$ 3,786,975	\$ 3,294,855
Operating expenses	<u>874,656</u>	<u>741,981</u>
	<u>\$ 4,661,631</u>	<u>\$ 4,036,836</u>
		(Concluded)

c. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits		
Defined contribution plans	\$ 855,516	\$ 816,994
Defined benefit plans	158,060	255,102
Other employee benefits	<u>20,005,194</u>	<u>19,362,011</u>
Total employee benefits expense	<u>\$ 21,018,770</u>	<u>\$ 20,434,107</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 9,842,376	\$ 9,878,466
Operating expenses	<u>11,176,394</u>	<u>10,555,641</u>
	<u>\$ 21,018,770</u>	<u>\$ 20,434,107</u>

d. Employees' compensation and remuneration of directors

The amendments stipulate the distribution of employees' compensation and remuneration of directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. However, the Company has to first offset losses from the previous years. The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016, which were approved by the Company's board of directors on March 22, 2018 and March 23, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	3.23%	2.93%
Remuneration of directors	1.77%	1.85%

Amount

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

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

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015. The Company offered to settle employee's compensation in cash.

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

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	\$ 2,652,058	\$ 2,914,193
Adjustments for prior years	<u>29,864</u>	<u>(4,715)</u>
	2,681,922	2,909,478
Deferred tax	<u>9,032</u>	<u>347,942</u>
Income tax expense recognized in profit or loss	<u>\$ 2,690,954</u>	<u>\$ 3,257,420</u>

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

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	<u>\$ 16,892,291</u>	<u>\$ 15,960,110</u>
Income tax expense calculated at the statutory rate (17%)	\$ 2,871,689	\$ 2,713,219
Adjustment items effect of income tax	(148,020)	6,654
Income tax on unappropriated earnings	113	49,580
Adjustments for prior years' tax	29,864	(4,715)
Effect of different tax rate of group entities operating in other jurisdictions	<u>(71,724)</u>	<u>144,740</u>
Current tax	2,681,922	2,909,478
Deferred tax	<u>9,032</u>	<u>347,942</u>
Income tax expense recognized in profit or loss	<u>\$ 2,690,954</u>	<u>\$ 3,257,420</u>

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

For the Year Ended December 31
2017 **2016**

Deferred tax

In respect of the current year

Remeasurement on defined benefit plans	\$ <u>(8,987)</u>	\$ <u>17,732</u>
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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, 2017

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

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Decrease Due to Disposal	Closing Balance
<u>Deferred tax assets</u>					
Investment credits	\$ 3,372	\$ (3,372)	\$ -	\$ -	\$ -
Allowance for doubtful accounts	300,442	46,584	-	-	347,026
Inventory write-downs	79,827	7,254	-	-	87,081
Loss carryforwards	968,830	(55,679)	-	-	913,151
Defined benefit obligation	315,190	(49,757)	17,732	-	283,165
Impairment loss	144,797	3,545	-	-	148,342
Others	<u>504,688</u>	<u>77,823</u>	<u>-</u>	<u>-</u>	<u>582,511</u>
	<u>\$ 2,317,146</u>	<u>\$ 26,398</u>	<u>\$ 17,732</u>	<u>\$ -</u>	<u>\$ 2,361,276</u>
<u>Deferred tax liabilities</u>					
Share of profit of associates	\$ 548,200	\$ (17,006)	\$ -	\$ -	\$ 531,194
Amortization of goodwill	1,344,702	134,473	-	-	1,479,175
Provision of land value incremental tax	14,034,414	445,894	-	(182,060)	14,298,248
Investment properties	629,934	22,302	-	-	652,236
Others	<u>265,147</u>	<u>(211,323)</u>	<u>-</u>	<u>-</u>	<u>53,824</u>
	<u>\$ 16,822,397</u>	<u>\$ 374,340</u>	<u>\$ -</u>	<u>\$ (182,060)</u>	<u>\$ 17,014,677</u>

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

	December 31	
	2017	2016
Loss carryforwards	<u>\$ 21,881,433</u>	<u>\$ 21,180,541</u>
Expiry year	2018-2027	2017-2026
Investment credits		
Acquisition of initial share offering	<u>\$ 108,541</u>	<u>\$ 127,236</u>
Deductible temporary differences	<u>\$ 6,158,894</u>	<u>\$ 8,951,145</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2017 comprised:

Unused Amount	Expiry Year
<u>\$ 28,148,867</u>	2018-2027

f. Information about unused investment credits

As of December 31, 2017, investment tax credits comprised:

Yuan Tong Investment Co., Ltd.

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

Yuan Ding Co., Ltd.

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

g. Integrated income tax

	December 31	
	2017	2016
Unappropriated earnings Generated before January 1, 1998	<u>\$ -</u> Note	<u>\$ 66,464</u>
Balance of imputation credits accounts (ICA)	<u>\$ -</u> Note	<u>\$ 775,088</u>
	For the Year Ended December 31	
	2017	2016
	(Expected)	(Actual)
Creditable ratio for distribution of earnings	(Note)	6.62%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

h. Income tax assessments

	<u>Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared</u>
Far Eastern New Century Corporation	2012
Far Eastern Resources Development Co., Ltd.	2012
Oriental Petrochemical (Taiwan) Corporation	2015
Fu Kwok Knitting & Garment Co., Ltd.	2015
Yuan Tong Investment Co., Ltd.	2015
Kai Yuan International Investment Co., Ltd.	2015
Ding Yuan International Investment Co., Ltd.	2015
An Ho Garment Co., Ltd.	2015
Far Eastern Textile Ltd.	2015
Far Eastern Construction Co., Ltd.	2015
Far Eastern General Contractor Inc.	2015
Yuan Ding Investment Co., Ltd.	2015
Far Eastern Fibertech Co., Ltd.	2015
Oriental Resources Development Co., Ltd.	2015
Far Eastern Apparel Co., Ltd.	2015
Yuan Faun Co., Ltd.	2015
Yuan Cheng Human Resources Consultant Corporation	2015
Yuan Ding Co., Ltd.	2015
Far Eastern Technical Consultants Co., Ltd.	2015
YDT Technology International Corporation	2014
FET Consulting Engineers Co., Ltd.	2015
Ding Ding Integrated Marketing Service Co., Ltd.	2015
Far Eastern Electronic Commerce Co., Ltd.	2015
Ding Ding Hotel Co., Ltd.	2015
Far Eastern Electronic Toll Collection Co., Ltd.	2014
Yuan Hsin Digital Payment Co., Ltd.	2015
Far EasTone Telecommunications Co., Ltd.	2015
New Century InfoComm Tech Corporation	2014
ARCOA Communication Co., Ltd.	2014
Simple InfoComm Co., Ltd.	2015
Q-Ware Communication Corporation	2015
Information Security Service Digital United Corporation	2015
Linkwell Tech. Co., Ltd.	2015
Data Express Infotech Corporation	2015
Yuan Cing Co., Ltd.	2015
O-music Co., Ltd.	2015
New Diligent Co., Ltd.	2015
KGEx.com Co., Ltd.	2015
Home Master Technology Ltd.	2015
Yuanshi Corporation	2015

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

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

New Century InfoComm Tech Corporation

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

29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2017	2016
Basic earnings per share	<u>\$ 1.61</u>	<u>\$ 1.26</u>
Diluted earnings per share	<u>\$ 1.61</u>	<u>\$ 1.26</u>

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

Net Income for the Year

	For the Year Ended December 31	
	2017	2016
Net income for the period attributable to owners of the Company	<u>\$ 8,066,136</u>	<u>\$ 6,307,786</u>

Weighted Average Number of Common Shares Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2017	2016
Weighted average number of common shares used in the computation of basic earnings per share	4,998,785	4,999,727
Effect of potentially dilutive common shares: Employees' compensation	<u>12,037</u>	<u>9,808</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>5,010,822</u>	<u>5,009,535</u>

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

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

The Company calculated basic EPS with the weighted average number of actual outstanding shares in the current period. Based on the calculation, for the years ended December 31, 2017 and 2016, the Company's basic EPS were \$1.51 and \$1.18, respectively.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2017

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

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

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

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

	June	July
Cash consideration paid	\$ (348,909)	\$ (20,000)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>336,667</u>	<u>26,895</u>
Differences arising from equity transactions	<u>\$ (12,242)</u>	<u>\$ (6,895)</u>
<u>Line items adjusted for equity transactions</u>		
Unappropriated earnings	<u>\$ (12,242)</u>	<u>\$ (6,895)</u>

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

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

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

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

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

For the year ended December 31, 2016

On March 31, 2016, the Group subscribed for additional new shares of Far Eastern Ishizuka Green Pet Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 85.15% to 97.95%.

	Far Eastern Ishizuka Green Pet Corporation
Cash consideration paid	\$ (287,044)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>280,628</u>
Differences arising from equity transactions	<u>\$ (6,416)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (6,416)</u>

On June 30, 2016, the Group subscribed for additional new shares of Far Eastern Ishizuka Green Pet Corporation at a percentage different from its existing ownership percentage, reducing its continuing interest from 97.95% to 90.00%.

	Far Eastern Ishizuka Green Pet Corporation
Cash consideration paid	\$ (498,611)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>545,788</u>
Differences arising from equity transactions	<u>\$ 47,177</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - arising from changes in percentage of ownership interest in subsidiaries	<u>\$ 47,177</u>

In October 2016, the Group subscribed for additional new shares of Far Eastern New Century Information Technology (Beijing) Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 79.04% to 90.52%.

	Far Eastern New Century Information Technology (Beijing) Corporation
Cash consideration paid	\$ 197,550
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>(207,815)</u>
Difference arising from equity transactions	<u>\$ (10,265)</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - arising from changes in percentage of ownership interest in subsidiaries	<u>\$ (5,483)</u>
Unappropriated earnings	<u>\$ (4,782)</u>

31. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The operating lease is mainly related to lease of land, buildings, cell sites and office space.

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

	<u>December 31</u>	
	2017	2016
Not later than 1 year	\$ 3,515,281	\$ 3,431,884
Later than 1 year and not later than 5 years	5,967,168	5,737,926
Later than 5 years	<u>793,689</u>	<u>995,328</u>
	<u>\$ 10,276,138</u>	<u>\$ 10,165,138</u>

b. The Group as lessor

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

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	\$ 852,719	\$ 715,608
Later than 1 year and not later than 5 years	2,797,637	2,321,036
Later than 5 years	<u>1,665,155</u>	<u>1,071,616</u>
	<u>\$ 5,315,511</u>	<u>\$ 4,108,260</u>

32. CAPITAL MANAGEMENT

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

33. FINANCIAL INSTRUMENTS

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

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

	<u>December 31</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ 85,206,947	\$ 85,794,642	\$ 78,962,120	\$ 79,554,962

2) Fair value hierarchy

December 31, 2017

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

December 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 79,554,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,554,962</u>

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 3,764,926	\$ -	\$ -	\$ 3,764,926
Marketable equity securities	418,496	-	-	418,496
Guarantee deposits - cotton futures contracts	-	-	17,867	17,867
Forward exchange contracts	-	-	5,005	5,005
Combined exchange options	-	-	3,344	3,344
	<u>\$ 4,183,422</u>	<u>\$ -</u>	<u>\$ 26,216</u>	<u>\$ 4,209,638</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 424,396	\$ -	\$ -	\$ 424,396
Mutual funds - beneficial certificates	-	246,088	-	246,088
	<u>\$ 424,396</u>	<u>\$ 246,088</u>	<u>\$ -</u>	<u>\$ 670,484</u>
Hedging derivative financial assets				
Fair value hedges - foreign exchange swap contracts	\$ -	\$ -	\$ 1,700	\$ 1,700
Cash flow hedges - Interest rate swaps	-	-	35,544	35,544
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,244</u>	<u>\$ 37,244</u>
Financial liabilities at fair value through profit or loss (FVTPL)				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 12,987</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 3,405,976	\$ -	\$ -	\$ 3,405,976
Marketable equity securities	355,122	-	-	355,122
Guarantee deposits - cotton futures contracts	-	-	42,328	42,328
Forward exchange contracts	-	-	17,760	17,760
Guarantee deposits - PTA futures contracts	-	-	12,396	12,396
Combined exchange options	<u>-</u>	<u>-</u>	<u>2,377</u>	<u>2,377</u>
	<u>\$ 3,761,098</u>	<u>\$ -</u>	<u>\$ 74,861</u>	<u>\$ 3,835,959</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 4,198,219	\$ -	\$ -	\$ 4,198,219
Mutual funds - beneficial certificates	-	598,132	-	598,132
Overseas equity securities	<u>106,090</u>	<u>-</u>	<u>-</u>	<u>106,090</u>
	<u>\$ 4,304,309</u>	<u>\$ 598,132</u>	<u>\$ -</u>	<u>\$ 4,902,441</u>
Hedging derivative financial assets				
Cash flow hedges - Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,073</u>	<u>\$ 2,073</u>
Financial liabilities at fair value through profit or loss (FVTPL)				
Option contracts	\$ -	\$ -	\$ 3,166	\$ 3,166
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>255</u>	<u>255</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 3,421</u>
Hedging derivative financial liabilities				
Cash flow hedges - Forward exchange contracts	\$ -	\$ -	\$ 40,229	\$ 40,229
Cash flow hedges - Foreign exchange swap contracts	-	-	7,538	7,538
Cash flow hedges - Interest rate swaps	<u>-</u>	<u>-</u>	<u>171,366</u>	<u>171,366</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,133</u>	<u>\$ 219,133</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2017 and 2016.

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

For the year ended December 31, 2017

	Financial Instruments at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2017	\$ 71,440	\$ (217,060)	\$ (145,620)
Recognized in profit or loss			
Realized	(33,780)	(23,550)	(57,330)
Unrealized	13,229	-	13,229
Recognized in other comprehensive income	-	231,609	231,609
Settlements	<u>(37,660)</u>	<u>46,245</u>	<u>8,585</u>
Balance at December 31, 2017	<u>\$ 13,229</u>	<u>\$ 37,244</u>	<u>\$ (50,473)</u>

For the year ended December 31, 2016

	Financial Instruments at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2016	\$ 120,572	\$ (343,021)	\$ (222,449)
Recognized in profit or loss			
Realized	(211,815)	(71,461)	(283,276)
Unrealized	71,440	-	71,440
Recognized in other comprehensive income	-	149,385	149,385
Settlements	<u>91,243</u>	<u>48,037</u>	<u>139,280</u>
Balance at December 31, 2016	<u>\$ 71,440</u>	<u>\$ (217,060)</u>	<u>\$ (145,620)</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 4,209,638	\$ 3,835,959
Derivative instruments in designated hedge accounting relationships	37,244	2,073
Loans and receivables (Note 1)	67,387,738	80,585,613
Available-for-sale financial assets (Note 2)	1,848,663	6,037,589
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	12,987	3,421
Derivative instruments in designated hedge accounting relationships	-	219,133
Financial liabilities measured at amortized cost (Note 3)	232,327,152	231,255,258

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

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

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

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as Note 38.

Sensitivity analysis

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

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
5% change in profit or loss		
USD	<u>\$ (179,280)</u>	<u>\$ (219,644)</u>

b) Interest rate risk

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

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

	December 31	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 14,407,035	\$ 29,757,336
Financial liabilities	139,760,943	148,600,090
Cash flow interest rate risk		
Financial assets	13,086,498	11,389,344
Financial liabilities	50,035,924	43,907,363

Sensitivity analysis

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

For the years ended December 31, 2017 and 2016, had interest rates been 0.25% higher and all other variables been held constant, the fair value of the Group's financial assets with fixed interest rates would have decreased by \$35,928 thousand and \$74,208 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rates would have increased by \$32,716 thousand and \$28,473 thousand, respectively.

For the years ended December 31, 2017 and 2016, had interest rates been 0.25% higher and all other variables been held constant, the fair value of the Group's financial liabilities with fixed interest rates would have decreased by \$348,531 thousand and \$370,574 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rates would have decreased by \$125,090 thousand and \$109,768 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

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

If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2017 and 2016 would have decreased by \$242,695 thousand and \$433,177 thousand, respectively.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

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

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>December 31, 2017</u>				
Long-term borrowings	\$ 40,605,608	\$ 6,186,000	\$ 19,748,945	\$ 66,540,553
Bonds payable	<u>17,800,000</u>	<u>20,600,000</u>	<u>33,400,000</u>	<u>71,800,000</u>
	<u>\$ 58,405,608</u>	<u>\$ 26,786,000</u>	<u>\$ 53,148,945</u>	<u>\$ 138,340,553</u>
<u>December 31, 2016</u>				
Long-term borrowings	\$ 44,247,884	\$ 16,929,793	\$ 7,660,239	\$ 68,837,916
Bonds payable	<u>13,500,000</u>	<u>17,800,000</u>	<u>31,300,000</u>	<u>62,600,000</u>
	<u>\$ 57,747,884</u>	<u>\$ 34,729,793</u>	<u>\$ 38,960,239</u>	<u>\$ 131,437,916</u>

34. TRANSACTIONS WITH RELATED PARTIES

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2017 and 2016 and the related balances as of the balance sheet dates are summarized in the accompanying Tables 2, 3 and 4.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Financial assets at fair value through profit or loss (FVTPL) - current	\$ -	\$ 26,019
Other financial assets - current	3,466,376	3,083,562
Inventories - available for sale - buildings and land	-	1,354,474
Inventories - available-for-construction	200,654	693,157
Inventories - construction in progress	492,503	-
Property, plant and equipment, net	9,907,458	13,268,016
Investment properties	35,921,262	37,192,332
Available-for-sale financial assets - current and non-current	-	136,500
Investments accounted for using the equity method	2,829,731	2,662,804
Concessions - costs	3,756,000	3,756,000
Other financial assets - non-current	<u>2,997,088</u>	<u>3,766,697</u>
	<u>\$ 59,571,072</u>	<u>\$ 65,939,561</u>

As of December 31, 2017 and 2016, FENC and some of its subsidiaries had provided 87,520 thousand shares and 122,094 thousand shares, respectively, of the common shares of Far EasTone Telecommunications Co., Ltd. and 16,500 thousand common shares of Yuan Ding Co., Ltd. as of both dates as collateral for short-term borrowings, short-term bills payable and long-term borrowings.

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2017 and 2016 were as follows:

- a. The Group issued unused letters of credit aggregated at approximately \$1,155,496 thousand and \$681,049 thousand as of December 31, 2017 and 2016, respectively.
- b. The Group (except for Far EasTone and its subsidiaries) had unpaid building construction and equipment installation contracts amounting to approximately \$6,037,104 thousand and \$6,354,694 thousand, as of December 31, 2017 and 2016, respectively.

In addition, Far EasTone and its subsidiaries had unpaid properties and cellular phone equipment which were as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Acquisition of property, plant and equipment under contracts	\$ 7,841,219	\$ 5,762,054
Less: Payments for acquisition of property, plant and equipment	<u>2,809,176</u>	<u>1,666,888</u>
	<u>\$ 5,032,043</u>	<u>\$ 4,095,166</u>
Acquisition of cellular phone equipment under contracts	\$ 14,004,339	\$ 14,299,303
Less: Payments for acquisition of cellular phone equipment	<u>5,233,512</u>	<u>7,803,864</u>
	<u>\$ 8,770,827</u>	<u>\$ 6,495,439</u>

- c. The letters of bank guarantees issued for importing from manufacturers all amounted to \$100,000 thousand as of both December 31, 2017 and 2016.
- d. There were undelivered cotton contracts which were unable to be cancelled amounting to \$197,924 thousand and \$380,559 thousand as of December 31, 2017 and 2016, respectively.
- e. Project contracts' costs already signed by Far Eastern General Contractor Inc. (FEGC) amounted to \$38,255,654 thousand and \$27,813,089 thousand as of December 31, 2017 and 2016, respectively.
- f. Far Eastern Electronic Toll Collection Co., Ltd. (FETC) was entrusted by the Taiwan Area National Freeway Bureau (TANFB) to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Corporation (FEIB) to manage the tolls collected. The trust property for this agreement amounted to \$3,776,739 thousand and \$4,010,732 thousand as of December 31, 2017 and 2016, respectively.
- g. Endorsements and guarantees provided to related parties are shown in Table 6 (attached).
- h. 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 Corporation 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 the Taiwan High Court. Chang later raised an appeal to the Supreme Court, but the decision of the original criminal cases made by the Taiwan High Court was revoked by the Supreme Court on March 25, 2010. Under the Article 510 of The Code of Criminal Procedures, the Supreme Court remanded the criminal and the incidental civil suit to the Taiwan High Court. On December 15, 2016, the Taiwan High Court changed the lawsuit judgment No. 1 in 2010, and Ming-Chiung lost the lawsuit.
- i. A subsidiary of FENC, Far Eastern General Contractor Corporation (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed a lawsuit for indemnification with the Supreme Court. As of March 22, 2018, the result of the lawsuit was still being awaited.

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

- j. The Company's subsidiary, FECC, and Far Eastern Department Store Corporation (FEDS) had jointly developed Banqiao Zhong Ben (Construction License Number: Year 2010 Letter Chang No. 00135) in line with the Directions for the Urban Land Development Application (the "Directions"). Under the Directions, for the joint developers to be entitled to larger floor area and have a building occupancy permit, they should complete the construction within four years after passing an urban design review. If this deadline is unmet, the joint developers should either donate the building or remit a certain amount to the New Taipei City Government (NTCG). Later, the NTCG claimed that the construction was not completed on time, but the joint developers disagreed with the NTCG's claim. Thus, a dispute on this issue arose. Steps have been taken to settle this dispute, and while the settlement is being negotiated, FECC had placed in the Far Eastern International Bank a negotiable certificate of deposit amounting to \$109,995 thousand as a pledge based on the NTCG's requirement. Latter, due to NTCG confiscating the certificate of deposit, FECC filed an appeal against the NTCG, and FECC has accrued related construction costs. The Ministry of the Interior dismissed the administrative appeal. FECC disagreed with the administrative appeal decision, and thus filed an administrative litigation with

the Taipei High Administrative Court. As of March 22, 2018, the lawsuit was pending before the Taipei High Administrative Court.

- k. A Company subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), has cooperated with government authorities to establish an electronic toll collection system based on the “Establishment and Operating Contract” with Taiwan Area National Freeway Bureau (TANFB). However, on the basis of the system usage rate and the manner of system implementation, TANFB claimed it had the right to penalize FETC for the latter’s failing to achieve the requirements for the electronic toll collection (ETC) system stated in the contract. However, FETC disagreed with the bureau’s interpretation of the contract terms and filed for arbitration with the Negotiation Committee. Nevertheless, both the FETC and TANFB did not agree with the Negotiation Committee’s arbitration. FETC filed a lawsuit against TANFB. The contract terms were as follow:

1) Usage rate

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

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

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

2) Taximeter system infrastructure

TANFB stated FETC breached the contract when FETC was unable to complete the ETC driveway infrastructure by September 21, 2012 as required in the contract. But after FETC negotiated with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to extend the construction period by four months until January 21, 2013. Thus, TANFB should reset the contract expiry date according to the agreement. However, TANFB has not reset the expiry date but instead set the date on which FETC had been informed of its violation of the contract on February 3, 2013 and obligated FETC to complete the ETC driveway infrastructure and taximeter system infrastructure by April 21, 2013. After FETC’s conciliation with TANFB through the Negotiation Committee in July 2013, the Negotiation Committee suggested that TANFB recheck

the construction results and determine if after four months after the original contract expiry date of September 21, 2012, FETC violated the contract. Nevertheless, TANFB did not agree with the Negotiation Committee's decision and filed a lawsuit against FETC and imposed a penalty of \$142,500 thousand on FETC. On May 20, 2016, the Taiwan Taipei District Court made a judgment that FETC should compensate TANFB with a penalty. FETC appealed against this judgment to the Taipei High Court on May 31, 2016. FETC had completed the ETC driveway infrastructure and taximeter system infrastructure as promised and accrued a proper provision.

37. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

- a. In order to fulfill the needs for long-term working capital or repay its borrowings, Far EasTone's board of directors resolved to issue domestic unsecured corporate bonds not exceeding \$5,000,000 thousand on February 23, 2018. The chairman or his appointed deputy is authorized to decide on all matters pertaining to the issuance of bonds or the requirements of government authorities and to amend or to improve the plan.
- b. For the purpose of operation, Far Eastern Investment (Holding) Ltd., a subsidiary of FENC, participated in a public auction in order to acquire real property, equipment and other assets from non-related parties, M&G Polymers USA, LLC and M&G USA Corporation, on January 31, 2018 under sale and bidding procedures. The total purchase price was US\$33,376 thousand, and the full payment will be completed by a newly established and wholly-owned subsidiary, FE Polytech, LLC.
- c. From the board of directors resolution on January 29, 2018, Far Eastern Resources Development Corporation, FENC's subsidiary, is going to sell land in the Sanlong Section of Shulin District to Oriental Institute of Technology for \$456,782 thousand and will recognize a gain on disposal of \$34,177 thousand.
- d. On March 21, 2018, Far Eastern Investment (Holding) Corporation, FENC's subsidiary, formed a joint venture, Corpus Christi Polymers LLC, with Indorama Ventures Holdings LP and Alpek, S.A.B. de C.V. in order to acquire M&G Chemicals' PTA and PET plants and other assets in Texas, USA. Each partner shall commit one third of the required capital. The closing shall be consummated subject to the bankruptcy court and regulatory approvals.
- e. On March 22, 2018, the board of directors of the Company resolved to issue unsecured corporate bonds. The bonds will be for up to 10 years, and the total amount issued will not exceed \$8,000,000 thousand with a par value of \$1,000 thousand or integral multiples of \$1,000 thousand.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 296,381	29.760 (USD:NTD)	\$ 8,820,299
USD	93,996	6.519 (USD:RMB)	2,797,321
USD	62,893	7.800 (USD:HKD)	1,871,696
USD	797	4.208 (USD:MYR)	<u>23,719</u>
			<u>\$ 13,513,035</u>

Financial liabilities

Monetary items			
USD	187,567	29.760 (USD:NTD)	\$ 5,581,994
USD	106,984	6.519 (USD:RMB)	3,183,844
USD	32,800	7.800 (USD:HKD)	976,128
USD	6,232	4.208 (USD:MYR)	<u>185,464</u>
			<u>\$ 9,927,430</u>

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 287,963	32.250 (USD:NTD)	\$ 9,286,807
USD	96,093	6.985 (USD:RMB)	3,098,999
USD	37,020	7.800 (USD:HKD)	1,193,895
USD	1,700	4.671 (USD:MYR)	<u>54,825</u>
			<u>\$ 13,634,526</u>

Financial liabilities

Monetary items			
USD	157,349	32.250 (USD:NTD)	\$ 5,074,505
USD	56,901	6.985 (USD:RMB)	1,835,057
USD	70,705	7.800 (USD:HKD)	2,280,236
USD	1,608	4.671 (USD:MYR)	<u>51,858</u>
			<u>\$ 9,241,656</u>

For the years ended December 31, 2017 and 2016, (realized and unrealized) net foreign exchange losses were \$185,372 thousand and \$792,420 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of functional currencies of the Group entities.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 5 (attached)
- 2) Endorsements/guarantees provided: Table 6 (attached)
- 3) Marketable securities held: Table 7 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 8 (attached)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 9 (attached)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Table 10 (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 11 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 12 (attached)
- 9) Trading in derivative instruments: Notes 7 and 9
- 10) Intercompany relationships and significant intercompany transactions: Table 13 (attached)
- 11) Information on investees: Table 14 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Tables 15 and 15-1 (attached)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Tables 3, 4, 5, 6, 11, 12, 13 and 14 (attached)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

40. SEGMENT INFORMATION

Industry Information

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

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

a. Segments revenue and results

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

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Petrochemical business			\$ (1,262,021)	\$ (1,274,521)
Revenue generated from external customers	\$ 16,557,547	\$ 15,724,474		
Intersegment revenue	<u>13,868,670</u>	<u>15,676,633</u>		
	<u>30,426,217</u>	<u>31,401,107</u>		
Chemical fiber business			1,006,696	692,771
Revenue generated from external customers	60,963,683	58,729,458		
Intersegment revenue	<u>1,006,029</u>	<u>733,103</u>		
	<u>61,969,712</u>	<u>59,462,561</u>		
Textile business			1,090,640	1,177,681
Revenue generated from external customers	33,967,442	33,838,264		
Intersegment revenue	<u>86,921</u>	<u>108,058</u>		
	<u>34,054,363</u>	<u>33,946,322</u>		
Telecommunication services business			14,216,298	15,024,350
Revenue generated from external customers	91,787,386	94,103,211		
Intersegment revenue	<u>282,295</u>	<u>241,055</u>		
	<u>92,069,681</u>	<u>94,344,266</u>		

(Continued)

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Real estate development			\$ 759,959	\$ 1,009,097
Revenue generated from external customers	\$ 7,151,591	\$ 8,176,564		
Intersegment revenue	<u>791,265</u>	<u>719,859</u>		
	<u>7,942,856</u>	<u>8,896,423</u>		
Investment and other			3,808,839	158,105
Revenue generated from external customers	10,677,745	6,634,203		
Intersegment revenue	<u>361,305</u>	<u>301,004</u>		
	<u>11,039,050</u>	<u>6,935,207</u>		
Adjustment and elimination	<u>(15,281,470)</u>	<u>(17,053,498)</u>	<u>187,319</u>	<u>(174,207)</u>
	<u>\$ 222,220,409</u>	<u>\$ 217,932,388</u>	<u>19,807,730</u>	<u>16,613,276</u>
Interest revenue			486,339	440,904
Exchange loss			(185,372)	(792,420)
Interest expense			(2,605,876)	(2,486,885)
Other revenue and income (other expenses and losses)			<u>(610,530)</u>	<u>2,185,235</u>
Profit before tax			<u>\$ 16,892,291</u>	<u>\$ 15,960,110</u> (Concluded)

Note: For the years ended December 31, 2017 and 2016, the main differences between the total reportable segment revenue and consolidated operating revenue and those between the total reportable segment profit and consolidated operating income were due to the share of the associates' profit of \$4,114,335 thousand and \$1,873,936 thousand, respectively, and dividend income from associates, which amounted to \$259,126 thousand and \$202,531 thousand, respectively.

b. Segment total assets and liabilities

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

c. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Taiwan	\$ 158,141,451	\$ 157,981,927	\$ 296,320,491	\$ 293,132,939
China	34,664,367	32,038,740	38,953,753	39,513,805
Overseas	<u>25,041,130</u>	<u>25,835,254</u>	<u>10,872,934</u>	<u>6,029,919</u>
	<u>\$ 217,846,948</u>	<u>\$ 215,855,921</u>	<u>\$ 346,147,178</u>	<u>\$ 338,676,663</u>

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

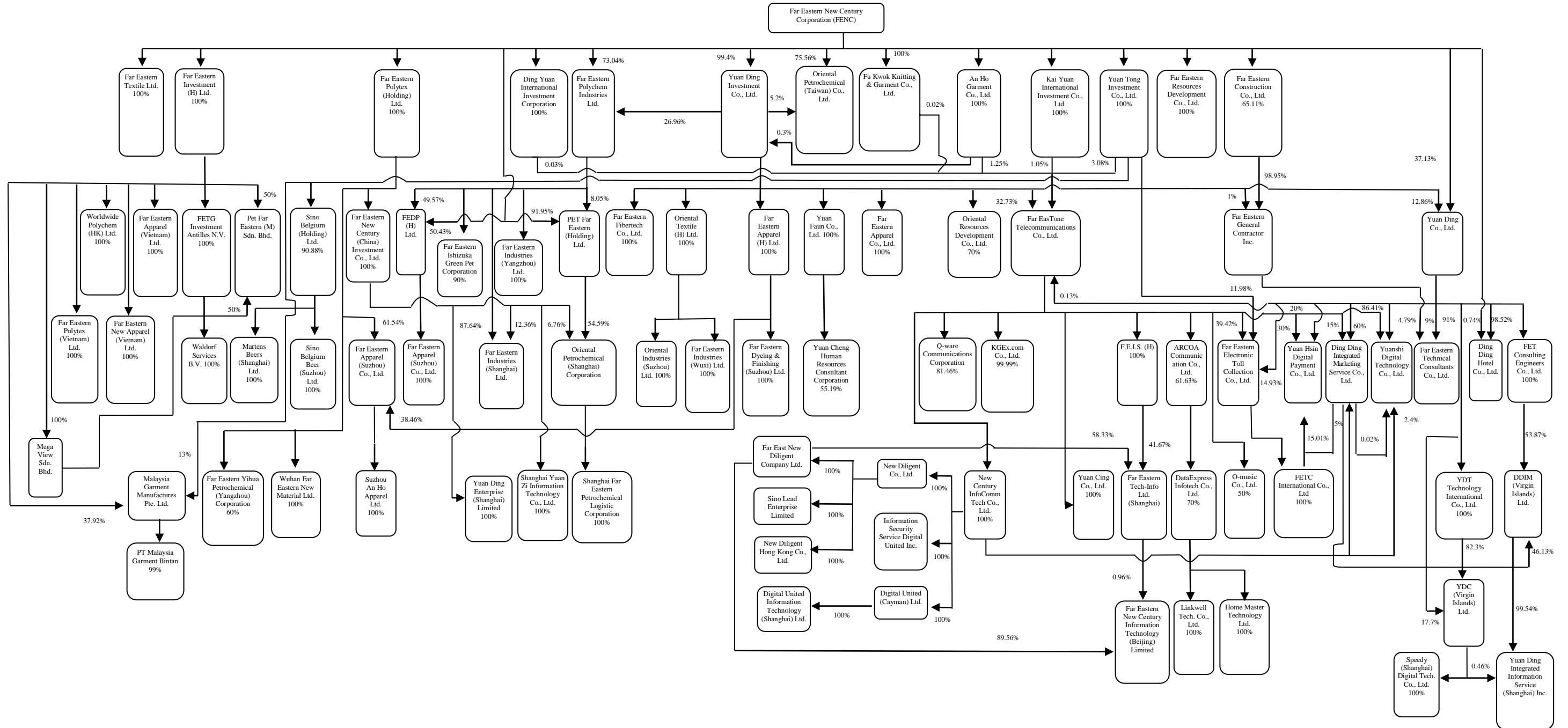
d. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2017 and 2016.

TABLE 1

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2017**



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**RELATED PARTY NAMES AND CATEGORIES
DECEMBER 31, 2017**

Related Party Names	Related Party Categories
Asia Cement Corporation	Associate
Far Eastern Department Stores Co., Ltd.	Associate
Oriental Union Chemical Corporation	Associate
Everest Textile Corporation	Associate
Oriental Securities Corporation	Associate
Yu Yuan Investment Co., Ltd.	Associate
Yuan Ding Leasing Corporation	Associate
Far Eastern International Leasing Corporation	Associate
Liquid Air Far East Co., Ltd.	Associate
Da Ju Fiber Co., Ltd.	Associate
Far Eastern Union Petrochemical (Yangzhou) Corporation	Associate
Tong Da Air Industry (Yangzhou) Co., Ltd.	Associate
Yu Ding Industry Co., Ltd.	Associate
Freudenberg Far Eastern Spunweb Co., Ltd.	Associate
Yue Ming Corporation	Associate
Far Eastern International Bank	Other related party (the vice chairman of investee is the chairman of FENC; associate since 8/18/2017; more details in Note 8)
Everest Textile USA, LLC	Other related party (the subsidiary of FENC's associate)
Pacific Petrochemical (holding) Ltd. (PPL)	Other related party (the subsidiary of FENC's associate)
Shanghai Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific Dept Stores (Dalian) Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific SOGO Department Stores Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Beicheng FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Quanxing Masion Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific (China) Investment Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Bai-Ding Investment Corporation	Other related party (the subsidiary of FENC's associate)
Nan Hwa Cement Corporation	Other related party (the subsidiary of FENC's associate)
Chiahui Power Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Der Ching Investment Corporation	Other related party (the subsidiary of FENC's associate)
Ya Tung Ready-mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)
Oriental Securities Investment Consultant Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Asia Engineering Enterprise Corporation	Other related party (the subsidiary of FENC's associate)
Asia Cement (China) Holdings Corporation	Other related party (the subsidiary of FENC's associate)
Asia Investment Corporation	Other related party (the subsidiary of FENC's associate)
Ya Sing Ready-Mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)

(Continued)

Related Party Names	Related Party Categories
Wuhan Yaxin Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Ai Mai Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuxi FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern City Super Ltd.	Other related party (the subsidiary of FENC's associate)
Yuan Bo Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Far Eastern Leasing Corporation	Other related party (the subsidiary of FENC's associate)
Far Eastern Property Insurance Agency Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Fu Ming Transport Corporation	Other related party (the subsidiary of FENC's associate)
Fu-Da Transport Corporation	Other related party (the subsidiary of FENC's associate)
Shanghai Bai Ding Business Management. Consulting Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chubei New Century Shopping Mall Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Everest Textile (Shanghai) Ltd.	Other related party (the subsidiary of FENC's associate)
Nanchang Yali Concrete Produce Ltd.	Other related party (the subsidiary of FENC's associate)
Ya-Li Precast Prestressed Concrete Industries Corporation	Other related party (the subsidiary of FENC's associate)
Sichuan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yangzhou Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Oriental Petrochemical (YangZhou) Corporation	Other related party (the subsidiary of FENC's associate)
Huanggang Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Ya Tung Department Store Ltd.	Other related party (the subsidiary of FENC's associate)
Sichuan Lanfeng Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Shanghai Yali Cement Products Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Sichuan Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Yali Cement Products Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yali Cement Products Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Sichuan Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Nanchang Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Tai Zhou Oriental Construction Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Oriental Institute of Technology	Other related party (the same chairman)
Far Eastern Memorial Hospital	Other related party (the same chairman)
Yuan Ze University	Other related party (the same chairman)
U-Ming Marine Transport Corporation	Other related party (the same chairman)
Mr. Xu Yuanzhi Memorial Foundation	Other related party (the same chairman)
Far Eastern Medical Foundation	Other related party (the same chairman)
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Other related party (the same chairman)
Uni-President Enterprise Corporation	Other related party (supervisor of the subsidiary)
Him International Music Incorporated	Other related party (supervisor of the subsidiary)
Sony Music Entertainment Taiwan Ltd.	Other related party (corporate director of the subsidiary)

(Continued)

Related Party Names	Related Party Categories
President Chain Store Corporation	Other related party (corporate director of the subsidiary)
Mitac Incorporated	Other related party (corporate director of the subsidiary)
Universal Music Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Forward Music Co., Ltd.	Other related party (corporate director of the subsidiary)
U-Ming Marine Transport (Singapore) Private Limited	Other related party (related party in substance)
Ding & Ding Management Consultants Co., Ltd.	Other related party (related party in substance)
TECO Electric & Machinery Co., Ltd.	Other related party (related party in substance)
SYSTEX Corporation	Other related party (related party in substance)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
Far Eastern Polyclinic	Other related party (related party in substance)
Telecommunication & Transportation Foundation	Other related party (Far EasTone's donation is over one third of the foundation's fund)

(Concluded)

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

	For the Year Ended December 31	
	2017	2016
Sales		
Associate	\$ 2,049,638	\$ 1,335,203
Other related parties	<u>748,823</u>	<u>1,108,786</u>
	<u>\$ 2,798,461</u>	<u>\$ 2,443,989</u>
Operating costs		
Associate	\$ 1,861,437	\$ 1,812,198
Other related parties	<u>602,919</u>	<u>586,284</u>
	<u>\$ 2,464,356</u>	<u>\$ 2,398,482</u>
Operating expenses		
Associate	\$ 38,700	\$ 47,942
Other related parties	<u>394,239</u>	<u>362,948</u>
	<u>\$ 432,939</u>	<u>\$ 410,890</u>
Rental revenue (recognized as operating revenue)		
Associate	\$ 334,693	\$ 254,704
Other related parties	<u>257,701</u>	<u>330,834</u>
	<u>\$ 592,394</u>	<u>\$ 585,538</u>
Rental expense (recognized as operating cost and expense)		
Associate	\$ 73,212	\$ 78,773
Other related parties	<u>185,150</u>	<u>253,632</u>
	<u>\$ 258,362</u>	<u>\$ 332,405</u>

The Group had purchased the securities from the associates amounted to \$792,206 thousand for the year ended December 31, 2017. The Group had purchased the construction contracts, software equipment, machinery and equipment and securities from the other related parties amounted to \$352,493 thousand for the year ended December 31, 2017. The Group had purchased the software equipment, construction contracts, machinery and equipment, securities, and construction in progress amounted to \$79,799 thousand for the year ended December 31, 2016.

(Continued)

The fund transaction between the Group and Opas Fund Segregated Portfolio Company (“Opas Company”) was carrying out investment to acquisition and disposal the overseas fund including Opas Fund Segregated Portfolio Tranche “A”, “B”, “C”, through the trading platform of Opas Company. The decisions on overseas mutual funds with different tranches were made by the investment committee which is formed with the Group and other investors. During the year ended December 31, 2017, the Group acquired funds with carrying amounts of \$840,439 thousand, and the Group disposed of funds with carrying amounts of \$653,400 thousand. The disposal proceeds were \$704,725 thousand, and the gains on the fund disposal was \$51,325 thousand.

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

The Group had donated \$1,825 thousand to its other related party, Yuan Ze University, in 2017.

Compensation of key management personnel:

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Short-term benefits	\$ 391,032	\$ 351,425
Post-employment benefits	<u>2,680</u>	<u>2,656</u>
	<u>\$ 393,712</u>	<u>\$ 354,081</u>

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

(Concluded)

TABLE 4**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****(In Thousands of New Taiwan Dollars)**

	December 31	
	2017	2016
Notes and accounts receivable		
Associate	\$ 622,606	\$ 508,319
Other related parties	<u>465,356</u>	<u>546,310</u>
	<u>\$ 1,087,962</u>	<u>\$ 1,054,629</u>
Notes and accounts payable - related parties		
Associate	\$ 190,432	\$ 182,925
Other related parties	<u>149,286</u>	<u>235,826</u>
	<u>\$ 339,718</u>	<u>\$ 418,751</u>
Progress billings		
Associate	\$ 429,779	\$ 98,844
Other related parties	<u>783,806</u>	<u>776,844</u>
	<u>\$ 1,213,585</u>	<u>\$ 875,688</u>
Guarantee deposits received		
Associate	\$ 50,427	\$ 10,899
Other related parties	<u>64,459</u>	<u>168,222</u>
	<u>\$ 114,886</u>	<u>\$ 179,121</u>
Deferred credit - gains on related parties transactions		
Associate		
Oriental Securities Corporation	\$ 111,705	\$ 112,260
Others	2,810	2,594
Other related parties	<u>9,122</u>	<u>9,338</u>
	<u>\$ 123,637</u>	<u>\$ 124,192</u>

(Continued)

Financing to related parties

Loans to related parties (recognized as other receivables):

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Associate		
Yu Ding Industry Co., Ltd.	\$ 510,000	\$ 680,000
Far Eastern Union Petrochemical (Yangzhou) Corporation	1,460,800	2,816,370
Da Ju Fiber Co., Ltd.	550,000	940,000
Other related parties	<u>319,550</u>	<u>230,850</u>
	<u>\$ 2,840,350</u>	<u>\$ 4,667,220</u>

Interests income from loans to related parties:

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Associate		
Far Eastern Union Petrochemical (Yangzhou) Corporation	\$ 63,051	\$ 54,954
Others	15,894	20,981
Other related parties	<u>5,174</u>	<u>6,717</u>
	<u>\$ 84,119</u>	<u>\$ 82,652</u>

Loans from related parties:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Other related parties (recognized as short-term borrowings - loans from related parties)	\$ 3,732,946	\$ 3,487,023
Other related parties (recognized as long-term borrowings - bank loans)	<u>-</u>	<u>600,000</u>
	<u>\$ 3,732,946</u>	<u>\$ 4,087,023</u>

Interests expense from loans from related parties:

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Other related parties	<u>\$ 8,548</u>	<u>\$ 330</u>

(Continued)

Deposits, debt investments with no active market and other financial assets

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Far Eastern International Bank	<u>\$ 12,833,826</u>	<u>\$ 9,371,078</u>

The Group had bank deposits and time deposits (recognized as cash, cash equivalents and debt investments with no active market) in Far Eastern International Bank. In addition, the deposits included the proceeds of Far Eastone's sale of prepaid cards, sale of international calling cards and highway toll fees, which were consigned to Far Eastern International Bank as trust fund, which were recognized as other financial assets. The interest income was \$74,489 thousand and \$74,614 thousand for the years ended December 31, 2017 and 2016, respectively.

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Far Eastern International Bank	<u>\$ (4,440)</u>	<u>\$ 1,197</u>

The Group signed forward exchange contracts, option contracts, combined exchange options and cross-currency swap contracts with Far Eastern International Bank. The gain or (loss) of financial assets (liabilities) at fair value through profit or loss was \$(22,638) thousand and \$34,931 thousand for the years ended December 31, 2017 and 2016, respectively.

Derivative financial assets (liabilities) for hedging - current

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Far Eastern International Bank	<u>\$ 1,700</u>	<u>\$ (7,538)</u>

The Group signed foreign exchange swap contracts with Far Eastern International Bank and recognized as derivative financial assets (liabilities) for hedging. Notional amounts were US\$10,000 thousand and US\$20,000 thousand as of December 31, 2017 and December 31, 2016. The costs derived from the related transactions are recognized as financial costs.

The rental receivables (recognized as other receivables) from renting out the factories to other related parties were \$64,924 thousand and \$355,322 thousand as of December 31, 2017 and December 31, 2016, respectively.

The Group sold investment properties - land to Far Eastern Medical Foundation in 2015. As of December 31, 2017 and December 31, 2016 the unreceived amount which was recognized as other receivables from related parties were \$360,000 thousand and \$360,000 thousand, respectively. And other receivables from related parties - non-current were \$1,260,000 thousand and \$1,440,000 thousand, respectively.

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Far Eastern New Century Corporation	Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 9,718,019	\$ 97,180,194	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note H)
1	Yuan Ding Investment Co., Ltd.	Far Eastern Apparel Co., Ltd.	Receivables from related parties	Yes	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Ding Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	400,000	400,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Oriental Resources Development Co., Ltd.	Receivables from related parties	Yes	600,000	600,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	1,000,000	1,000,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Oriental Petrochemical (Taiwan) Corporation	Receivables from related parties	Yes	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Yuan Tong Investment Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	-	1.46-1.52	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	800,000	800,000	315,000	1.27-1.61	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	1,200,000	1,200,000	327,000	1.27-1.61	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Yu Ding Industry Co., Ltd.	Receivables from related parties	Yes	680,000	680,000	510,000	1.27-1.61	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
1		Da Ju Fiber Co., Ltd.	Receivables from related parties	Yes	1,100,000	1,100,000	550,000	1.27-1.61	2	-	For revolving fund	-	Promissory note	-	4,165,419	20,827,093	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
2	Yuan Tong Investment Co., Ltd.	Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	500,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	843,708	4,218,542	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
3	Far EasTone Telecommunications Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	250,000	250,000	130,000	1.48-1.61	2	-	For revolving fund	-	-	-	6,975,841	34,879,206	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			
4	New Century InfoComm Tech Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	\$ 250,000	\$ -	\$ -	1.33	2	\$ -	For revolving fund	\$ -	-	\$ -	\$ 8,406,793	\$ 12,009,704	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)
		Far EastTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	7,500,000	7,500,000	300,000	0.83	2	-	For revolving fund	-	-	-	8,406,793	12,009,704	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)
		Far EastTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	4,000,000	2,500,000	2,500,000	0.83	1	3,227,729	-	-	-	-	3,227,729	12,009,704	Amounts allowed for ending period (Note O); Maximum amounts allowed for the period (Note H)
5	Yuan Ding Co., Ltd.	Far Eastern Technical Consultants Co., Ltd.	Receivables from related parties	Yes	50,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Ding Ding Integrated Marketing Service Co., Ltd.	Receivables from related parties	Yes	100,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Ding Ding Hotel Co., Ltd.	Receivables from related parties	Yes	800,000	400,000	-	1.0013-1.1679	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Far Eastern Electronic Commerce Co., Ltd.	Receivables from related parties	Yes	400,000	-	-	1.024-1.1349	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	153,867	151,776	32,188	1.90-2.25	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
6	YDT Technology International Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	Yes	130,000	-	-	1.024-1.1349	2	-	For revolving fund	-	Promissory note	-	110,851	138,564	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
7	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	Yes	200,000	180,000	180,000	1.0013-1.1679	2	-	For revolving fund	-	Promissory note	-	199,833	249,791	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
8	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	125,380	29,760	27,332	1.75-2.25	2	-	For revolving fund	-	Promissory note	-	135,303	169,129	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
9	Far Eastern Investment (Holding) Ltd.	Worldwide Polychem (HK) Ltd.	Receivables from affiliates	Yes	297,600	297,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Holding) Ltd.	Receivables from affiliates	Yes	297,600	297,600	-	2.31767	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Holding) Ltd.	Receivables from affiliates	Yes	1,190,400	892,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	\$ 2,083,200	\$ 1,785,600	\$ -	2.31767-2.44767	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,491,467	\$ 13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	2,380,800	1,785,600	23,808	2.31767-2.44767	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		PET Far Eastern (Holding) Ltd.	Receivables from affiliates	Yes	2,380,800	892,800	27,390	5.26667-5.93883	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	446,400	446,400	148,800	2.31767-2.44767	2	-	For revolving fund	-	Promissory note	-	3,593,173	3,593,173	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		PET Far Eastern (M) Sdn. Bhd.	Receivables from affiliates	Yes	297,600	297,600	158,967	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	595,200	595,200	223,200	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	892,800	892,800	508,896	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	1,488,000	1,488,000	892,800	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	1,885,345	1,885,345	1,780,668	-	2	-	For revolving fund	-	Promissory note	-	4,491,467	13,474,400	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
10	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	Receivables from affiliates	Yes	595,200	595,200	-	-	2	-	For revolving fund	-	Promissory note	-	1,705,634	5,116,901	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	Yes	1,190,400	1,190,400	356,347	-	2	-	For revolving fund	-	Promissory note	-	1,705,634	5,116,901	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	1,190,400	1,190,400	821,376	2.31767-2.44767	2	-	For revolving fund	-	Promissory note	-	1,705,634	5,116,901	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
11	Oriental Textile (Holding) Ltd.	Far Eastern Polytex (Vietnam) Corporation	Receivables from affiliates	Yes	2,083,200	2,083,200	-	-	2	-	For revolving fund	-	Promissory note	-	4,007,522	12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium Beer (Suzhou) Ltd.	Receivables from affiliates	Yes	178,560	178,560	-	-	2	-	For revolving fund	-	Promissory note	-	4,007,522	12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	Yes	595,200	595,200	-	-	2	-	For revolving fund	-	Promissory note	-	4,007,522	12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	297,600	-	-	-	2	-	For revolving fund	-	Promissory note	-	3,206,018	3,206,018	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	\$ 446,400	\$ 446,400	\$ 200,860	5.26667-5.93300	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,007,522	\$ 12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,008,600	2,008,600	483,890	1.265	2	-	For revolving fund	-	Promissory note	-	4,007,522	12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,785,600	1,785,600	505,920	-	2	-	For revolving fund	-	Promissory note	-	4,007,522	12,022,566	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
12	Far Eastern Polychem Industries Ltd.	Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	119,040	119,040	-	-	2	-	For revolving fund	-	Promissory note	-	4,697,288	14,091,863	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Ishizuka Green Pet Corporation	Receivables from affiliates	Yes	396,300	396,300	-	2.31767	2	-	For revolving fund	-	Promissory note	-	3,757,830	3,757,830	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,398,720	1,398,720	-	-	2	-	For revolving fund	-	Promissory note	-	4,697,288	14,091,863	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	Yes	1,874,880	1,785,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,697,288	14,091,863	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,693,350	2,693,350	182,600	1.265	2	-	For revolving fund	-	Promissory note	-	4,697,288	14,091,863	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	892,800	892,800	466,330	2.44767-5.93883	2	-	For revolving fund	-	Promissory note	-	4,697,288	14,091,863	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
13	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	Receivables from affiliates	Yes	595,200	535,680	267,840	-	2	-	For revolving fund	-	Promissory note	-	2,922,559	8,767,678	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,145,550	2,145,550	273,900	1.265	2	-	For revolving fund	-	Promissory note	-	2,922,559	8,767,678	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
14	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	148,800	148,800	59,520	1.95739-2.44767	2	-	For revolving fund	-	Promissory note	-	121,727	365,182	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	148,800	148,800	148,800	2.31767-2.44767	2	-	For revolving fund	-	Promissory note	-	121,727	365,182	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
15	Waldorf Services B.V.	Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	446,400	-	-	2.31767	2	-	For revolving fund	-	Promissory note	-	233,178	699,535	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	446,400	-	-	2.31767	2	-	For revolving fund	-	Promissory note	-	233,178	699,535	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	446,400	-	-	2.31767	2	-	For revolving fund	-	Promissory note	-	233,178	699,535	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
16	Far Eastern Polytex (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	\$ 98,208	\$ -	\$ -	-	2	-	For revolving fund	\$ -	Promissory note	\$ -	\$ 3,832,669	\$ 11,498,006	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	119,040	-	-	-	2	-	For revolving fund	-	Promissory note	-	3,832,669	11,498,006	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
17	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	913,000	913,000	251,075	2.61-3.75	2	-	For revolving fund	-	Promissory note	-	2,577,647	5,728,105	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Oriental Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	456,500	319,550	319,550	2.00-3.68	2	-	For revolving fund	-	Promissory note	-	1,145,621	1,145,621	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	2,054,250	2,054,250	1,848,962	2.58078-3.51376	2	-	For revolving fund	-	Promissory note	-	2,577,647	5,728,105	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
18	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	365,200	-	-	-	2	-	For revolving fund	-	Promissory note	-	609,847	609,847	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	913,000	-	-	2.61	2	-	For revolving fund	-	Promissory note	-	1,372,155	3,049,233	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	296,725	-	-	2.61-3.68	2	-	For revolving fund	-	Promissory note	-	1,372,155	3,049,233	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,232,550	1,232,550	996,973	2.58078-3.51376	2	-	For revolving fund	-	Promissory note	-	1,372,155	3,049,233	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
19	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	45,650	45,650	-	-	2	-	For revolving fund	-	Promissory note	-	28,276	62,837	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
20	Oriental Industries (Suzhou) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	776,050	-	-	2.00-3.915	2	-	For revolving fund	-	Promissory note	-	2,329,108	2,329,108	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	228,250	228,250	-	-	2	-	For revolving fund	-	Promissory note	-	5,240,492	11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	456,500	456,500	-	-	2	-	For revolving fund	-	Promissory note	-	5,240,492	11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	456,500	456,500	-	-	2	-	For revolving fund	-	Promissory note	-	5,240,492	11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	913,000	913,000	3,666	3.75064	2	-	For revolving fund	-	Promissory note	-	5,240,492	11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Sino Belgium Beer (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	\$ 1,141,250	\$ 1,141,250	\$ 832,624	2.93435-3.75064	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,240,492	\$ 11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,826,000	1,826,000	1,043,061	2.93435-3.75064	2	-	For revolving fund	-	Promissory note	-	5,240,492	11,645,538	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
21	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	547,800	-	-	4.03-4.35	2	-	For revolving fund	-	Promissory note	-	1,193,321	1,193,321	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	913,000	913,000	-	2.58078-3.50558	2	-	For revolving fund	-	Promissory note	-	2,684,973	5,966,606	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
22	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	41,085	41,085	41,085	3.75	2	-	For revolving fund	-	Promissory note	-	49,379	109,730	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
23	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	228,250	228,250	-	1.265	2	-	For revolving fund	-	Promissory note	-	256,597	769,792	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note D)
24	Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	684,750	684,750	-	1.265	2	-	For revolving fund	-	Promissory note	-	4,080,140	7,344,252	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	913,000	456,500	456,500	2.00-4.35	2	-	For revolving fund	-	Promissory note	-	3,264,112	3,264,112	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	1,689,050	913,000	913,000	2.00	2	-	For revolving fund	-	Promissory note	-	3,264,112	3,264,112	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	2,282,500	1,369,500	1,141,250	2.00-4.35	1	4,964,762	-	-	Promissory note	-	4,080,140	4,080,140	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H)
25	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	136,950	136,950	173	1.265	2	-	For revolving fund	-	Promissory note	-	477,229	859,013	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
26	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd.	Other receivables - loans to related parties	Yes	45,650	45,650	-	-	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Oriental Textile (Holding) Ltd.	Other receivables - loans to related parties	Yes	91,300	91,300	-	-	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Far Eastern Polychem Industries Ltd.	Other receivables - loans to related parties	Yes	91,300	91,300	-	-	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		PET Far Eastern (Holding) Ltd.	Other receivables - loans to related parties	Yes	91,300	91,300	-	-	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Wuhan Far Eastern New Material Ltd.	Other receivables - loans to related parties	Yes	\$ 136,950	\$ 136,950	\$ -	1.265	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 6,025,692	\$ 8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,141,250	1,141,250	-	1.265	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Shanghai Far Eastern Petrochemical Logistic Corporation	Other receivables - loans to related parties	Yes	54,780	54,780	11,627	1.265	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	744,095	502,150	499,831	1.265-2.00	2	-	For revolving fund	-	Promissory note	-	964,111	964,111	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Industries (Shanghai) Ltd.	Other receivables - loans to related parties	Yes	4,656,300	3,195,500	1,003,428	1.265	2	-	For revolving fund	-	Promissory note	-	6,025,692	8,435,969	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
27	Shanghai Yuan Zi Information Technology Co., Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	45,650	45,650	-	-	2	-	For revolving fund	-	Promissory note	-	61,894	92,840	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
28	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	319,550	319,550	319,550	2.00-3.60	2	-	For revolving fund	-	Promissory note	-	570,680	570,680	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	547,800	547,800	547,800	2.00	2	-	For revolving fund	-	Promissory note	-	570,680	570,680	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)

Notes: A. Reasons for financing are as follows:

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

- B. The limitation is 5% of the net value of the financier based on audited financial statements as of December 31, 2017.
- C. The limitation is 10% of the net value of the financier based on audited financial statements as of December 31, 2017.
- D. The limitation is 15% of the net value of the financier based on audited financial statements as of December 31, 2017.
- E. The limitation is 20% of the net value of the financier based on audited financial statements as of December 31, 2017.
- F. The limitation is 35% of the net value of the financier based on audited financial statements as of December 31, 2017.
- G. The limitation is 40% of the net value of the financier based on audited financial statements as of December 31, 2017.
- H. The limitation is 50% of the net value of the financier based on audited financial statements as of December 31, 2017.
- I. The limitation is 90% of the net value of the financier based on audited financial statements as of December 31, 2017.
- J. The limitation is 100% of the net value of the financier based on audited financial statements as of December 31, 2017.
- K. The limitation is 150% of the net value of the financier based on audited financial statements as of December 31, 2017.
- L. The limitation is 200% of the net value of the financier based on audited financial statements as of December 31, 2017.
- M. The limitation is 250% of the net value of the financier based on audited financial statements as of December 31, 2017.
- N. The limitation is 350% of the net value of the financier based on audited financial statements as of December 31, 2017.
- O. The limitation is business transaction amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 97,180,194	\$ 1,200,000	\$ -	\$ -	\$ -	-	\$ 194,360,387	Yes	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
1	Yuan Ding Investment Co., Ltd.	Oriental Resources Development Co., Ltd.	(Note A)	20,827,093	250,000	100,000	100,000	-	0.24	41,654,186	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Da Ju Fiber Co., Ltd.	(Note B)	20,827,093	320,000	280,000	80,000	-	0.67	41,654,186	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		PET Far Eastern (Holding) Ltd.	(Note C)	19,436,039	626,900	595,200	253,358	-	1.43	19,436,039	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H).
		Oriental Textile (Holding) Ltd.	(Note A)	20,827,093	626,900	595,200	136,950	-	1.43	41,654,186	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Far Eastern Polychem Industries Ltd.	(Note C)	19,436,039	940,350	892,800	264,770	-	2.14	19,436,039	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H).
		Far Eastern Ishizuka Green Pet Corporation	(Note C)	19,436,039	641,280	634,080	634,080	-	1.52	19,436,039	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H).
		Oriental Industries (Suzhou) Ltd.	(Note A)	20,827,093	1,567,250	1,488,000	1,123,429	-	3.57	41,654,186	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
2	Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note D)	\$ 13,071,162	\$ 5,708,448	\$ 5,708,448	\$ 5,402,000	\$ 5,708,448	2.94	\$ 26,142,323	-	Yes	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
3	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	3,711,026	2,053,000	2,013,000	775,000	650,000	1.04	7,422,051	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	3,711,026	125,380	-	-	-	-	7,422,051	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
4	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	(Note D)	249,791	230,000	230,000	-	230,000	0.12	499,581	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	39,688,221	154,300	154,300	154,300	-	1.17	39,688,221	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note I).
6	PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note B)	97,180,194	1,196,350	1,184,610	542,478	-	0.61	194,360,387	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).
		Oriental Petrochemical (Shanghai) Corporation	(Note A)	97,180,194	766,250	744,000	100,430	-	0.38	194,360,387	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).
7	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	97,180,194	650,710	492,050	-	-	1.18	194,360,387	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).
8	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	97,180,194	321,020	319,550	-	-	0.77	194,360,387	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).

(Continued)

- Notes: A. Subsidiary.
- B. Equity-method investee.
- C. The guarantee provider and counterparty have the same ultimate parent company.
- D. Parent company.
- E. The amount of the collateral/guarantees is based on 50% of the net value of the guarantor from the latest audited financial statements.
- F. The amount of the collateral/guarantees is based on net value of the guarantor from the latest audited financial statements.
- G. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and 50% of the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2017.
- H. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2017.
- I. The amount of the collateral/guarantees is based on 300% of the net value of the guarantor from latest audited financial statements.
- J. The amount of the collateral/guarantees is based on 50% of the net value of the ultimate parent company from the latest audited financial statements.
- K. The amount of the collateral/guarantees is based on the net value of the ultimate parent company from latest audited financial statements.
- L. The ratio of accumulated endorsements/guarantees to net equity in latest financial statements is calculated in accordance with Regulations Governing Loaning of Funds and Marketing of Endorsements/Guarantees by Public Companies.
- M. There will be a "Yes" if the situation meets any with endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent and endorsement/guarantee given on behalf of companies in Mainland China.
- N. The tariff guarantee maximum amounts allowed for a subsidiary in mainland China for the period and the actual appropriation as of period end are as follows: Oriental Industries (Suzhou) Ltd.: RMB5,000 thousand (NT\$22,825 thousand), the actual remittance: RMB5,000 thousand (NT\$22,825 thousand).

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(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, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 16,414,157	22.33	\$ 21,164,419	19,900 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	241,770	4,704,162	17.06	3,626,546	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,332,527	9.17	2,570,487	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	134	1,534	0.03	1,902	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,945,424	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	135,000	1,856,750	16.83	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	83,245	872,079	2.62	794,159	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	41,076,970	99.40	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	667,242	102,111,323	100.00	-	
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	135	7,708,078	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	6,861,798	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	8,091,936	100.00	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	302,843	5,167,778	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1,700	8,739,241	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	397	5,341,354	91.95	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,334,427	7,492,270	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	8,238,170	65.11	-	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,075,962	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	2,019,899	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	205,000	2,820,313	100.00	-	
FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	122,774	50.43	-		
Fu Kwok Knitting & Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,000	253,944	100.00	-		
Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	769	10,882	0.74	-		
Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,524	100.00	-		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	21,000	646,080	0.62	592,186	30,455 thousand shares pledged or mortgaged as collateral for loans.
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	70,818	1,337,956	8.00	2,241,380	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	22,558	461,823	1.59	338,370	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	123,624	1,129,947	25.23	1,749,280	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	22,769,539	32.73	78,399,335	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,532,777	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	3,535,452	100.00	-	
	Da Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,692	1,714,916	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	22,673	246,101	100.00	-	
	Yuan Faun Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,000	127,407	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	4,684	62,182	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	388,327	46.20	-	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,201,711	100.00	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	34,242	350,249	70.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,912,719	35.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,052	370,339	29.80	-	
Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	185,247	2,675,650	25.96	-		
							58,100 thousand shares pledged or mortgaged as collateral for loans.	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,089,336	12.86	\$ -	16,500 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	75,268	930,646	16.87	-	
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	8,125,575	100.00	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	119,653	1,559,403	14.92	-	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	98,198	453,433	18.96	-	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	1,490	22,472	1.00	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	91,766	528,894	5.20	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	113,251	1,186,368	3.56	1,080,418	
	Chung Nan Textile Co., Ltd.	(Note L)	Financial assets carried at cost - non-current	2,985	81,405	5.27	-	
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost - non-current	1,000	10,000	1.11	-	
	Universal Venture Capital Investment Corporation	(Note M)	Financial assets carried at cost - non-current	1,400	14,000	1.16	-	
	China Investment and Development Co., Ltd.	(Note L)	Financial assets carried at cost - non-current	1,287	8,250	0.80	-	
	Taiwan Stock Exchange Corporation	-	Financial assets carried at cost - non-current	1,081	22,493	0.16	-	
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets carried at cost - non-current	1	10	0.00	-	
	Dah Chung Bills Finance Corporation	(Note L)	Financial assets carried at cost - non-current	2,254	30,669	0.50	-	
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - non-current	8,869	323,719	1.05	323,719	
	Financial assets under asset management contracts (Note E)						-	
	Sinon Corporation	-	Financial assets at fair value through profit or loss - current	1,000	16,900	-	16,900	
	Getac Technology Corporation	-	Financial assets at fair value through profit or loss - current	475	20,995	-	20,995	
	Elite Advanced Laser Corporation	-	Financial assets at fair value through profit or loss - current	125	16,188	-	16,188	
	Gemtek Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	700	17,675	-	17,675	
	TSRC Corporation	-	Financial assets at fair value through profit or loss - current	1,000	37,250	-	37,250	
	Synnex Technology International Corporation	-	Financial assets at fair value through profit or loss - current	800	32,440	-	32,440	
	Inventec Corporation	-	Financial assets at fair value through profit or loss - current	1,875	44,531	-	44,531	
	Chong Hong Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	230	17,618	-	17,618	
Far Eastern Investment (Holding) Ltd.	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	45,066	-	21.85	-	
	FETG Investment Antilles N.V.	(Note A)	Investments accounted for using the equity method	6	452,453	100.00	-	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common shares 5,000 Preferred shares 3,000	209,484	50.00	-	
	Com2B	(Note A)	Investments accounted for using the equity method	9,000	12,392	20.00	-	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	740,632	100.00	-	
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	58,524	100.00	-	
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note G)	1,582	34.00	-	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	4,849,333	100.00	-	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	246,710	100.00	-	
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	172,420	100.00	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	479,137	37.92	-	
	Catalyst_207 SPC	(Note A)	Investments accounted for using the equity method	-	506	34.00	-	
	Far Eastern International Garments	(Note A)	Other liabilities - other	59	(12,259)	41.00	-	
	Cemtex Apparel Inc.	(Note A)	Other liabilities - other	90	(11,375)	50.00	-	
	Opas Fund Segregated Portfolio Company Tranche C	(Note K)	Available-for-sale financial assets - current	6	246,088	-	246,088	
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common shares 5,000 Preferred shares 3,000	209,484	50.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	13,222	\$ 445,556	0.39	\$ 372,852	15,000 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,603	117,484	0.40	84,045	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	1,137	9,266	0.23	16,086	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	27,365	685,186	3.09	866,118	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	920	41,142	0.03	67,594	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	229,217	2.24	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,844	353,759	13.20	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	84,155	881,493	2.64	802,834	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	20,207	670,467	0.60	569,851	16,100 thousand shares pledged or mortgaged as collateral for loans.
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	34,149	1,123,244	1.05	2,509,954	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	32,273	687,555	3.64	1,021,446	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,672	565,115	1.46	310,083	
	Kowloon Cement Corporation	(Note A)	Investments accounted for using the equity method	1,127	444,941	49.00	-	
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	74,970	931,673	16.80	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	229,418	2.24	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	102,167	1,070,234	3.21	974,675	
	U-Ming Marine Transport Corporation	(Note C)	Available-for-sale financial assets - non-current	422	15,403	0.05	15,403	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	7,335,086	87.64	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	35	470,532	8.05	-	
	FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	240	120,680	49.57	-	
	Far Eastern Industries (Yangzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,426,701	100.00	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Investments accounted for using the equity method	3,578	639,215	90.00	-	
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost - non-current	4	64,496	10.00	-	
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	17,726	538,873	0.53	499,876	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	147,413	2,075,691	98.95	-	
	U-Ming Marine Transport Corporation	(Note C)	Available-for-sale financial assets - current	1,590	58,027	0.19	58,027	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	586,367	38.46	-	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,864,053	100.00	-	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	469	14,404	0.01	13,226	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	90	6,079	-	6,615	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	8	123	0.01	-	
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	450	5,406	9.00	-	
	U-Ming Marine Transport Corporation	(Note C)	Available-for-sale financial assets - current	746	27,247	0.09	27,247	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets carried at cost - non-current	9,687	50,290	3.48	-	
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note I)	Financial assets carried at cost - non-current	3,106	25,141	16.03	-	
	DFE DWS Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,246	26,119	-	26,119	
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss - current	16,015	184,005	-	184,005	
	CTBC Hwa-Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,045	88,142	-	88,142	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Investments accounted for using the equity method	2	466,357	100.00	-	
Malaysia Garment Manufactures Pte. Ltd.	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	20,513	-	9.95	-	
	PT Malaysia Garment Bintan	(Note A)	Other liabilities - other	(Note G)	(43)	99.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	40,818	\$ 1,050,078	1.25	\$ 3,000,093	10,950 thousand shares pledged or mortgaged as collateral for loans.
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	6,094	231,882	0.18	171,842	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	11,204	268,618	1.26	354,607	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	370	11,190	0.03	5,547	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	8,193	109,915	1.15	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	15,247	321,576	15.66	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	9,681	128,566	1.21	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,502	167,625	0.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	20,956	219,539	0.66	199,918	
Yuan Faun Co., Ltd.	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	4,441	46,523	0.14	42,363	
	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Investments accounted for using the equity method	745	13,036	55.19	-	
	Yi Tong Fiber Co., Ltd.	(Note K)	Financial assets carried at cost - non-current	3,154	25,014	3.56	-	
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	19,414	0.02	38,220	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	100,237	2,747,199	3.08	7,367,422	30,015 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	39,619	1,227,464	2.80	594,278	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	49,705	1,716,006	5.61	1,573,176	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,050,263	0.85	805,939	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	228,220	2.24	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	35,934	376,810	11.98	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	27	-	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Other liabilities - other	36	(602,967)	90.88	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	38	-	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	10	164,261	13.00	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	101,963	1,068,045	3.20	972,724	
	Ding Shen Investment Co., Ltd.	(Note M)	Financial assets carried at cost - non-current	39,600	396,000	18.00	-	
	Bockhold N.V - shares	-	Financial assets carried at cost - non-current	1	182,283	12.51	-	
	Financial assets under asset management contracts (Note E)	-			-	-	-	
	Chung Hung Steel Corporation	-	Financial assets at fair value through profit or loss - current	3,200	39,679	-	39,679	
	China Synthetic Rubber Corp.	-	Financial assets at fair value through profit or loss - current	280	12,277	-	12,277	
	Evergreen Group	-	Financial assets at fair value through profit or loss - current	1,430	23,381	-	23,381	
	Acer Inc.	-	Financial assets at fair value through profit or loss - current	2,690	64,964	-	64,964	
	China Development Financial	-	Financial assets at fair value through profit or loss - current	5,150	52,273	-	52,273	
	Inventec Corporation	-	Financial assets at fair value through profit or loss - current	940	22,325	-	22,325	
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	54,865	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	2,841,285	54.59	-	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	2,028,774	50.00	-	
	Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,083,569	50.00	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,983,303	100.00	-	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	5,822,769	100.00	-	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	31,418	100.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 954,459	100.00	\$ -	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	938,249	61.54	-	
	Far Eastern New Century (China) Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,776,344	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	4,006,705	60.00	-	
Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,034,478	12.36	-	
	Shanghai Yuan Zi Information Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	61,894	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	309,083	6.76	-	
	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	716,404	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	Other liabilities - other	(Note G)	(514,568)	100.00	-	
	Martens Beers (Shanghai) Ltd.	(Note A)	Other liabilities - other	(Note G)	(1,443)	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	133,283	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	15,587	71,156	-	71,156	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	604,318	2,758,711	-	2,758,711	
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,992	244,477	100.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	41,633	203,367	60.00	-	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,550	53,448	91.00	-	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	9,777	17.70	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - other	4,995	(6,383)	4.79	-	
	FET Consulting Engineers Co., Ltd.	(Note A)	Investments accounted for using the equity method	85,000	510,638	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	191,514	0.16	150,268	
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,164	110,069	0.13	306,017	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	129,637	1,385,981	25.02	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	103	561	1.00	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,523	52,815	2.59	-	
	FEDS Asia Pacific Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,650	131,033	5.00	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	44,796	464,302	14.93	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	7,922	83,000	0.25	75,576	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	24,955	204,180	20.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	102,509	504,389	98.52	-	
Far Eastern New Century Corporation	(Note D)	Financial assets at fair value through profit or loss - current	779	20,887	-	20,887		
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - other	17	(27)	0.02	-	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	18,729	153,234	15.01	-	
	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	7,368	46.13	-	
	Pacific SOGO Department Stores Co., Ltd.	(Note J)	Financial assets carried at cost - non-current	1	10	-	-	
	DFE DWS Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	3,577	41,593	-	41,593	
Far Eastern Technical Consultants Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets carried at cost - non-current	480	4,800	4.00	-	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	8,604	53.87	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 72	0.46	\$ -	
	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	50,016	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	15,590	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	125	1,172	0.03	1,772	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,764	94,353	0.20	41,458	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,169	-	1,707	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	45,460	82.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	2,786	29,215	0.09	26,577	
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets carried at cost - non-current	1	10	-	-	
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,000	180,798	100.00	-	
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,100,000	26,809,796	100.00	-	
	ARCOA Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method	82,762	1,268,193	61.63	-	
	KGEx.com Co., Ltd.	(Note A)	Investments accounted for using the equity method	68,897	783,448	99.99	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - other	90,014	(115,145)	86.41	-	
	Yuan Cing Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,000	34,270	100.00	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Other liabilities - other	1	(47,302)	100.00	-	
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,500	9,466	50.00	-	
	Q-ware Communications Corporation	(Note A)	Other liabilities - other	33,983	(138,368)	81.46	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	118,251	816,685	39.42	-	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	37,433	306,289	30.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,408	50,692	15.00	-	
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	6,000	14,451	14.40	-	
	App Works Fund II Co., Ltd.	(Note L)	Financial assets carried at cost - non-current	15,000	150,000	11.11	-	
CDIB Capital Innovation Accelerator Co., Ltd.	-	Financial assets carried at cost - non-current	4,500	45,000	12.00	-		
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,866	178,086	70.00	-	
	THI consultants	(Note L)	Financial assets carried at cost - non-current	1,214	12,190	18.32	-	
	Web Point Co., Ltd.	-	Financial assets carried at cost - non-current	161	1,618	0.63	-	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	54,000	139,909	100.00	-	
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method	10,249	116,072	100.00	-	
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method	4,320	13,978	100.00	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - other	2,500	(3,197)	2.40	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	3,469	16,898	5.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at fair value through profit or loss - current	13	446,400	-	446,400	
	Opas Fund Segregated Portfolio Tranche B	(Note K)	Financial assets at fair value through profit or loss - current	5	148,800	-	148,800	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets carried at cost - non-current	8,858	50,000	3.18	-	
Bank Pro E-service Technology Co., Ltd.	-	Financial assets carried at cost - non-current	450	4,500	3.33	-		
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	(Note A)	Investments accounted for using the equity method	30	226	100.00	-	
	Far East New Diligent Company Ltd.	(Note A)	Investments accounted for using the equity method	-	78,207	100.00	-	
	New Diligent Hong Kong Co., Ltd.	(Note A)	Investments accounted for using the equity method	-	2,866	100.00	-	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	-	41,675	100.00	-	
	Home Master Technology Ltd.	(Note A)	Other liabilities - other	-	(1,374)	100.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	-	\$ 2,200	100.00	\$ -	
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Investments accounted for using the equity method	-	1,025	0.96	-	
Far East New Diligent Company Ltd.	Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Investments accounted for using the equity method	-	95,662	89.56	-	
	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	-	60,879	58.33	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	-	43,491	41.67	-	

Notes: A. Equity-method investee.

B. Investor and investee have the same chairman.

C. The vice chairman of investee is the chairman of FENC.

D. Parent company.

E. Financial assets under asset management contracts can be sold in the open market investee, Oriental Securities Corporation.

F. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Corporation.

G. A foreign owned company.

H. The Fair value of financial assets measured at cost and unlisted equity investments held by the Group was not disclosed due to it cannot be reliably measured.

I. The subsidiary of the invested company accounted for using the equity method.

J. The subsidiary of FENC's associate.

K. Related party in substance.

L. The investor is the corporate director of the investee.

M. The investor is the corporate supervisor of the investee.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(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	PET Far Eastern (Holding) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note B)	333	\$ 4,404,790	64	\$ 814,859	-	\$ -	\$ -	\$ -	\$ 121,705	397	\$ 5,341,354
	Oriental Petrochemical (Taiwan) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note B)	1,183,311	7,161,947	151,116	1,511,163	-	-	-	-	(1,133,971)	1,334,427	7,539,139
Far Eastern Investment (Holding) Ltd.	Far Eastern Polytex (Vietnam) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note B)	(Note C)	US\$ 48,230	(Note C)	US\$ 120,000	-	-	-	US\$ (5,282)	(Note C)	US\$ 162,948	
	Malaysia Garment Manufactures Pte. Ltd.	Investments accounted for using the equity method	Waldorf Services B.V.	(Note B)	-	US\$ -	30	US\$ 15,650	-	-	-	US\$ 450	30	US\$ 16,100	
Far Eastern General Contractor Inc.	Mirae Asset Solomon Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,202	40,008	22,794	285,000	25,996	325,086	325,008	78	-	-	
	CTBC Hwa-Win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	15,393	168,020	90,541	990,100	97,889	1,070,283	1,069,996	287	-	8,045	88,142
	Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	47,062	559,000	47,062	559,124	559,000	124	-	-	-
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Investments accounted for using the equity method	Far Eastern Investment (Holding) Ltd.	(Note A)	30	478,337	-	-	30	476,075	476,075	-	(2,262)	-	-
Yuan Tong Investment Co., Ltd.	Far Eastern International Bank	Available-for-sale financial assets - non-current	Far Eastern Department Stores Co., Ltd., Oriental Union Chemical Corporation	(Note H)	19,796	180,139	79,875	791,550	99,671 (Note D)	-	971,689 (Note D)	-	-	-	-
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note B)	(Note C)	RMB 540,496	(Note C)	RMB 179,464	-	-	-	RMB (97,554)	(Note C)	RMB 622,406	
Yuan Ding Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note B)	23,913	(239,266)	32,777	327,766	56,690 (Note E)	1,488	1,488 (Note E)	-	(87,012)	-	-
	Ding Ding Hotel Co., Ltd.	Other liabilities - other	Cash capital increase	(Note B)	64,502	(77,683)	100,000	1,000,000	61,993	-	-	-	(417,928)	102,509	504,389
Far EasTone Telecommunications Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Investments accounted for using the equity method	Cash capital increase	(Note B)	53,726	(109,380)	34,891	348,909 (Note F)	-	-	-	-	(354,674)	90,014 (Note G)	(115,145) (Note G)
New Century InfoComm Tech Co., Ltd.	Opas Fund Segregated Portfolio Tranche A	Available-for-sale financial assets - current	-	(Note I)	15	487,050	-	-	15	521,054	487,050	34,004	-	-	US\$ -
	Opas Fund Segregated Portfolio Tranche A	Financial assets at fair value through profit or loss - current	-	(Note I)	-	-	13	448,950	-	-	-	-	-	13	448,950

Notes: A. Parent company

B. Subsidiary.

C. A foreign owned company.

D. Reclassify to investments accounted for using the equity method (refer to Table 8).

E. The company was merged with Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.), while Far Eastern Electronic Commerce Co., Ltd. was dissolved.

F. The amount is the cost of investments. The shares include (a) 34,890,875 shares acquired through subscription of new common shares issued by Hiiir Inc. and (b) 1,397,549 shares acquired through share exchange due to the merger between Hiiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd.

G. The ending balance of shares includes 1,397,549 shares acquired through share exchange due to the merger between Yuanshi Digital Technology Corporation (former Hiiir Digital Marketing Co., Ltd.) and Far Eastern Electronic Commerce Co., Ltd.

H. Associates.

I. Related party in substance.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**ACQUISITIONS OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
New Century InfoComm Tech Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-Tong section	May 4, 2017	\$ 1,749,577	The payment \$1,037,394 thousand has been made	Far Eastern Resources Development Co., Ltd.	Fellow subsidiary	Far Eastern New Century Corporation	Ultimate parent company	September 2, 2003	The ultimate parent company, Far Eastern New Century, established by partition the real estate.	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	Integrated the office in Banqiao for expanding the telecommunication facilities	No

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**DISPOSALS OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Resources Development Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-Tong section	May 4, 2017	September 2, 2003	\$ 1,749,577	\$ 1,749,577	The payment 1,037,394 thousand has been received	Un-transferred	New Century InfoComm Tech Co., Ltd.	Fellow subsidiary	For New Century InfoComm Tech Co., Ltd. to establish business facilities and offices	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	-

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern New Century Corporation	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Purchase	\$ 7,073,210	17	Based on contract	-	-	\$ -	-	\$ (842,557)	(20)	
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(2,608,850)	(6)	Based on contract	-	-	-	-	898,170	13	
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(1,779,806)	(4)	Based on contract	-	-	-	-	475,217	7	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	(403,176)	(1)	Based on contract	-	-	-	-	44,923	1	
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Sale	(323,842)	(1)	Based on contract	-	-	-	-	22,013	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Purchase	170,953	-	Based on contract	-	-	-	-	-	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Purchase	538,955	1	Based on contract	-	-	-	-	(52,153)	(2)	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Sale	(135,648)	-	Based on contract	-	-	-	-	14,166	-	
	Everest Textile Corporation	(Note D)	Sale	(296,749)	(1)	Based on contract	-	-	-	-	51,980	1	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note D)	Sale	(366,441)	(1)	Based on contract	-	-	-	-	65,392	1	
Oriental Union Chemical Corporation	(Note D)	Purchase	1,751,593	4	Based on contract	-	-	-	-	(145,631)	(5)		
Far Eastern Fibertech Co., Ltd.	Everest Textile Corporation	(Note D)	Sale	(260,041)	(12)	Based on contract	-	-	-	-	23,720	17	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Purchase	3,287,161	42	Based on contract	-	-	-	-	(436,067)	(36)	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Purchase	1,291,712	16	Based on contract	-	-	-	-	(122,326)	(10)	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(598,904)	(7)	Based on contract	-	-	-	-	95,017	17	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Purchase	3,335,291	42	Based on contract	-	-	-	-	(657,543)	(54)	
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note B)	Sale	(3,287,161)	(57)	Based on contract	-	-	-	-	436,067	43	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Sale	(452,089)	(8)	Based on contract	-	-	-	-	117,273	12	
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	326,008	7	Based on contract	-	-	-	-	(70,529)	(12)	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	172,002	3	Based on contract	-	-	-	-	(28,954)	(5)	
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	1,779,806	8	Based on contract	-	-	-	-	(475,217)	(14)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	5,095,373	22	Based on contract	-	-	-	-	(625,106)	(18)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	306,137	1	Based on contract	-	-	-	-	(21,536)	(1)	
	Far Eastern Polychem Industries Ltd.	(Note B)	Sale	(7,265,807)	(30)	Based on contract	-	-	-	-	233,804	12	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(801,743)	(3)	Based on contract	-	-	-	-	340,078	17	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(172,002)	(1)	Based on contract	-	-	-	-	28,954	1	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	186,801	1	Based on contract	-	-	-	-	(53,276)	(2)	
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	1,362,422	52	Based on contract	-	-	(312,805)	(100)	(171,589)	(92)	
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(2,402,441)	(91)	Based on contract	-	-	-	-	345,407	97	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Purchase	7,265,807	94	Based on contract	-	-	-	-	(233,804)	(81)	
	PET Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(820,855)	(10)	Based on contract	-	-	-	-	203,902	15	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	434,420	6	Based on contract	-	-	-	-	(43,656)	(15)	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(296,888)	(4)	Based on contract	-	-	-	-	41,008	3	
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(5,095,373)	(39)	Based on contract	-	-	-	-	625,106	78	
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Sale	(1,362,422)	(10)	Based on contract	-	-	312,805	16	171,589	22	
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(7,073,210)	(46)	Based on contract	-	-	-	-	842,557	52	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(306,137)	(2)	Based on contract	-	-	-	-	21,536	2	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	\$ 2,402,441	36	Based on contract	-	-	\$ -	-	\$ (345,407)	(46)	
	Oriental Textile (Holding) Ltd.	(Note B)	Sale	(3,196,829)	(42)	Based on contract	-	-	-	-	601,359	44	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	176,549	3	Based on contract	-	-	-	-	(49,128)	(7)	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note A)	Purchase	3,196,829	98	Based on contract	-	-	-	-	(601,359)	(97)	
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	403,176	12	Based on contract	-	-	-	-	(44,923)	(15)	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(3,335,291)	(86)	Based on contract	-	-	-	-	657,543	87	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	598,904	18	Based on contract	-	-	-	-	(95,017)	(32)	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	382,899	11	Based on contract	-	-	-	-	(52,282)	(17)	
Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(382,899)	(100)	Based on contract	-	-	-	-	52,282	100	
PET Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	820,855	(68)	Based on contract	-	-	-	-	(203,902)	(72)	
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	801,743	54	Based on contract	-	-	-	-	(340,078)	(87)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	296,888	20	Based on contract	-	-	-	-	(41,008)	(10)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(434,420)	(27)	Based on contract	-	-	-	-	43,656	24	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(186,801)	(11)	Based on contract	-	-	-	-	53,276	29	
Worldwide Polychem (HK) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	2,608,850	86	Based on contract	-	-	-	-	(898,170)	(99)	
Far Eastern Industries (Wuxi) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	323,842	13	Based on contract	-	-	-	-	(22,013)	(47)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(326,008)	(12)	Based on contract	-	-	-	-	70,529	22	
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(1,291,712)	(49)	Based on contract	-	-	-	-	122,236	27	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	452,089	19	Based on contract	-	-	-	-	(117,273)	(28)	
	Far Eastern New Century Corporation	(Note B)	Purchase	135,648	6	Based on contract	-	-	-	-	(14,166)	(3)	
Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(538,955)	(72)	Based on contract	-	-	-	-	52,153	68	
Far Eastern Ishizuka Green Pet Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(170,953)	(16)	Based on contract	-	-	-	-	-	-	
Far Eastern General Contractor Inc.	Ya Tung Ready-mixed Concrete Corporation	(Note E)	Purchase	271,874	6	Based on contract	-	-	(30,470)	(5)	(28,860)	(2)	
	Far Eastern Department Stores Co., Ltd.	(Note D)	Construction contract revenue	(483,693)	(9)	Based on contract	-	-	-	-	70,348	11	
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenue	(156,057)	-	Based on contract	-	-	-	-	117,517	2	
	ARCOA Communication Co., Ltd.	(Note A)	Cost of telecommunications services, marketing expenses and cost of sales	10,375,311	17	Based on contract	-	-	-	-	(1,576,436)	(11)	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(484,292)	(1)	Based on contract	-	-	-	-	981	-	
			Cost of telecommunications services	2,743,437	7	Based on contract	-	-	-	-	(679,319)	(5)	(Note F)
	KGEx.com Co., Ltd.	(Note A)	Operating revenue	(102,083)	-	Based on contract	-	-	-	-	15,284	-	
	DataExpress Infotech Co., Ltd.	(Note A)	Operating revenue	(227,493)	-	Based on contract	-	-	-	-	35,984	1	
	O-music Co., Ltd.	(Note A)	Cost of telecommunications services	199,764	-	Based on contract	-	-	-	-	(33,033)	(1)	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Operating revenue	(193,591)	-	Based on contract	-	-	-	-	24,466	-	
	Yuan Cheng Human Resources Consultant Corporation	(Note C)	Service expense	110,241	1	Based on contract	-	-	-	-	(9,762)	-	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	\$ (2,743,437)	(24)	Based on contract	-	-	\$ -	-	\$ 679,319	40	(Note G)
			Cost of telecommunications services	484,292	6	Based on contract	-	-	-	-	(981)	-	
	KGEx.com Co., Ltd.	(Note C)	Cost of telecommunications services	111,379	1	Based on contract	-	-	-	-	(28,804)	(2)	
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(10,375,311)	(61)	Based on contract	-	-	-	-	1,576,436	69	
			Cost of telecommunications services and purchase	156,057	1	Based on contract	-	-	-	-	(117,517)	(5)	
	Home Master Technology Ltd.	(Note C)	Operating revenue	(126,631)	(1)	Based on contract	-	-	-	-	16,297	1	
KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating cost	102,083	23	Based on contract	-	-	-	-	(15,284)	(35)	
	New Century InfoComm Tech Co., Ltd.	(Note C)	Operating revenue	(111,379)	(21)	Based on contract	-	-	-	-	28,804	39	
O-music Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(199,764)	(98)	Based on contract	-	-	-	-	33,033	98	
Sino Lead Enterprise Limited	New Century InfoComm Tech Co., Ltd.	(Note C)	Operating revenue	(116,246)	(100)	Based on contract	-	-	-	-	19,971	74	
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Purchase	227,493	7	Based on contract	-	-	-	-	(35,984)	(7)	
	Linkwell Tech. Co., Ltd.	(Note C)	Purchase	180,850	5	Based on contract	-	-	-	-	(36,751)	(8)	
	Home Master Technology Ltd.	(Note C)	Operating revenue	(358,184)	(9)	Based on contract	-	-	-	-	37,063	8	
Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Far EasTone Telecommunications Co., Ltd.	(Note B)	Purchase	193,591	10	Based on contract	-	-	-	-	(24,466)	(8)	
Linkwell Tech. Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note C)	Sale	(180,850)	(24)	Based on contract	-	-	-	-	36,571	65	
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	(Note C)	Operating cost	126,631	18	Based on contract	-	-	-	-	(16,297)	(18)	
	DataExpress Infotech Co., Ltd.	(Note C)	Operating cost	358,184	51	Based on contract	-	-	-	-	(37,063)	(41)	

Notes: A. Subsidiary.

B. Parent company.

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

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

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note B)	\$ 898,170	3.29	\$ -	-	\$ 320,045	\$ -
	Far Eastern Industries (Shanghai) Ltd.	(Note B)	475,217	4.45	-	-	465,923	-
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note C)	842,557	7.98	-	-	842,557	-
Far Eastern Polychem Industries Ltd.	PET Far Eastern (M) Sdn. Bhd.	(Note D)	203,902	4.27	-	-	179,586	-
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	657,543	5.91	-	-	550,605	-
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	233,804	26.65	-	-	233,804	-
	Wuhan Far Eastern New Material Ltd.	(Note D)	340,078	2.27	-	-	4,395	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	436,067	7.28	-	-	366,630	-
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note D)	117,273	4.71	-	-	117,273	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	625,106	4.41	-	-	625,106	-
	Far Eastern Industries (Suzhou) Ltd.	(Note D)	484,394	2.95	-	-	484,394	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	601,359	6.02	-	-	599,218	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	345,407	3.89	-	-	345,407	-
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	122,326	8.19	-	-	113,313	-
Far Eastern Construction Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note E)	132,573	(Note G)	-	-	14,428	-
Ding Ding Integrated Marketing Service Co., Ltd.	Pacific SOGO Department Stores Co., Ltd.	(Note F)	100,384	(Note H)	-	-	12,204	-
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note D)	104,625	(Note I)	-	-	94,524	-
	ARCOA Communication Co., Ltd.	(Note D)	117,517	11.36	-	-	79,465	-
New Century InfoComm Tech Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	(Note D)	3,566,828	(Note J)	-	-	602,489	-
ARCOA Communication Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	(Note D)	1,576,436	7.90	-	-	1,576,436	-

(Continued)

- Notes: A. This table does not include the receivables from financier. For more details, refer to Table 5. This table also does not include the other receivables from non-operating projects. For more details, refer to Table 3.
- B. Subsidiary.
- C. Parent company.
- D. The guarantee provider and counterparty have the same ultimate parent company.
- E. The consolidated company's investee which was accounted for using the equity method.
- F. The subsidiary of the consolidated company's investee which was accounted for using the equity method.
- G. The turnover rate was unavailable due to the main component of receivables from related parties was rental equalization.
- H. The turnover rate was unavailable due to the receivables were points collections and payments on behalf of others.
- I. The turnover rate was unavailable as the receivables from related parties were mainly due to the advance payments made for NCIC's daily operating expenditures and the operating management service charges to NCIC.
- J. The turnover rate was unavailable due to the receivables from related parties were mainly from the advance payments made for NCIC's daily operating expenditures, and the operating management service revenue from NCIC, the collection of telecommunications bills by Far EasTone for NCIC and other receivables from related parties which was the financing provided by NCIC to Far EasTone.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

(In Thousands of New Taiwan Dollars)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
0	Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	1	Accounts receivable	\$ 898,170	Based on contract	-
		Worldwide Polychem (HK) Ltd.	1	Sales	2,608,850	Based on contract	1
		Far Eastern Apparel (Vietnam) Ltd.	1	Sales	403,176	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	1	Sales	135,648	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts receivable	475,217	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	1	Sales	1,779,806	Based on contract	1
		Far Eastern Industries (Wuxi) Ltd.	1	Sales	323,842	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	1	Other receivables - equipment sale	19,966	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	1	Sales revenue from equipment	638,977	Based on contract	-
1	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	3	Sales	598,904	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Other receivables	356,347	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	5,567	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	821,376	Based on contract	-
2	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	657,543	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	3,335,291	Based on contract	2
3	Far Eastern Investment (Holding) Ltd.	Far Eastern Polytex (Holding) Ltd.	3	Interest revenue	529	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	1,780,668	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	16,339	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	323,243	Based on contract	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	1,653	Based on contract	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	27,390	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Other receivables	223,200	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	18,026	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	23,808	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	3	Other receivables	892,800	Based on contract	-
		PET Far Eastern (M) Sdn. Bhd.	3	Other receivables	158,967	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	3,633	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Other receivables	148,800	Based on contract	-
		Far Eastern New Apparel (Vietnam) Ltd.	3	Other receivables	508,896	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
4	Far Eastern Ishizuka Green Pet Corporation	Far Eastern New Century Corporation	2	Sales	\$ 170,953	Based on contract	-
5	Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	3	Sales	382,899	Based on contract	-
6	Far Eastern Polychem Industries Ltd.	Wuhan Far Eastern New Material Ltd.	3	Sales	296,888	Based on contract	-
		PET Far Eastern (M) Sdn. Bhd.	3	Accounts receivable	203,902	Based on contract	-
		PET Far Eastern (M) Sdn. Bhd.	3	Sales	820,855	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	12,858	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	466,330	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest receivables	23,705	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	6,945	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	182,600	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest receivables	3,606	Based on contract	-
		Far Eastern Ishizuka Green Pet Corporation	3	Interest revenue	76	Based on contract	-
7	FEDP (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest revenue	2,583	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	148,800	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	2,575	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	59,520	Based on contract	-
8	Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Other receivables	505,920	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	8,122	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	200,860	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	9,309	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	483,890	Based on contract	-
9	PET Far Eastern (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	2,158	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	273,900	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	299,223	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	267,840	Based on contract	-
10	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	3	Interest revenue	1,854	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	1,787	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	2,529	Based on contract	-
11	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	31,444	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	1,043,061	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	45	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other receivables	3,666	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Accounts receivable	601,359	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Sales	3,196,829	Based on contract	1
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	23,753	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	832,624	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
12	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	\$ 42	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest receivables	177	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	625,106	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	5,095,373	Based on contract	2
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts receivable	171,589	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes receivable	312,805	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	1,362,422	Based on contract	1
13	Oriental Petrochemical (Taiwan) Corporation	Far Eastern Industries (Shanghai) Ltd.	3	Sales	306,137	Based on contract	-
		Far Eastern New Century Corporation	2	Accounts receivable	842,557	Based on contract	-
		Far Eastern New Century Corporation	2	Sales	7,073,210	Based on contract	3
14	Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	2	Sales	538,955	Based on contract	-
15	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	147	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	173	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	186,801	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Sales	434,420	Based on contract	-
16	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Interest revenue	1,085	Based on contract	-
		Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Other receivables	27,332	Based on contract	-
17	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	4,368	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	122,326	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	1,291,712	Based on contract	1
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	996,973	Based on contract	-
18	Far Eastern New Century (China) Investment Co., Ltd.	Oriental Industries (Suzhou) Ltd.	3	Interest revenue	26	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	499,831	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	1,026	Based on contract	-
		Shanghai Far Eastern Petrochemical Logistic Corporation	3	Interest revenue	245	Based on contract	-
		Shanghai Far Eastern Petrochemical Logistic Corporation	3	Other receivables	11,627	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Interest revenue	108	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	17,212	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	1,003,428	Based on contract	-
		Yuan Ding Enterprise (Shanghai) Limited	3	Other receivables	3,798,080	Based on contract	1
19	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	172,002	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Accounts receivable	340,078	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	801,743	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	233,804	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Sales	7,265,807	Based on contract	3
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	1,597,750	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	176,549	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
20	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd. Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest revenue	\$ 5,892	Based on contract	-
			3	Other receivables	319,550	Based on contract	-
21	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	3	Sales	326,008	Based on contract	-
			3	Interest revenue	11,580	Based on contract	-
22	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	345,407	Based on contract	-
			3	Sales	2,402,441	Based on contract	1
23	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Suzhou) Co., Ltd. Far Eastern Apparel (Suzhou) Co., Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	1,848,962	Based on contract	-
			3	Accounts receivable	436,067	Based on contract	-
			3	Sales	3,287,161	Based on contract	2
			3	Accounts receivable	117,273	Based on contract	-
			3	Sales	452,089	Based on contract	-
			3	Interest revenue	2,799	Based on contract	-
			3	Other receivables	251,075	Based on contract	-
24	Far Eastern General Contractor Inc.	Far Eastern Resources Development Co., Ltd.	3	Construction Revenue	113,017	Based on contract	-
25	Yuan Cheng Human Resources Consultant Corporation	Far Eastone Telecommunications Co., Ltd.	3	Other operating revenue	145,000	Based on contract	-
26	Yuan Ding Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc. Yuan Ding Integrated Information Service (Shanghai) Inc. Far Eastern New Century Corporation Ding Ding Hotel Co., Ltd. Ding Ding Hotel Co., Ltd.	3	Interest revenue	1,326	Based on contract	-
			3	Other receivables	32,188	Based on contract	-
			2	Rent revenue	118,581	Based on contract	-
			3	Rent revenue	387,573	Based on contract	-
			3	Interest revenue	3,081	Based on contract	-
27	Yuan Ding Investment Co., Ltd.	Kai Yuan International Investment Co., Ltd. Kai Yuan International Investment Co., Ltd. An Ho Garment Co., Ltd. An Ho Garment Co., Ltd. Yuan Tong Investment Co., Ltd.	3	Interest revenue	5,919	Based on contract	-
			3	Other receivables	327,000	Based on contract	-
			3	Interest revenue	4,925	Based on contract	-
			3	Other receivables	315,000	Based on contract	-
			3	Interest revenue	297	Based on contract	-
28	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd. Yuan Ding Co., Ltd.	3	Interest revenue	1,901	Based on contract	-
			3	Other receivables	180,000	Based on contract	-
29	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	3	Interest revenue	30	Based on contract	-
			3	Other receivables	41,085	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
30	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	3	Other receivables	\$ 103,644	Based on contract	-
			3	Telecommunications service revenue	482,471	Based on contract	-
		ARCOA Communication Co., Ltd.	3	Accounts receivable	112,883	Based on contract	-
			3	Sales	152,471	Based on contract	-
		KGEx.com Co., Ltd.	3	Telecommunications service revenue	102,083	Based on contract	-
		Q-ware Communications Corporation	3	Other receivables	133,193	Based on contract	-
		DataExpress Infotech Co., Ltd.	3	Sales	226,877	Based on contract	-
Yuanshi Digital Technology Co., Ltd.	3	Sales	187,413	Based on contract	-		
31	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Other receivables	3,535,988	Based on contract	1
			3	Telecommunications service revenue	2,743,437	Based on contract	1
32	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Accounts receivable	1,519,158	Based on contract	-
			3	Sales	9,816,880	Based on contract	5
			3	Operating revenue	519,327	Based on contract	-
		Home Master Technology Ltd.	3	Sales	126,631	Based on contract	-
33	KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	3	Telecommunications service revenue	111,379	Based on contract	-
34	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Sales	358,184	Based on contract	-
35	Linkwell Tech. Co., Ltd.	DataExpress Infotech Co., Ltd.	3	Sales	180,850	Based on contract	-
36	O-music Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Telecommunications service revenue	199,764	Based on contract	-
37	Sino Lead Enterprise Limited	New Century InfoComm Tech Co., Ltd.	3	Telecommunications service revenue	116,246	Based on contract	-

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

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

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Amount			
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 16,414,157	\$ 5,525,079	\$ 824,701	Investment gain or loss recognized under the treasury shares method (Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,704,162	1,535,986	249,357	Including the adjustments of the transactions between subsidiaries \$(12,682) (Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,332,527	1,792,471	150,058	Including the adjustments of the transactions between subsidiaries \$(14,312) (Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	134	0.03	1,534	215,144	65	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	159,823	159,823	140,278	19.65	1,945,424	157,167	30,883	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	810,000	810,000	135,000	16.83	1,856,750	293,833	49,452	(Notes A and E)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	-	83,245	2.62	872,079	2,853,883	64,014	(Notes A and L)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	100,052	100,052	1,822,822	99.40	41,076,970	6,015,411	5,981,332	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$2,014 (Notes B and H)
	Far Eastern Resources Development Co., Ltd.	Taiwan	Real estate construction and sales	14,931,733	14,931,733	667,242	100.00	102,111,323	1,489,376	1,520,975	Including the adjustments of the transactions between subsidiaries \$31,599 (Note B)
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,708,078	(101,726)	(101,726)	(Note B)
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	6,861,798	(93,001)	(67,928)	(Note B)
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,091,936	450,548	460,453	Including the adjustments of the transactions between subsidiaries \$9,905 (Note B)
	Kai Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	302,843	100.00	5,167,778	731,806	731,806	(Note B)
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	8,739,241	121,934	121,934	(Note B)
	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	5,811,250	397	91.95	5,341,354	166,582	160,949	Including discounted amortization \$9,727 (Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	12,431,130	10,919,967	1,334,427	75.56	7,942,270	(1,473,409)	(1,166,705)	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$(53,397) (Notes B and H)
	Far Eastern Construction Co., Ltd.	Taiwan	Real estate construction and sales	143,450	143,450	198,791	65.11	8,238,170	540,247	351,755	(Note B)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	857,511	857,511	186,929	37.13	3,075,962	(119,631)	(36,927)	(Note B and I)
	An Ho Garment Co., Ltd.	Taiwan	Garment production and investment	1,023	1,023	66,346	100.00	2,019,899	295,188	295,290	Including the adjustments of the transactions between subsidiaries \$102 (Note B)
	Ding Yuan International Investment Co., Ltd.	Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,820,313	530,766	530,846	Including the adjustments of the transactions between subsidiaries \$80 (Note B)
FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	122,774	(105,064)	(52,984)	(Note B)	
Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,088	4,000	100.00	253,944	64,338	64,318	(Note B)	
Ding Ding Hotel Co., Ltd.	Taiwan	Hotel-related services	393,651	393,651	769	0.74	10,882	(343,915)	(49,661)	(Note B)	
Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,524	76	76	(Note B)	
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	587,269	542,452	21,000	0.62	646,080	5,525,079	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,306,557	70,818	8.00	1,337,956	1,792,471	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	454,530	430,454	22,558	1.59	461,823	1,535,986	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	123,624	25.23	1,129,947	215,144	-	(Note A)
	Far East Tone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	22,769,539	10,856,682	-	(Note B)
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,532,777	(93,001)	-	(Note B)
	Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,535,452	541,061	-	(Note B)
	Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychemical products	263,790	263,790	48,692	41.86	1,714,916	275,429	-	(Note A)
	Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	287,984	22,673	100.00	246,101	(55,899)	-	(Note B)
	Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	127,407	24,715	-	(Note B)
Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,684	45.50	62,182	1,586	-	(Note A)	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Amount			
	Yuan Ding Leasing Corporation	Taiwan	Real estate construction and sales	\$ 319,380	\$ 319,380	36,706	46.20	\$ 388,327	\$ 11,944	\$ -	(Note A)
	Far Eastern Fibertech Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,201,711	165,039	-	(Note B)
	Oriental Resources Development Co., Ltd.	Taiwan	Medical materials manufacturing and wholesale and waste recycling and processing	338,188	338,188	34,242	70.00	350,249	43,633	-	(Note B)
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	504,806	504,806	86,615	35.00	1,912,719	1,525,578	-	(Note A)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	13,052	29.80	370,339	564,514	-	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	255,424	255,424	185,247	25.96	2,675,650	157,167	-	(Note A)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	188,846	188,846	64,759	12.86	1,089,336	(119,631)	-	(Note B)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	930,646	85,692	-	(Note A)
	Oriental Textile (Holding) Ltd.	Bermuda	Investment	7,142,602	7,142,602	110	100.00	8,125,575	274,401	-	(Note B)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	796,491	796,491	119,653	14.92	1,559,403	293,833	-	(Notes A and E)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	673,704	673,704	98,198	18.96	453,433	226,143	-	(Note A)
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	14,682	14,682	1,490	1.00	22,472	109,516	-	(Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	519,599	415,679	91,766	5.20	528,894	(1,473,409)	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	1,095,981	-	113,251	3.56	1,186,368	2,853,883	-	(Notes A and L)
Far Eastern Investment (Holding) Ltd.	Filsyn Corporation	Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	-	-	-	(Note A)
	FETG Investment Antilles N.V.	Antillem	Investment	US\$ 6	US\$ 6	6	100.00	452,453	(89,808)	-	(Note B)
	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	209,484	8,148	-	(Notes B and C)
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	12,392	459	-	(Note A)
	Far Eastern Apparel (Vietnam) Ltd.	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	(Note D)	100.00	740,632	274,029	-	(Notes B and D)
	Worldwide Polychem (HK) Ltd.	Hong Kong	Foreign trade	US\$ 3,500	US\$ 3,500	2,700	100.00	58,524	(45,715)	-	(Note B)
	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	(Note D)	34.00	1,582	-	-	(Notes A and D)
	Far Eastern Polytex (Vietnam) Ltd.	Vietnam	Chemical fiber and textile production	US\$ 170,000	US\$ 50,000	(Note D)	100.00	4,849,333	(160,744)	-	(Notes B and D)
	Far Eastern New Apparel (Vietnam) Ltd.	Vietnam	Garment production	US\$ 18,000	US\$ 9,000	(Note D)	100.00	246,710	(126,181)	-	(Notes B and D)
	Magna View Sdn. Bhd.	Malaysia	Investment	US\$ 3,465	US\$ 3,465	3,000	100.00	172,420	3,988	-	(Note B)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	US\$ 15,849	US\$ -	30	37.92	479,137	3,734	-	(Note B)
	Catalyst_207 SPC	Cayman Islands	Investment	US\$ 17	US\$ -	-	34.00	506	(1)	-	(Note A)
	Far Eastern International Garments	Philippines	Garment production	US\$ 1	US\$ -	59	41.00	(12,259)	-	-	(Note A)
	Cemtex Apparel Inc.	Philippines	Clothing O.E.M.	US\$ 1	US\$ -	90	50.00	(11,375)	-	-	(Note A)
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	Common shares 5,000 Preferred shares 3,000	50.00	209,484	8,148	-	(Notes B and C)
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	375,512	375,512	13,222	0.39	445,556	5,525,079	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	105,561	96,904	5,603	0.40	117,484	1,535,986	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	34,561	40,372	1,137	0.23	9,266	215,144	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	677,665	684,551	27,365	3.09	685,186	1,792,471	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	38,457	38,457	920	0.03	41,142	10,856,682	-	(Note B)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,217	293,833	-	(Notes A and E)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	95,624	95,624	12,844	13.20	353,759	257,489	-	(Note A)
	Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	-	50	-	-	-	64,338	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	814,399	-	84,155	2.64	881,493	2,853,883	-	(Notes A and L)
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	670,467	5,525,079	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,123,244	10,856,682	-	(Note B)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	737,170	801,854	32,273	3.64	687,555	1,792,471	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	519,473	519,473	20,672	1.46	565,115	1,535,986	-	(Note A)
	Kowloon Cement Corporation	Hong Kong	Cement production	226,896	226,896	1,127	49.00	444,941	(9,732)	-	(Note A)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	931,673	85,692	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,418	293,833	-	(Notes A and E)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	988,714	-	102,167	3.21	1,070,234	2,853,883	-	(Notes A and L)
Far Eastern Polychem Industries Ltd.	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	8.05	470,532	166,582	-	(Note B)
	FEDP (Holding) Ltd.	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	120,680	(105,064)	-	(Note B)
	Far Eastern Ishizuka Green Pet Corporation	Japan	Production and sale of recycled plastic resins and their waste and general industrial waste handling	JPY 2,991,678	JPY 2,991,678	3,578	90.00	639,215	7,192	-	(Note B)
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	216,959	216,959	17,726	0.53	538,873	5,525,079	-	(Note A)
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	271,587	271,587	147,413	98.95	2,075,691	109,516	-	(Note B)
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	16,246	16,246	469	0.01	14,404	5,525,079	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	6,353	6,353	90	-	6,079	10,856,682	-	(Note B)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	29	29	8	0.01	123	257,489	-	(Note A)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Amount			
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	\$ 3,864	\$ 3,864	450	9.00	\$ 5,406	\$ 4,740	\$ -	(Note B)
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	466,357	(93,644)	-	(Note B)
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment		SGD 3,000	-	-	-	3,734	-	(Note B)
	Far Eastern International Garments	Philippines	Garment production		US\$ 290	-	-	-	-	-	(Note A)
	Cemtex Apparel Inc.	Philippines	Clothing O.E.M.		PESO 9,000	-	-	-	-	-	(Note A)
Malaysia Garment Manufactures Pte. Ltd.	Filsyn Corporation	Philippines	Polychemical products	PESO 102,565	PESO -	20,513	9.95	-	-	-	(Note A)
	PT Malaysia Garment Bintan	Malaysia	Garment production	SGD -	SGD -	(Note D)	99.00	(43)	-	-	(Notes B and D)
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,050,078	10,856,682	-	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	231,882	5,525,079	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	1.26	268,618	1,792,471	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	10,483	10,483	370	0.03	11,190	1,535,986	-	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	118,125	113,076	7,688	1.15	109,915	157,167	-	(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	111,997	111,997	15,247	15.66	321,576	257,489	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	67,285	67,285	9,681	1.21	128,566	293,833	-	(Notes A and E)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	148,994	148,994	5,502	0.30	167,625	6,015,411	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	202,798	-	20,956	0.66	219,539	2,853,883	-	(Notes A and L)
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	13,036	4,240	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	42,973	-	4,441	0.14	46,523	2,853,883	-	(Notes A and L)
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	19,663	19,663	520	0.02	19,414	10,856,682	-	(Note B)
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,747,199	10,856,682	-	(Note B)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.80	1,227,464	1,535,986	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,716,006	1,792,471	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,050,263	5,525,079	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note H)	Taiwan	Investment	90,000	90,000	18,000	2.24	228,220	293,833	-	(Notes A and E)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	787,104	787,104	35,934	11.98	376,810	128,058	-	(Note B)
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	20	20	1	-	27	1,525,578	-	(Note A)
	Sino Belgium (Holding) Ltd.	Bermuda	Investment	2,255,510	2,255,510	36	90.88	(602,967)	(337,419)	-	(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	38	564,514	-	(Note A)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	SGD 7,354	SGD 7,354	10	13.00	164,261	3,734	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	986,735	-	101,963	3.20	1,068,045	2,853,883	-	(Notes A and L)
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	Taiwan	Electronic material and relevant by-product sales	100,000	100,000	13,992	100.00	244,477	(42,259)	-	(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	558,000	558,000	41,633	60.00	203,367	534	-	(Note B)
	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	53,448	4,740	-	(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 200	US\$ 200	(Note D)	17.70	9,777	3,744	-	(Note B)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	566,896	-	4,995	4.79	(6,383)	(371,842)	-	(Notes B and K)
	FET Consulting Engineers Co., Ltd.	Taiwan	Business management consultants, piping engineering, cable installation, automatic equipment installation and investment business	822,701	822,701	85,000	100.00	510,638	(14,173)	-	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	136,037	136,037	5,329	0.16	191,514	5,525,079	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	100,412	100,412	4,164	0.13	110,069	10,856,682	-	(Note B)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	411,187	411,187	129,637	25.02	1,385,981	226,143	-	(Note A)
	Yue Ming Corporation	Taiwan	Trading	787	787	103	1.00	561	1,586	-	(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	22,676	22,676	2,523	2.59	52,815	257,489	-	(Note A)
	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Department store operations	100,000	100,000	10,650	5.00	131,033	159,976	-	(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	977,650	977,650	44,796	14.93	464,302	128,058	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	76,665	-	7,922	0.25	83,000	2,853,883	-	(Notes A and L)
	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Information software, department stores, convenience stores and non-store retailing	-	239,130	-	-	-	(136,755)	-	(Note K)
	Yuan Hsin Digital Payment Corporation	Taiwan	Electronic stored value cards	400,000	300,000	24,955	20.00	204,180	(268,490)	-	(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel-related services	1,645,021	645,021	64,502	98.52	504,389	(343,915)	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Amount			
Ding Ding Integrated Marketing Service Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Information software, department stores, convenience stores and non-store retailing	\$ -	\$ 745	-	-	\$ -	\$ (136,755)	\$ -	(Note K)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	1,828	-	17	0.02	(27)	(371,842)	-	(Notes B and K)
	Yuan Hsin Digital Payment Corporation DDIM (Virgin Islands) Ltd.	Taiwan British Virgin Islands	Electronic stored value cards Investment	300,200 US\$ 11,000	225,150 US\$ 11,000	18,729 -	15.01 46.13	153,234 7,368	(268,490) (32,134)	- -	(Note B) (Notes B and D)
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	-	53.87	8,604	(32,134)	-	(Notes B and D)
YDT Technology International Co., Ltd.	Everest Textile Corporation	Taiwan	Chemical fiber production	2,451	2,451	125	0.03	1,172	215,144	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	51,673	51,673	2,764	0.20	94,353	1,535,986	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	862	862	61	-	2,169	5,525,079	-	(Note A)
	YDC (Virgin Islands) Ltd. Far Eastern International Bank	British Virgin Islands Taiwan	Investment Deposit, loan and guarantee services	US\$ 930 26,960	US\$ 930 -	- 2,786	82.30 0.09	45,460 29,215	3,744 2,853,883	- -	(Note B) (Notes A and L)
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	Taiwan	Dispatched labor, procuring equipment, and sales agent services	200,000	-	20,000	100.00	180,798	(19,202)	-	(Note B)
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	2,100,000	100.00	26,809,796	1,757,282	-	(Note B)
	ARCOA Communication Co., Ltd.	Taiwan	Telecommunications services, sales of communications products and office equipment	1,305,802	1,305,802	82,762	61.63	1,268,193	109,636	-	(Note B)
	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,340,472	2,440,457	78,896	99.99	783,448	78,781	-	(Note B)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	886,169	537,260	90,014	86.41	(115,145)	(371,842)	-	(Note B)
	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Information software, department stores, convenience stores and non-store retailing	-	80,893	-	-	-	(136,755)	-	(Note K)
	Hiiir Digital Marketing Co., Ltd.	Taiwan	Electronic information providing services	886,169	537,260	-	-	-	-	-	(Note B)
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000	100.00	34,270	13,148	-	(Notes B and J)
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	(47,302)	2,270	-	(Note B)
	O-music Co., Ltd.	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	9,466	2,639	-	(Note B)
	Q-ware Communications Corporation	Taiwan	Type II telecommunications services	832,038	832,038	33,983	81.46	(138,368)	(75,556)	-	(Note B)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	2,542,396	2,542,396	118,251	39.42	816,685	128,058	-	(Note B)
	Yuan Hsin Digital Payment Corporation	Taiwan	Electronic stored value cards	600,000	450,000	37,433	30.00	306,289	(268,490)	-	(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	10,408	15.00	50,692	534	-	(Note B)
	Alliance Digital Technology Co., Ltd.	Taiwan	Electronic information providing services	60,000	60,000	6,000	14.40	14,451	(132,040)	-	(Note A)
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	178,086	32,872	-	(Note B)
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investment	540,000	1,060,000	54,000	100.00	139,909	27,098	-	(Note B)
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	116,072	13,227	-	(Note B)
	Digital United (Cayman) Ltd.	Cayman Islands	Investment	132,406	132,406	4,320	100.00	13,978	(17,265)	-	(Note B)
	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Information software, department stores, convenience stores and non-store retailing	-	28,922	-	-	-	(136,755)	-	(Note K)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	20	-	2,500	2.40	(3,197)	(371,842)	-	(Notes B and K)
Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	3,469	5.00	16,898	534	-	(Note B)	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	30	100.00	226	77	-	(Note B)
	Far East New Diligent Company Ltd.	British Virgin Islands	Investment	330,598	330,598	-	100.00	78,207	25,855	-	(Note B)
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	3,051	-	-	100.00	2,866	(185)	-	(Note B)
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	41,675	2,075	-	(Note B)
	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	-	100.00	(1,374)	7,042	-	(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

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

D. A foreign owned company.

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

F. Shares in thousands.

(Continued)

- G. For investments in mainland China, refer to Table 15.
- H. Under the “IFRSs Questions and Answers” issued by Taiwan Stock Exchange Corporation (TWSE), the Company recognized these items as investment properties in its parent-company-only financial statements and reclassified them to property, plant and equipment in the consolidated financial statements. The Company used the equity method and share of the profit or loss of associates to adjust the differences between the investment property amounts presented in the parent-company-only financial statements and the consolidated financial statements.
- I. The effects from the adjustments of FENC shares which are held by Yuan Ding Co., Ltd. and the transactions between subsidiaries amounted to \$7,492 thousand.
- J. The ending balance of the investment is zero in 2016 because the amount of reduction in capital was over the original investing value.
- K. Hiiir Corporation and Far Eastern Electronic Commerce Co., Ltd. were merged on August 1, 2017. Hiiir Digital Marketing Co., Ltd. was the surviving company while Far Eastern Electronic Commerce Co., Ltd. was dissolved. The surviving company was renamed as Yuanshi Digital Technology Corporation.
- L. The investment was reclassified to accounting for using the equity method on August 18, 2017. The adjustment of the difference between the acquisition cost and net value was included in the investment gain or loss in current period.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2017 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Ltd.	Manufacture and sales of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 8,584,023	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ (74,003)	100.00	\$ (74,003)	\$ 8,369,564	\$ 853,493	Note D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	933,895	2	1,010,901	-	-	1,010,901	111,428	100.00	111,428	1,524,616	233,172	Note F and G
Far Eastern Industries (Wuxi) Ltd.	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, grieve woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,197,913	2	2,018,430	-	-	2,018,430	(2,541)	100.00	(2,541)	2,983,303	246,378	Note H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products	8,187,736	2	2,976,148	3,791,007	-	3,791,107	(829,571)	61.35	(506,037)	3,150,368	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and sales of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,685,732	2	1,342,854	-	-	1,342,854	373,198	100.00	373,198	2,864,053	92,719	Note H and S
Far Eastern Industries (Suzhou) Ltd.	Production and sales of fiber and non-fiber polyester products	1,800,298	2	1,765,319	-	-	1,765,319	(84,892)	100.00	(84,892)	31,418	-	Note K
Wuhan Far Eastern New Material Ltd.	Production and sales of PET sheets, chips, filaments, staple fibers, and apparel	780,832	2	724,110	-	-	724,110	5,127	100.00	5,127	954,459	-	
Oriental Industries (Suzhou) Ltd.	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	4,997,975	2	4,957,248	-	-	4,957,248	343,938	100.00	343,938	5,822,769	-	Note H
Far Eastern New Century (China) Investment Co., Ltd.	Investment	2,833,412	2	2,795,325	-	-	2,795,325	(164,787)	100.00	(164,787)	1,776,344	-	
Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	1,739,987	2	1,763,952	-	-	1,763,952	(143,482)	100.00	(326,733)	(514,568)	-	Note L
Martens Beers (Shanghai) Ltd.	Beer brewing	357,924	2	231,475	-	-	231,475	(16,257)	100.00	(16,257)	(1,443)	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,634,548	2	4,181,323	-	-	4,181,323	352	60.00	211	4,006,705	-	

(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, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2017 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outflow	Inflow							
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	\$ 1,410,139	2	\$ 1,436,190	\$ -	\$ -	\$ 1,436,190	\$ 2,432	100.00	\$ 2,432	\$ 1,426,701	\$ -	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	3,725,545	2	1,962,908	-	-	1,962,908	1,046,972	50.00	523,486	2,028,774	-	
Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	58,021	3	-	-	-	-	180	100.00	180	61,894	-	
Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	86,735	3	-	-	-	-	5,556	100.00	5,556	133,283	-	
Suzhou An Ho Garment Co., Ltd.	Garment production	4,565	3	-	-	-	-	5,086	100.00	5,086	54,865	-	
Yuan Ding Enterprise (Shanghai) Limited	Chemical products, machinery and equipment lubricants wholesale, commission agents and foreign trade	1,168,640	3	-	-	-	-	(90,268)	100.00	(90,268)	716,404	-	
Tong Da Air Industry (Yangzhou) Co., Ltd.	Liquid oxygen, oxygen, nitrogen and hydrogen warehousing	1,878,379	2	1,020,489	-	-	1,020,489	247,045	50.00	123,523	1,083,569	-	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	687,710	2	598,270	-	-	598,270	(32,249)	100.00	(32,249)	15,662	-	Note M
Speedy (Shanghai) digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	29,852	2	24,220	-	-	24,220	3,925	100.00	3,925	50,016	-	Note N
Digital United Information Technology (Shanghai) Ltd.	Research and design of computer systems	92,256	2	92,256	-	-	92,256	(8,642)	100.00	(8,642)	2,200	-	Note P
Far Eastern New Century Information Technology (Beijing) Limited	Electronic information providing services	342,240	2	306,528	-	-	306,528	26,597	90.52	24,075	96,687	-	Note Q
Far Eastern Tech-Info Ltd. (Shanghai)	Computer software, data processing and provision of network information services	178,560	2	196,776	-	-	196,776	5,478	100.00	5,478	104,370	-	Note O
New Diligence Corporation (Shanghai)	Consulting services, supporting services, and wholesale of machinery and equipment	-	1	33,540	-	-	33,540	-	-	-	-	-	Note Q and R

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Far Eastern New Century Corporation (Notes T and U)	\$ 20,655,177	\$ 22,997,991	\$ -

Notes: A. Investment types are classified as follows:

- The investment was made directly in China.
- The investment was made through a company registered in a third region. Companies which registered in a third region are: Far Eastern Polychem Industries Ltd., PET Far Eastern (Holding) Ltd., Far Eastern Apparel (Holding) Ltd., Oriental Textile (Holding) Ltd., FEDP (Holding) Ltd., Far Eastern Polytex (Holding) Ltd., Sino Belgium (Holding) Corporation, YDC (Virgin Islands) Ltd., DDIM (Virgin Islands) Ltd., Far Eastern Info Service (Holding) Ltd., Digital United (Cayman) Ltd. and Far Eastern New Diligent Company Corporation.
- Other types.

(Continued)

B. Recognition of gains or losses was based on the following four information:

1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Far Eastern Apparel (Suzhou) Co., Ltd., Far Eastern Industries (Wuxi) Ltd., Oriental Petrochemical (Shanghai) Corporation, Far Eastern Dying and Finishing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Oriental Industries (Suzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation and Tong Da Air Industry (Yangzhou) Co., Ltd.
 2. Financial statements of these companies, which were audited by the parent company's accounting firm: Digital United Information Technology (Shanghai) Ltd., Far Eastern Tech-Info Ltd. (Shanghai) and New Diligence Corporation (Shanghai).
 3. Others: Far Eastern New Century (China) Investment Co., Ltd., Sino Belgium Beer (Suzhou) Ltd., Martens Beers (Shanghai) Ltd., Far Eastern Industries (Yangzhou) Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Shanghai Yuan Zi Information Technology Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Corporation, Suzhou An Ho Apparel Ltd., Yuan Ding Enterprise (Shanghai) Limited, Yuan Ding Integrated Information Service (Shanghai) Inc. and Speedy (Shanghai) digital Tech. Co., Ltd.
 4. Financial statements of these companies, which were not audited by the accounting firm: Far Eastern Tech-Info Ltd. (Shanghai) and Far Eastern New Century Information Technology (Beijing) Limited.
- C. The ending balance of long term investment.
- D. As of December 31, 2017, 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, 2017, 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, 2017, 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, 2017, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Co., Ltd. which remitted through FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
- H. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
- I. As of December 31, 2017, the profit of investment was cash dividend paid by Far Eastern Industries (Wuxi) Ltd. remitted through a FENC's subsidiary, Oriental Textile (Holding) Ltd.
- J. As of December 31, 2017, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corporation remitted through FENC's subsidiaries, PET Far Eastern (Holding) Ltd. and Far Eastern Polytex (Holding) Ltd.
- K. As of December 31, 2017, the accumulated outflow of investment from Taiwan was NT\$1,765,319 thousand which NT\$1,099,293 thousand was remitted by FENC, and the other was by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Co., Ltd.
- L. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, FET Consulting Engineers Co., Ltd.
- M. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by FENC's subsidiaries, YDT Technology International Co., Ltd., FET Consulting Engineers Co., Ltd. and Ding Ding Integrated Marketing Service Co., Ltd.
- N. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, YDT Technology International Co., Ltd.
- O. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Far EasTone Telecommunications Co., Ltd.
- P. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, New Century InfoComm Tech Co., Ltd.
- Q. As of December 31, 2017, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, New Diligent Co., Ltd. The dissolution of this investment had been approved by the local government on February 9, 2018.
- R. Company dissolution had been approved by the local government on April 13, 2010. New Diligence Corporation (Shanghai) had remitted US\$73 thousand back to Taiwan on June 27, 2012, and wrote off the amount as the investment registered with the Investment Commission of the MOEA.
- S. As of December 31, 2017, the profit from investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. which remitted through a FENC subsidiary, Far Eastern Apparel (Holding) Ltd.
- T. Investment amounts authorized by the Investment Commission of the MOEA include US\$771,755 thousand, and the original investment RMB 6,695 thousand from Far Eastern Polytex (Holding) Ltd. which approved by Investment Commission under the Ministry of Economic Affairs.
- U. Based on MOEA Approval Letter No. 10620430940, there is no limitation on the amount of the parent company's investment in China.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA - INVESTMENT TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of U.S. Dollars)

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

(Continued)

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Concluded)