

Far Eastern New Century Corporation

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

Evaluation of Impairment Loss of Related Assets from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone"), is a material component. Far EasTone is in the telecommunications industry which is a highly competitive industry with 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 the assets belong, which in return is used for the evaluation of the assets' impairment. The management's evaluation and judgment of related assets' impairment would impact the share of profit or loss of subsidiaries and associates. As a result, the evaluation of impairment loss of related assets from the Company's subsidiaries' equity-method investee is considered a key audit matter.

For the evaluation of impairment loss of related assets from the Company's subsidiaries' equity-method investee, our corresponding audit procedures were as follows:

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

3. We evaluated the reasonableness of the Company'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 the discount rates used.

Recognition of Telecommunications Service Revenue from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone"), is a material component. The telecommunications service revenue is the main source of the revenue of Far EasTone. The calculation of the telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Company often launches different combinations of products and services which make the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. The recognition of telecommunications service revenue impacts the share of the profit or loss of subsidiaries and associates. As the result, the recognition of telecommunications service revenue is considered a key audit matter.

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

1. We obtained an understanding of the Company'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 data 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

FAR EASTERN NEW CENTURY CORPORATION

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

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 25)	\$ 9,759,643	3	\$ 13,932,650	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	21,211	-	49,525	-
Notes and accounts receivable, net (Notes 4, 9 and 25)	7,097,632	3	6,960,762	3
Other receivables (Note 25)	169,302	-	307,556	-
Current tax assets	11,618	-	12,005	-
Inventories (Notes 4 and 10)	6,134,754	2	6,231,657	2
Prepayments	137,174	-	68,168	-
Other current assets	291,299	-	265,424	-
Total current assets	<u>23,622,633</u>	<u>8</u>	<u>27,827,747</u>	<u>10</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	-	-	740,500	-
Investments accounted for using the equity method (Notes 4, 11 and 26)	236,260,849	83	230,569,651	81
Property, plant and equipment (Notes 4, 12 and 26)	24,216,996	8	24,509,217	9
Investment properties (Notes 4, 5, 13 and 26)	1,487,664	1	1,456,014	-
Other intangible assets (Notes 4 and 14)	20,427	-	24,499	-
Deferred tax assets (Notes 4 and 20)	65,170	-	138,658	-
Prepayment for equipment (Note 12)	79,380	-	308,692	-
Refundable deposits (Note 25)	78,432	-	91,479	-
Other financial assets - non-current (Note 26)	41,174	-	41,174	-
Other non-current assets	247,559	-	62,317	-
Total non-current assets	<u>262,497,651</u>	<u>92</u>	<u>257,942,201</u>	<u>90</u>
TOTAL	<u>\$ 286,120,284</u>	<u>100</u>	<u>\$ 285,769,948</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 2,100,678	1	\$ 2,033,578	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 25)	4,895	-	3,166	-
Notes and accounts payable	2,083,673	1	2,008,267	1
Notes and accounts payable to related parties (Note 25)	1,070,226	-	1,208,687	1
Payables to suppliers of machinery and equipment	516	-	4,960	-
Other payables	3,610,049	1	3,735,929	1
Receipts in advance	382,114	-	285,380	-
Current portion of long-term liabilities (Note 16)	5,497,408	2	9,696,741	3
Other current liabilities	811,375	-	864,260	-
Total current liabilities	<u>15,560,934</u>	<u>5</u>	<u>19,840,968</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 16)	38,054,514	13	38,545,506	13
Long-term borrowings (Notes 15 and 25)	35,216,255	12	32,578,264	11
Deferred tax liabilities (Notes 4 and 20)	1,583,021	1	1,596,464	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	1,294,407	1	2,259,559	1
Guarantee deposits received	2,495	-	3,144	-
Deferred credit - gain on related party transactions (Note 25)	48,271	-	35,828	-
Other non-current liabilities (Note 11)	-	-	23,760	-
Total non-current liabilities	<u>76,198,963</u>	<u>27</u>	<u>75,042,525</u>	<u>26</u>
Total liabilities	<u>91,759,897</u>	<u>32</u>	<u>94,883,493</u>	<u>33</u>
EQUITY (Note 18)				
Share capital				
Common shares	53,528,751	19	53,528,751	19
Capital surplus	2,859,569	1	2,859,588	1
Retained earnings				
Legal reserve	15,945,807	6	15,315,028	5
Special reserve	112,928,355	39	110,292,892	39
Unappropriated earnings	12,819,238	4	11,785,464	4
Total retained earnings	<u>141,693,400</u>	<u>49</u>	<u>137,393,384</u>	<u>48</u>
Other equity	(3,696,270)	(1)	(2,870,205)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity	<u>194,360,387</u>	<u>68</u>	<u>190,886,455</u>	<u>67</u>
TOTAL	<u>\$ 286,120,284</u>	<u>100</u>	<u>\$ 285,769,948</u>	<u>100</u>

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

FAR EASTERN NEW CENTURY CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)				
Net sales	\$ 45,197,934	100	\$ 44,735,795	100
Other operating revenue	<u>18,489</u>	-	<u>13,642</u>	-
Total operating revenue	<u>45,216,423</u>	<u>100</u>	<u>44,749,437</u>	<u>100</u>
OPERATING COSTS (Notes 10, 19 and 25)				
Cost of goods sold	41,487,365	92	40,620,551	91
Other operating costs	<u>23,034</u>	-	<u>15,284</u>	-
Total operating costs	<u>41,510,399</u>	<u>92</u>	<u>40,635,835</u>	<u>91</u>
GROSS PROFIT	<u>3,706,024</u>	<u>8</u>	<u>4,113,602</u>	<u>9</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing	2,843,092	6	3,007,620	7
General and administrative	1,330,894	3	1,123,249	2
Research and development	<u>790,937</u>	<u>2</u>	<u>849,096</u>	<u>2</u>
Total operating expenses	<u>4,964,923</u>	<u>11</u>	<u>4,979,965</u>	<u>11</u>
OPERATING LOSS	<u>(1,258,899)</u>	<u>(3)</u>	<u>(866,363)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates (Note 11)	10,112,333	22	8,318,840	19
Interest income	18,278	-	65,030	-
Rental income	16,351	-	23,284	-
Dividend income	34,177	-	31,911	-
Other income	279,626	1	241,453	1
Gain on disposal of property, plant and equipment (Note 12)	69,640	-	3,237	-
Gain on disposal of investments (Note 8)	302,557	1	85	-
Net exchange loss (Note 4)	(256,735)	-	(271,978)	(1)
(Loss) gain on financial assets (liabilities) at fair value through profit or loss (Note 7)	44,076	-	(222,598)	(1)
Gain on change in fair value of investment properties (Note 13)	31,650	-	9,523	-
Interest expense	(812,036)	(2)	(962,019)	(2)
Other expenses	(174,572)	-	(207,516)	(1)
Impairment loss	<u>(289,685)</u>	<u>(1)</u>	<u>(171,055)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,375,660</u>	<u>21</u>	<u>6,858,197</u>	<u>15</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

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	%
INCOME BEFORE INCOME TAX	\$ 8,116,761	18	\$ 5,991,834	13
INCOME TAX (EXPENSE) BENEFIT (Notes 4, 5 and 20)	<u>(50,625)</u>	<u>-</u>	<u>315,952</u>	<u>1</u>
NET INCOME	<u>8,066,136</u>	<u>18</u>	<u>6,307,786</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	584,825	1	(404,822)	(1)
Share of other comprehensive loss of subsidiaries and associates	(6,764)	-	(89,970)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(9,420)</u>	<u>-</u>	<u>8,820</u>	<u>-</u>
	<u>568,641</u>	<u>1</u>	<u>(485,972)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	(237,374)	(1)	(40,527)	-
Share of other comprehensive loss of subsidiaries and associates	<u>(588,691)</u>	<u>(1)</u>	<u>(6,831,122)</u>	<u>(15)</u>
	<u>(826,065)</u>	<u>(2)</u>	<u>(6,871,649)</u>	<u>(15)</u>
Total other comprehensive loss	<u>(257,424)</u>	<u>(1)</u>	<u>(7,357,621)</u>	<u>(16)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 7,808,712</u>	<u>17</u>	<u>\$ (1,049,835)</u>	<u>(2)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
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 financial statements.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

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

	Common Shares (Note 18)	Capital Surplus (Notes 4 and 18)	Retained Earnings			Other Equity				Treasury Shares (Note 18)	Total Equity
			Legal Reserve (Note 18)	Special Reserve (Note 18)	Unappropriated Earnings (Notes 18 and 22)	Exchange Differences on Translating Foreign Operations (Notes 4 and 18)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 18)	Cash Flow Hedges (Notes 4 and 18)	Gain on Property Revaluation (Notes 4 and 18)		
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
Appropriation of the 2015 earnings											
Legal reserve	-	-	803,469	-	(803,469)	-	-	-	-	-	-
Special reserve	-	-	-	2,165,513	(2,165,513)	-	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	(5,352,875)	-	-	-	-	-	(5,352,875)
Net income for the year ended December 31, 2016	-	-	-	-	6,307,786	-	-	-	-	-	6,307,786
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)
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)
Change in associates accounted for using the equity method	-	51,126	-	(1,196)	(13,109)	-	-	-	-	-	36,821
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	779	-	-	-	-	-	-	-	-	779
Reversal of special reserve	-	-	-	(592,975)	592,975	-	-	-	-	-	-
BALANCE, 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
Appropriation of the 2016 earnings											
Legal reserve	-	-	630,779	-	(630,779)	-	-	-	-	-	-
Special reserve	-	-	-	2,662,006	(2,662,006)	-	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	(4,282,300)	-	-	-	-	-	(4,282,300)
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136	-	-	-	-	-	8,066,136
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641	(1,499,559)	590,338	83,156	-	-	(257,424)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777	(1,499,559)	590,338	83,156	-	-	7,808,712
Change in associates accounted for using the equity method	-	(642)	-	-	(52,438)	-	-	-	-	-	(53,080)
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(23)	-	-	-	-	-	(23)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	623	-	-	-	-	-	-	-	-	623
Reversal of special reserve	-	-	-	(26,543)	26,543	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	\$ 53,528,751	\$ 2,859,569	\$ 15,945,807	\$ 112,928,355	\$ 12,819,238	\$ (3,077,371)	\$ (1,357,319)	\$ 35,642	\$ 702,778	\$ (25,063)	\$ 194,360,387

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

FAR EASTERN NEW CENTURY CORPORATION

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,116,761	\$ 5,991,834
Adjustments for:		
Depreciation	2,072,945	2,085,962
Amortization	10,500	10,391
Allowance for doubtful accounts	-	237,515
Interest expense	812,036	962,019
Interest income	(18,278)	(65,030)
Dividend income	(34,177)	(31,911)
Share of the profit of subsidiaries and associates	(10,112,333)	(8,318,840)
Gain on disposal of property, plant and equipment	(69,640)	(3,237)
Gain on disposal of investments	(302,557)	(85)
Impairment loss	289,685	171,055
(Reversal of) write-down of inventories	116,004	(60,861)
Gain on change in fair value of investment properties	(31,650)	(9,523)
Net changes in operating assets and liabilities		
Financial assets held for trading	28,314	49,600
Notes and accounts receivable	(136,870)	(5,208)
Other receivables	158,220	(192,867)
Inventories	(19,101)	178,340
Prepayments	(69,006)	44,898
Other current assets	(25,875)	(15,376)
Financial liabilities held for trading	1,729	3,166
Notes and accounts payable	75,406	(125,662)
Notes and accounts payable to related parties	(138,461)	571,308
Other payables	(121,817)	357,845
Provisions	-	(1,461)
Receipts in advance	96,734	(73,608)
Other current liabilities	(52,885)	88,470
Net defined benefit liabilities - non-current	<u>(380,327)</u>	<u>(504,439)</u>
Cash generated from operations	265,357	1,344,295
Interest received	18,278	154,034
Dividends received	6,915,354	7,361,053
Interest paid	(794,877)	(986,009)
Income tax received	<u>387</u>	<u>2,651</u>
Net cash generated from operating activities	<u>6,404,499</u>	<u>7,876,024</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	(2,326,139)	(705,923)
Payments for property, plant, equipment and prepayments for equipment	(2,514,552)	(2,504,427)
Proceeds from disposal of property, plant and equipment	737,498	10,443
Decrease (increase) in refundable deposits	13,047	(37,703)
Decrease in other receivables	-	3,957,500

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

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

	2017	2016
Acquisition of intangible assets	\$ (6,428)	\$ (14,268)
Decrease in other financial assets	-	7,031
Increase in other non-current assets	<u>(191,527)</u>	<u>(4,351)</u>
Net cash (used in) generated from investing activities	<u>(4,288,101)</u>	<u>708,302</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	67,100	1,993,212
Proceeds from issue of bonds	5,000,000	11,800,000
Repayments of bonds payable	(9,700,000)	(13,679,500)
Proceeds from long-term borrowings	121,677,289	138,643,485
Repayments of long-term borrowings	(119,050,878)	(142,269,865)
(Decrease) increase in guarantee deposits received	(649)	101
Dividends paid	<u>(4,282,267)</u>	<u>(5,352,875)</u>
Net cash used in financing activities	<u>(6,289,405)</u>	<u>(8,865,442)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(4,173,007)	(281,116)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>13,932,650</u>	<u>14,213,766</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 9,759,643</u>	<u>\$ 13,932,650</u>

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 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 bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

1) 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.

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.

2) 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 Company, or is the spouse or second immediate family of the chairman of the board of directors or president of the Company, 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 Company has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the Company'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 24 for the related disclosures.

There is no significant impact on the Company's balance sheet, statements of comprehensive income, and changes in cash flows in the current year of the application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Company’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 Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. 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 Company 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.

The Company has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to debt instrument investments and financial guarantee contracts, the Company will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Company anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Company elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial 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 Company recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Company satisfies a performance obligation.

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

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 reduction of receivable or unearned revenue and related deferred revenue are recognized when revenue is recognized for the contract under IAS 18.

The Company elects to recognize the cumulative effect of retrospectively applying IFRS 15 in the retained earnings on January 1, 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>			
Notes and accounts receivable, net	\$ 7,097,632	\$ (895)	\$ 7,096,737
<u>Non-current assets</u>			
<u>Investments accounted for using the equity method</u>			
Anticipated impact from IFRS 9	-	272,915	-
Anticipated impact from IFRS 15	-	2,335,295	-
	<u>236,260,849</u>	<u>2,608,210</u>	<u>238,869,059</u>
Total effect on assets	<u>\$ 286,120,284</u>	<u>\$ 2,607,315</u>	<u>\$ 288,727,599</u>
<u>Current liabilities</u>			
<u>Anticipated impact from IFRS 9</u>			
Receipts in advance	\$ 382,114	\$ (382,114)	\$ -
Contract liabilities - current	-	382,114	382,114
	<u>91,759,897</u>	<u>-</u>	<u>91,759,897</u>
Total effect on liabilities	<u>\$ 91,759,897</u>	<u>\$ -</u>	<u>\$ 91,759,897</u>
<u>Retained earnings</u>			
Anticipated impact from IFRS 9	\$ -	\$ 622,371	\$ -
Anticipated impact from IFRS 15	-	2,335,295	-
	<u>\$ 141,693,400</u>	<u>\$ 2,957,666</u>	<u>\$ 144,651,066</u>
<u>Anticipated impact from IFRS 9</u>			
Other equity	<u>\$ (3,696,270)</u>	<u>\$ (350,351)</u>	<u>\$ (4,046,621)</u>
Total effect on equity	<u>\$ 194,360,387</u>	<u>\$ 2,607,315</u>	<u>\$ 196,967,702</u>

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

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

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

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 Company 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 Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company 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 statements of comprehensive income, the Company 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 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 Company as lessor.

When IFRS 16 becomes effective, the Company 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, 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.

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

Property, plant and equipment (including assets held under finance leases) are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

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 (which is regarded as their cost). 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.

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL 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 23.

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. 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 disposal or is determined to be impaired.

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

iii. Loans and receivables

Loans and receivables (including cash and cash equivalents, accounts receivable 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 FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

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

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

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

When an available-for-sale financial asset is considered 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.

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

c) Derecognition of financial assets

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

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 recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) 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 24.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

m. Revenue recognition

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

1) Sale of goods

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

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

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

2) Dividend and interest income

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

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

n. 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 Company as lessor

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

2) The Company as lessee

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

o. 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.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2017	2016
Cash on hand and petty cash	\$ 4,757	\$ 5,299
Checking and demand accounts	9,746,212	8,003,088
Cash equivalents (investments with original maturities of less than three months)		
Repurchase of commercial paper	-	5,748,562
Time deposits	<u>8,674</u>	<u>175,701</u>
	<u>\$ 9,759,643</u>	<u>\$ 13,932,650</u>

As of December 31, 2017 and 2016, the deposits in foreign banks in Japan amounted to \$111,954 thousand (JPY423,745 thousand) and \$128,271 thousand (JPY465,425 thousand), respectively.

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

	<u>December 31</u>	
	2017	2016
Repurchase of commercial paper	-	0.55%
Time deposits	3.55%	0.75%-8.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	2016
<u>Financial assets held for trading - current</u>		
Guarantee deposits of cotton futures contracts	\$ 17,867	\$ 42,328
Forward exchange contracts	-	4,820
Combined foreign exchange options	<u>3,344</u>	<u>2,377</u>
	<u>\$ 21,211</u>	<u>\$ 49,525</u>
<u>Financial liabilities held for trading - current</u>		
Forward exchange contracts	\$ 4,895	\$ -
Option contracts	<u>-</u>	<u>3,166</u>
	<u>\$ 4,895</u>	<u>\$ 3,166</u>

a. Cotton futures contracts

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

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

b. Forward exchange contracts

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

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

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2017</u>			
Sell	USD/NTD	2018.1.18-2018.1.31	USD8,000/NTD237,716
Sell	EUR/USD	2018.1.29-2018.2.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.1.29-2018.2.26	USD3,000/JPY338,970
Buy	USD/RMB	2018.2.26	USD2,000/RMB13,240
<u>December 31, 2016</u>			
Sell	EUR/USD	2017.2.24-2017.3.29	EUR7,000/USD7,406
Buy	USD/JPY	2017.3.29	USD6,000/JPY702,760
Buy	USD/RMB	2017.2.24-2017.3.29	USD12,000/RMB84,161

c. Option contracts

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

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

As of December 31, 2016, the Company had outstanding option contracts as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell USD call options	USD/NTD	2017.1.5-2017.1.24	USD22,000/NTD719,580
Sell EUR call options	EUR/USD	2017.1.10-2017.1.19	EUR4,000/USD4,240

d. Combined foreign exchange options

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

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

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2017</u>			
Sell USD call options	USD/NTD	2018.1.3-2018.2.13	USD175,000/NTD5,264,807
Buy USD put options	USD/NTD	2018.1.3-2018.2.13	USD87,500/NTD2,632,404
<u>December 31, 2016</u>			
Sell EUR call options	EUR/USD	2017.2.13-2017.3.2	EUR18,000/USD19,489
Buy EUR put options	EUR/USD	2017.2.13-2017.3.2	EUR6,000/USD6,496

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT

	December 31	
	2017	2016
<u>Domestic investments</u>		
Marketable equity securities	\$ _____ -	\$ <u>740,500</u>

On August 18, 2017, the Company acquired 79,875 thousand shares of Far Eastern International Commercial Bank (FEIB) from an associate with a total amount of \$791,550 thousand, representing a new total shareholding of 16.37%, including the 13.8% of the original shares held by the Company. The Company evaluated that it has significant influence over FEIB. Therefore, the Company reclassified the investment from available-for-sale financial assets at a fair value of \$805,598 thousand to investments accounted for using the equity method and recognized the gain on the sale of securities amounting to \$302,472 thousand.

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 7,380,217	\$ 7,243,347
Less: Allowance for doubtful accounts	<u>(282,585)</u>	<u>(282,585)</u>
	<u>\$ 7,097,632</u>	<u>\$ 6,960,762</u>

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

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
1-90 days	\$ 5,985,092	\$ 5,720,692
91-180 days	1,087,399	1,188,235
181-365 days	25,141	45,653
More than 365 days	<u>-</u>	<u>6,182</u>
	<u>\$ 7,097,632</u>	<u>\$ 6,960,762</u>

The above aging schedule was based on the invoice date.

Movements of the allowance for doubtful accounts were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 243,872	\$ 38,713	\$ 282,585
Allowance for (reversal of) bad debts	<u>(2,742)</u>	<u>2,742</u>	<u>-</u>
Balance at December 31, 2017	<u>\$ 241,130</u>	<u>\$ 41,455</u>	<u>\$ 282,585</u>
Balance at January 1, 2016	\$ 5,701	\$ 39,369	\$ 45,070
Allowance for (reversal of) bad debts	<u>238,171</u>	<u>(656)</u>	<u>237,515</u>
Balance at December 31, 2016	<u>\$ 243,872</u>	<u>\$ 38,713</u>	<u>\$ 282,585</u>

10. INVENTORIES

	December 31	
	2017	2016
Finished goods	\$ 1,559,504	\$ 1,842,026
Work in progress	2,119,787	1,839,981
Raw materials	2,115,658	2,056,785
Supplies	161,860	178,420
Raw materials in transit	<u>177,945</u>	<u>314,445</u>
	<u>\$ 6,134,754</u>	<u>\$ 6,231,657</u>

For the years ended December 31, 2017 and 2016, the costs of inventories sold were \$41,487,365 thousand and \$40,620,551 thousand, respectively. The cost of goods sold for the year ended December 31, 2017 consisted of the inventory write-downs of \$116,004 thousand. The cost of goods sold for the year ended December 31, 2016 consisted of reversals of inventory write-downs of \$60,861 thousand. Previous write-downs were reversed as a result of increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in subsidiaries	\$ 209,134,216	\$ 205,261,107
Investments in associates	<u>27,126,633</u>	<u>25,308,544</u>
	<u>\$ 236,260,849</u>	<u>\$ 230,569,651</u>

a. Investments in subsidiaries

	December 31			
	2017		2016	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Unlisted companies				
Yuan Ding Investment Co., Ltd.	\$ 41,076,970	99.40	\$ 39,511,839	99.40
Far Eastern Resources Development Co., Ltd.	102,111,323	100.00	101,333,337	100.00
Far Eastern Polytex (Holding) Ltd.	7,708,078	100.00	7,899,457	100.00
Far Eastern Polychem Industries Ltd.	6,861,798	73.04	6,997,867	73.04
Yuan Tong Investment Co., Ltd.	8,091,936	100.00	7,697,083	100.00
Kai Yuan International Investment Co., Ltd.	5,167,778	100.00	4,899,472	100.00
Far Eastern Investment (Holding) Ltd.	8,739,241	100.00	9,209,526	100.00
PET Far Eastern (Holding) Ltd.	5,341,354	91.95	4,404,790	90.54
Oriental Petrochemical (Taiwan) Co., Ltd.	7,492,270	75.56	7,161,947	75.56
Far Eastern Construction Co., Ltd.	8,238,170	65.11	8,157,576	65.11
Yuan Ding Co., Ltd.	3,075,962	37.13	3,034,356	37.13
An Ho Garment Co., Ltd.	2,019,899	100.00	1,907,667	100.00

(Continued)

	December 31			
	2017		2016	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Ding Yuan International Investment Co., Ltd.	\$ 2,820,313	100.00	\$ 2,579,193	100.00
FEDP (Holding) Ltd.	122,774	50.43	176,983	50.43
Fu Kwok Garment Manufacturing Co., Ltd.	253,944	100.00	288,566	99.96
Ding Ding Hotel Co., Ltd.	10,882	0.74	(23,760)	19.00
Far Eastern Textile Ltd.	<u>1,524</u>	100.00	<u>1,448</u>	100.00
	209,134,216		205,237,347	
Plus: Transfer from the credit of the investments accounted for using the equity method to other non-current liabilities	<u>-</u>		<u>23,760</u>	
	<u>\$ 209,134,216</u>		<u>\$ 205,261,107</u>	

(Concluded)

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

b. Investments in associates

	December 31			
	2017		2016	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
<u>Associates that are individually material</u>				
Listed companies				
Asia Cement Corporation	<u>\$ 16,414,157</u>	22.33	<u>\$ 15,657,202</u>	22.33
<u>Associates that are not individually material</u>				
Listed companies				
Far Eastern Department Stores Co., Ltd.	4,704,162	17.06	4,654,067	17.06
Oriental Union Chemical Corporation	1,332,527	9.17	1,220,758	9.17
Everest Textile Corporation	1,534	0.03	1,536	0.03
Far Eastern International Commercial Bank (Note 8)	<u>872,079</u>	2.62	<u>-</u>	-
	<u>6,910,302</u>		<u>5,876,361</u>	
Unlisted companies				
Oriental Securities Corporation	1,945,424	19.65	1,916,962	19.65
Pacific Liu Tong Investment Co., Ltd.	<u>1,856,750</u>	16.83	<u>1,858,019</u>	16.83
	<u>3,802,174</u>		<u>3,774,981</u>	
	<u>\$ 27,126,633</u>		<u>\$ 25,308,544</u>	

1) 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	22.33%	22.33%

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

Name of Associate	December 31	
	2017	2016
Asia Cement Corporation	\$ 21,164,419	\$ 19,775,973

All the associates above are accounted for using equity method.

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

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

Asia Cement Corporation

	December 31	
	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	(47,319,817)	(56,950,034)
Equity	145,796,364	140,663,221
Non-controlling interests	(18,360,799)	(18,000,144)
	<u>\$ 127,435,565</u>	<u>\$ 122,663,077</u>
Proportion of the Company's ownership	22.33%	22.33%
Equity attributable to the Company	\$ 28,456,362	\$ 27,390,665
Cross shareholdings	(12,042,205)	(11,733,463)
Carrying amount	<u>\$ 16,414,157</u>	<u>\$ 15,657,202</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)	2,119,539	(14,688,396)
Total comprehensive income (loss) for the year	<u>\$ 8,785,080</u>	<u>\$ (10,005,099)</u>
Dividends received from Asia Cement Corporation	<u>\$ 675,460</u>	<u>\$ 825,562</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Company's share of:		
Net income for the year	\$ 543,829	\$ 189,916
Other comprehensive loss	<u>(46,779)</u>	<u>(92,204)</u>
Total comprehensive income for the year	<u>\$ 497,050</u>	<u>\$ 97,712</u>

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

On August 18, 2017, the Company has significant influence over 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.

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the subsidiaries' or associates' audited financial statements as of December 31, 2017 and 2016.

If an investment's acquisition cost exceeds the fair value of net assets acquired, the excess amount should be recognized as goodwill. As of both December 31, 2017 and 2016, the goodwill amounted to \$99,821 thousand.

12. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	December 31	
	2017	2016
Total property, plant and equipment	\$ 24,216,996	\$ 24,509,217
Prepayments for equipment	<u>79,380</u>	<u>308,692</u>
	<u>\$ 24,296,376</u>	<u>\$ 24,817,909</u>

	Land	Buildings	Machinery and Equipment	Operating and Miscellaneous Equipment	Construction- in-progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2017	\$ 6,421,925	\$ 8,379,688	\$ 49,622,573	\$ 5,008,449	\$ 2,966,713	\$ 72,399,348
Additions	2,360	-	-	-	2,507,748	2,510,108
Disposals	-	(59,265)	(961,960)	(206,580)	(626,448)	(1,854,253)
Reclassification	<u>-</u>	<u>108,352</u>	<u>1,447,996</u>	<u>408,585</u>	<u>(1,965,271)</u>	<u>(338)</u>
Balance at December 31, 2017	<u>\$ 6,424,285</u>	<u>\$ 8,428,775</u>	<u>\$ 50,108,609</u>	<u>\$ 5,210,454</u>	<u>\$ 2,882,742</u>	<u>\$ 73,054,865</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ -	\$ (4,904,237)	\$ (38,633,555)	\$ (3,976,791)	\$ (66,856)	\$ (47,581,439)
Disposals	-	42,426	931,937	204,594	-	1,178,957

(Continued)

	Land	Buildings	Machinery and Equipment	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
Impairment loss	\$ -	\$ (42,052)	\$ (104,275)	\$ (10,524)	\$ (126,549)	\$ (283,400)
Depreciation expense	-	(206,096)	(1,399,190)	(467,659)	-	(2,072,945)
Reclassification	-	(68)	26,194	(25,788)	-	338
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (5,110,027)</u>	<u>\$ (39,178,889)</u>	<u>\$ (4,276,168)</u>	<u>\$ (193,405)</u>	<u>\$ (48,758,489)</u>
Cost						
Balance at January 1, 2016	\$ 6,395,493	\$ 8,119,665	\$ 49,222,489	\$ 4,735,798	\$ 2,478,724	\$ 70,952,169
Additions	26,432	-	-	-	2,474,239	2,500,671
Disposals	-	(19,238)	(895,700)	(137,470)	(1,084)	(1,053,492)
Reclassification	-	279,261	1,295,784	410,121	(1,985,166)	-
Balance at December 31, 2016	<u>\$ 6,421,925</u>	<u>\$ 8,379,688</u>	<u>\$ 49,622,573</u>	<u>\$ 5,008,449</u>	<u>\$ 2,966,713</u>	<u>\$ 72,399,348</u>
Accumulated depreciation and impairment						
Balance at January 1, 2016	\$ -	\$ (4,720,368)	\$ (38,065,746)	\$ (3,588,793)	\$ -	\$ (46,374,907)
Disposals	-	16,430	892,919	136,937	-	1,046,286
Impairment loss	-	-	(100,000)	-	(66,856)	(166,856)
Depreciation expense	-	(200,299)	(1,360,729)	(524,934)	-	(2,085,962)
Reclassification	-	-	1	(1)	-	-
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ (4,904,237)</u>	<u>\$ (38,633,555)</u>	<u>\$ (3,976,791)</u>	<u>\$ (66,856)</u>	<u>\$ (47,581,439)</u>

(Concluded)

The Company expects that the future cash flows of the machinery equipment which produce the certain products from the textile department and 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 \$6,462,232 thousand and \$2,976,697 thousand, respectively, with discount rates of 5.2942%-5.5607% and 4.5648%, respectively. The Company recognized the impairment loss amounting to \$283,400 thousand and \$166,856 thousand, respectively, for the years ended December 31, 2017 and 2016. The impairment loss was recognized in the comprehensive income statements under the impairment loss account.

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

Buildings	3-55 years
Machinery and equipment	5-15 years
Operating and miscellaneous equipment	3-15 years

For the amount of property, plant and equipment that the Company pledged or mortgaged as collateral for borrowings, refer to Note 26.

As of December 31, 2017 and 2016, farmland was recognized as property, plant and equipment amounting to \$238,430 thousand for both dates and recognized as 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 the farmland belongs to the Company or have pledged the land to the Company.

13. INVESTMENT PROPERTIES

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

	Completed Investment Properties
Balance at January 1, 2017	\$ 1,456,014
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>31,650</u>
Balance at December 31, 2017	<u>\$ 1,487,664</u>
Balance at January 1, 2016	\$ 1,446,491
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>9,523</u>
Balance at December 31, 2016	<u>\$ 1,456,014</u>

The major investment properties of the Company were as follows:

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

The fair values of investment properties were as follows:

	<u>December 31</u>	
	2017	2016
Independent valuation	<u>\$ 1,487,664</u>	<u>\$ 1,456,014</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 in 2017 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 was measured using the income approach. The significant assumptions used were as follows. The increase in estimated future net cash inflows, or the decrease in discount rates would result in increase in the fair value.

	<u>December 31</u>	
	2017	2016
Expected future cash inflows	\$ 1,538,271	\$ 1,484,959
Expected future cash outflows	<u>(48,392)</u>	<u>(58,785)</u>
Expected future cash inflows, net	<u>\$ 1,489,879</u>	<u>\$ 1,426,174</u>
Discount rate intervals	3.695%	3.70%

Some of the investment properties had been leased out under operating leases. The rental incomes generated for the years ended December 31, 2017 and 2016 were \$14,575 thousand and \$23,284 thousand, respectively.

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

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

14. OTHER INTANGIBLE ASSETS

	Computer Software	Others	Total
Balance at January 1, 2017	\$ 24,034	\$ 465	\$ 24,499
Additions	6,428	-	6,428
Amortization	<u>(10,095)</u>	<u>(405)</u>	<u>(10,500)</u>
Balance at December 31, 2017	<u>\$ 20,367</u>	<u>\$ 60</u>	<u>\$ 20,427</u>
Balance at January 1, 2016	\$ 19,817	\$ 805	\$ 20,622
Additions	14,168	100	14,268
Amortization	<u>(9,951)</u>	<u>(440)</u>	<u>(10,391)</u>
Balance at December 31, 2016	<u>\$ 24,034</u>	<u>\$ 465</u>	<u>\$ 24,499</u>

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

Computer software	3-5 years
Others	5 years

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Bank credit loans	\$ 2,100,678	\$ 2,026,345
Export bills discount	<u>-</u>	<u>7,233</u>
	<u>\$ 2,100,678</u>	<u>\$ 2,033,578</u>
Interest rate	1.85%-1.96%	0.90%-1.95%

b. Long-term borrowings

	December 31	
	2017	2016
Bank loans	\$ 35,216,255	\$ 29,589,844
Long-term commercial paper	-	3,000,000
Less: Unamortized discount on commercial paper	<u>-</u>	<u>11,580</u>
	<u>\$ 35,216,255</u>	<u>\$ 32,578,264</u>

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

	December 31	
	2017	2016
Maturity	January 2019 - March 2021	February 2018- December 2019
Bank interest rates intervals	0.60%-1.39%	0.63425%-1.40%

16. BONDS PAYABLE

	December 31	
	2017	2016
Non-convertible bonds	\$ 43,600,000	\$ 48,300,000
Discount of non-convertible bonds	<u>(48,078)</u>	<u>(57,753)</u>
	43,551,922	48,242,247
Less: Current portion	<u>5,497,408</u>	<u>9,696,741</u>
	<u>\$ 38,054,514</u>	<u>\$ 38,545,506</u>

For details of bonds payable as of December 31, 2017, refer to Statement 9 following the Notes to Financial Statements. The details of bonds payable as of December 31, 2016 which were repaid in 2017 were as follows:

On February 15, 2012, the Company issued five-year unsecured bonds (the third tranche) amounting to \$6,000,000 thousand at a unit face value of \$1,000 thousand. The five-year bonds are repayable at 50% of the total amount the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.36% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On June 7, 2012, the Company issued five-year unsecured bonds (the first tranche) amounting to \$3,200,000 thousand at a unit face value of \$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.35% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On November 26, 2012, the Company issued five-year unsecured bonds (the second tranche) amounting to \$4,200,000 thousand at a unit face value of \$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.30% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

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

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

	December 31	
	2017	2016
Present value of defined benefit obligation	\$ 5,534,470	\$ 6,102,747
Fair value of plan assets	<u>(4,240,063)</u>	<u>(3,843,188)</u>
Net defined benefit liabilities	<u>\$ 1,294,407</u>	<u>\$ 2,259,559</u>

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>\$ 6,102,747</u>	<u>\$ (3,843,188)</u>	<u>\$ 2,259,559</u>
Service cost			
Current service cost	75,225	-	75,225
Net interest expense (income)	<u>89,451</u>	<u>(57,648)</u>	<u>31,803</u>
Recognized in profit or loss (Note)	<u>164,676</u>	<u>(57,648)</u>	<u>107,028</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(334,696)	(334,696)
Actuarial (gain) loss - changes in financial assumptions	109,269	-	109,269
Actuarial (gain) loss - experience adjustments	<u>(359,398)</u>	<u>-</u>	<u>(359,398)</u>
Recognized in other comprehensive income	<u>(250,129)</u>	<u>(334,696)</u>	<u>(584,825)</u>
Contributions from the employer	-	(439,833)	(439,833)
Benefits paid	<u>(482,824)</u>	<u>435,302</u>	<u>(47,522)</u>
Balance at December 31, 2017	<u>\$ 5,534,470</u>	<u>\$ (4,240,063)</u>	<u>\$ 1,294,407</u>
Balance at January 1, 2016	<u>\$ 5,902,738</u>	<u>\$ (3,543,562)</u>	<u>\$ 2,359,176</u>
Service cost			
Current service cost	78,781	-	78,781
Past service cost and loss on settlements	77,749	-	77,749
Net interest expense (income)	<u>100,684</u>	<u>(62,012)</u>	<u>38,672</u>
Recognized in profit or loss (Note)	<u>257,214</u>	<u>(62,012)</u>	<u>195,202</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	83,509	83,509
Actuarial (gain) loss - changes in financial assumptions	119,775	-	119,775
Actuarial (gain) loss - experience adjustments	<u>201,538</u>	<u>-</u>	<u>201,538</u>
Recognized in other comprehensive income	<u>321,313</u>	<u>83,509</u>	<u>404,822</u>
Contributions from the employer	-	(692,697)	(692,697)
Benefits paid	<u>(378,518)</u>	<u>371,574</u>	<u>(6,944)</u>
Balance at December 31, 2016	<u>\$ 6,102,747</u>	<u>\$ (3,843,188)</u>	<u>\$ 2,259,559</u>

Note: For the years ended December 31, 2017 and 2016, the Company transferred defined benefit costs of \$875 thousand and \$836 thousand to related parties, respectively.

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

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

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

	<u>December 31</u>	
	2017	2016
Discount rate(s)	1.25%	1.50%
Expected rate(s) of salary increase	2.00%	2.00%

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

	<u>December 31</u>	
	2017	2016
Discount rate(s)		
0.5% increase	<u>\$ (215,099)</u>	<u>\$ (244,390)</u>
0.5% decrease	<u>\$ 229,444</u>	<u>\$ 261,042</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 226,612</u>	<u>\$ 258,476</u>
0.5% decrease	<u>\$ (214,627)</u>	<u>\$ (244,437)</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>\$ 210,279</u>	<u>\$ 278,666</u>
The average duration of the defined benefit obligation	8 years	8.3 years

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

2) Global depositary receipt

The Company issued global depositary receipts (GDRs), one GDRs unit represents 10 common 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 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>		
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interests in subsidiaries	148,783	148,775
Treasury shares 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, equity transactions other than actual disposal or acquisition of ownership interests, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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, 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 would then make the distribution of dividends evenly for all shares. When there is a capital increase, the amount of dividends for new shares of that year would be set according to the resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 19, d. "Employees' compensation and remuneration of directors".

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

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.

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

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

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:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u>	
			<u>(NT\$)</u>	
	<u>For Year 2016</u>	<u>For Year 2016</u>	<u>For Year 2016</u>	<u>For Year 2015</u>
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 and distribution of the 2017 earnings was proposed by the board of directors on March 22, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 806,614	
Special reserve	1,523,136	
Reversal 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 Company's appropriated special reserve following the first-time adoption of IFRSs was as \$22,287,929 thousand.

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

	For the Year Ended December 31	
	2017	2016
Beginning balance	\$ 21,565,171	\$ 21,860,117
Reversal 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
Reversal 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:		
The fair value model for 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 are summarized as follow:

	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Total
Balance at January 1, 2016	\$ 2,274,683	\$ 1,119,927	\$ (95,944)	\$ 702,030	\$ 4,000,696
Unrealized loss on available-for-sale financial assets	-	(40,527)	-	-	(40,527)
Share of other comprehensive income (loss) of subsidiaries and associates	(3,852,495)	(3,027,057)	48,430	748	(6,830,374)
Balance at December 31, 2016	(1,577,812)	(1,947,657)	(47,514)	702,778	(2,870,205)
Unrealized loss on available-for-sale financial assets	-	(237,374)	-	-	(237,374)
Share of other comprehensive income (loss) of subsidiaries and associates	(1,499,559)	827,712	83,156	-	(588,691)
Balance at December 31, 2017	<u>\$ (3,077,371)</u>	<u>\$ (1,357,319)</u>	<u>\$ 35,642</u>	<u>\$ 702,778</u>	<u>\$ (3,696,270)</u>

f. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 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 Company consolidated its subsidiary Yuan Ding on December 28, 2011. As of December 31, 2011, the Company's shares held by Yuan Ding had a carrying amount of \$25,063 thousand.

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

19. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	<u>For the Year Ended December 31</u>	
	2017	2016
Capitalized interests on properties	\$ 28,938	\$ 23,908
Capitalization rates	1.04%-1.14%	1.17%-1.31%

b. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	\$ 2,072,945	\$ 2,085,962
Other Intangible assets	<u>10,500</u>	<u>10,391</u>
	<u>\$ 2,083,445</u>	<u>\$ 2,096,353</u>
An analysis of deprecation by function		
Operating costs	\$ 1,890,414	\$ 1,857,780
Operating expenses	139,173	160,291
Other expense	36,670	62,454
Expenses transferred to other related parties	<u>6,688</u>	<u>5,437</u>
	<u>\$ 2,072,945</u>	<u>\$ 2,085,962</u>
An analysis of amortization by function		
Operating costs	\$ 2,723	\$ 3,135
Operating expenses	<u>7,777</u>	<u>7,256</u>
	<u>\$ 10,500</u>	<u>\$ 10,391</u>

c. Employee benefits expense

	For the Year Ended December 31, 2017		
	Operating Costs	Operating Expenses	Total
Retirement benefits			
Defined contribution plans	\$ 74,625	\$ 43,340	\$ 117,965
Defined benefit plans	75,614	30,539	106,153
Other employee benefits			
Salary	2,806,884	1,573,261	4,380,145
Insurance	254,063	91,827	345,890
Others	<u>136,689</u>	<u>58,567</u>	<u>195,256</u>
	<u>\$ 3,347,875</u>	<u>\$ 1,797,534</u>	<u>\$ 5,145,409</u>
	For the Year Ended December 31, 2016		
	Operating Costs	Operating Expenses	Total
Retirement benefits			
Defined contribution plans	\$ 76,220	\$ 42,878	\$ 119,098
Defined benefit plans	141,209	53,157	194,366
Other employee benefits			
Salary	2,885,659	1,449,199	4,334,858
Insurance	258,073	90,014	348,087
Others	<u>143,084</u>	<u>58,693</u>	<u>201,777</u>
	<u>\$ 3,504,245</u>	<u>\$ 1,693,941</u>	<u>\$ 5,198,186</u>

The Company had 4,864 and 5,036 employees as of December 31, 2017 and 2016, respectively.

d. Employees' compensation and remuneration of directors

The amendments stipulate the distribution of employees' compensation and remuneration of directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. However, the Company has to first offset losses from the previous years. The employees' compensation and remuneration of directors for the years ended December 31, 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

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015. The employees' compensation were distributed in cash by the Company.

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

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Current tax	\$ -	\$ -
Deferred tax	50,625	(315,959)
Adjustment for prior years	<u>-</u>	<u>7</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 50,625</u>	<u>\$ (315,952)</u>

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

	<u>For the Year Ended December 31</u>	
	2017	2016
Profit before tax from continuing operations	<u>\$ 8,116,761</u>	<u>\$ 5,991,834</u>
Income tax expense at the statutory rate (17%)	\$ 1,379,849	\$ 1,018,612
Adjustment items effect on income tax	<u>(1,379,849)</u>	<u>(1,018,612)</u>
Current income tax expense	-	-
Deferred income tax expense	50,625	(315,959)
Adjustment for prior year	<u>-</u>	<u>7</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 50,625</u>	<u>\$ (315,952)</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 expense recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2017	2016
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	<u>\$ (9,420)</u>	<u>\$ 8,820</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 6,473	\$ (2,816)	\$ -	\$ 3,657
Inventory write-downs	13,507	(4,435)	-	9,072
Loss from subsidiaries and associates	1,786	(1,708)	-	78
Impairment loss	40,054	(15,383)	-	24,671
Defined benefit obligation	69,130	(36,403)	(9,420)	23,307
Others	<u>7,708</u>	<u>(3,323)</u>	<u>-</u>	<u>4,385</u>
	<u>\$ 138,658</u>	<u>\$ (64,068)</u>	<u>\$ (9,420)</u>	<u>\$ 65,170</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gain	\$ 24,859	\$ (9,617)	\$ -	\$ 15,242
Provision of land value incremental tax	1,550,149	1,026	-	1,551,175
Investment properties	<u>21,456</u>	<u>(4,852)</u>	<u>-</u>	<u>16,604</u>
	<u>\$ 1,596,464</u>	<u>\$ (13,443)</u>	<u>\$ -</u>	<u>\$ 1,583,021</u> (Concluded)

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ -	\$ 6,473	\$ -	\$ 6,473
Inventory write-downs	17,030	(3,523)	-	13,507
Loss from subsidiaries and associates	-	1,786	-	1,786
Impairment loss	44,394	(4,340)	-	40,054
Onerous contract	45	(45)	-	-
Defined benefit obligation	80,678	(20,368)	8,820	69,130
Others	<u>6,090</u>	<u>1,618</u>	<u>-</u>	<u>7,708</u>
	<u>\$ 148,237</u>	<u>\$ (18,399)</u>	<u>\$ 8,820</u>	<u>\$ 138,658</u>

Deferred tax liabilities

Gain from subsidiaries and associates	\$ 230,630	\$ (230,630)	\$ -	\$ -
Unrealized foreign exchange gain	130,953	(106,094)	-	24,859
Provision of land value incremental tax	1,546,475	3,674	-	1,550,149
Investment properties	<u>22,764</u>	<u>(1,308)</u>	<u>-</u>	<u>21,456</u>
	<u>\$ 1,930,822</u>	<u>\$ (334,358)</u>	<u>\$ -</u>	<u>\$ 1,596,464</u>

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

	December 31	
	2017	2016
Deductible temporary differences	<u>\$ 4,010,402</u>	<u>\$ 4,272,045</u>

- e. Integrated income tax

	December 31	
	2017	2016
Unappropriated earnings Generated before January 1, 1998	<u>\$ -</u> (Note)	<u>\$ 66,464</u>
Balance of imputation credit accounts (ICA)	<u>\$ -</u> (Note)	<u>\$ 775,088</u>

	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	13.87%

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

- f. Income tax assessments

The tax returns through 2012 have been assessed by the tax authorities.

21. 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 year	<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 calculation of basic earnings per share	4,998,785	4,999,727
Effect of dilutive potential common shares:		
Employees' compensation	<u>12,037</u>	<u>9,808</u>
Weighted average number of common shares used in the calculation 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 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 was NT\$1.51 and NT\$1.18, respectively.

22. EQUITY TRANSACTIONS

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

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

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

23. CAPITAL MANAGEMENT

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

24. FINANCIAL INSTRUMENTS

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

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

	December 31			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable	\$ 43,551,922	\$ 43,804,426	\$ 48,242,247	\$ 48,584,110

- 2) Fair value hierarchy

December 31, 2017

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

December 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 48,584,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,584,110</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)				
Guarantee deposits - cotton futures contracts	\$ -	\$ -	\$ 17,867	\$ 17,867
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>3,344</u>	<u>3,344</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,211</u>	<u>\$ 21,211</u>
Financial liabilities at fair value through profit or loss (FVTPL)				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,895</u>	<u>\$ 4,895</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Guarantee deposits - cotton futures contracts	\$ -	\$ -	\$ 42,328	\$ 42,328
Forward exchange contracts	-	-	4,820	4,820
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>2,377</u>	<u>2,377</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,525</u>	<u>\$ 49,525</u>
Available-for-sale financial assets				
Marketable equity securities	<u>\$ 740,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,500</u>
Financial liabilities at fair value through profit or loss (FVTPL)				
Option contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ 3,166</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 2017

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

For the year ended 2016

	Financial Instruments at Fair Value Through Profit or Loss - Held for Trading
Balance at January 1, 2016	\$ 99,125
Recognized in profit or loss	
Realized	(268,957)
Unrealized	46,359
Settlements	<u>169,832</u>
Balance at December 31, 2016	<u>\$ 46,359</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Futures contracts	Futures contract pricing model. The fair values of futures contracts are determined using futures contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.
Forward exchange contracts, option contracts and combined foreign exchange options	Discounted cash flow. Future cash flows are estimated based on observable forward spot exchange rates at the end of the reporting period and contract rates, are discounted at a 0% rate; the counterparties' high credit ratings and short contract terms indicate a low credit risk of counterparties.

c. Categories of financial instruments

	December 31	
	2017	2016
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 21,211	\$ 49,525
Loans and receivables (Note 1)	17,146,183	21,333,621
Available-for-sale financial assets	-	740,500
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	4,895	3,166
Financial liabilities measured at amortized cost (Note 2)	87,635,814	89,815,076

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, notes and accounts payable (including those to related parties), other payables (including those to related parties), payables to suppliers of machinery and equipment, bonds payable, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	December 31	
	2017	2016
5% change in profit or loss		
USD	<u>\$ (189,829)</u>	<u>\$ (158,327)</u>

b) Interest rate risk

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

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

	December 31	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 49,848	\$ 5,965,437
Financial liabilities	66,489,600	73,738,244
Cash flow interest rate risk		
Financial assets	1,025,627	1,037,532
Financial liabilities	14,379,255	9,115,845

Sensitivity analysis

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

For the years ended December 31, 2017 and 2016, had interest rates been 0.25% higher and all other variables been held constant, the fair value of the Company's financial assets with fixed interest rates would have decreased by \$124 thousand and \$14,876 thousand, respectively, and the cash flows on the Company's financial assets with floating interest rates would have increased by \$2,564 thousand and \$2,594 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 Company's financial liabilities with fixed interest rates would have decreased by \$165,809 thousand and \$183,886 thousand, respectively, and the cash flows on the Company's financial liabilities with floating interest rates would have decreased by \$35,948 thousand and \$22,790 thousand, respectively.

c) Other price risks

The Company was exposed to equity price risk through its investments in listed equity securities 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, 2016 would have decreased by \$37,025 thousand.

2) Credit risk

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

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

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

3) Liquidity risk

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

The maturity dates of financial liabilities (except 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	\$ 27,016,255	\$ 5,500,000	\$ 2,700,000	\$ 35,216,255
Bonds payable	<u>10,600,000</u>	<u>13,700,000</u>	<u>13,800,000</u>	<u>38,100,000</u>
	<u>\$ 37,616,255</u>	<u>\$ 19,200,000</u>	<u>\$ 16,500,000</u>	<u>\$ 73,316,255</u>
<u>December 31, 2016</u>				
Long-term borrowings	\$ 27,192,309	\$ 5,385,955	\$ -	\$ 32,578,264
Bonds payable	<u>5,500,000</u>	<u>10,600,000</u>	<u>22,500,000</u>	<u>38,600,000</u>
	<u>\$ 32,692,309</u>	<u>\$ 15,985,955</u>	<u>\$ 22,500,000</u>	<u>\$ 71,178,264</u>

25. RELATED-PARTY TRANSACTIONS

The Company had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2017 and 2016 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules A, B and C.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	2017	2016
Other financial assets - non-current		
Pledged time deposits	\$ 41,174	\$ 41,174
Investments accounted for using the equity method	435,226	415,154
Property, plant and equipment	6,427,218	6,671,982
Investment properties	<u>229,902</u>	<u>215,521</u>
	<u>\$ 7,133,520</u>	<u>\$ 7,343,831</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Company as of December 31, 2017 and 2016:

- a. Issued unused letters of credit aggregated at approximately \$412,413 thousand and \$620,265 thousand, respectively.
- b. Unpaid building construction and property, plant and equipment installation contracts amounting to approximately \$83,210 thousand and \$276,511 thousand, respectively.

- c. Undelivered cotton contracts which were unable to be canceled amounting to \$142,975 thousand and \$380,559 thousand, respectively.
- d. Endorsements and guarantees provided to related parties are shown in Schedule E (attached).
- e. 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.

28. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

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.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

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

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 178,258	32.25	\$ 5,748,821
<u>Financial liabilities</u>			
Monetary items			
USD	80,071	32.25	2,582,290

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees

- 1) Financing provided to others: Schedule D (attached)
- 2) Endorsements/guarantees provided: Schedule E (attached)
- 3) Marketable securities held: Schedule F (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the capital stock: Schedule G (attached)
- 5) Acquisitions of individual real states at costs of at least NT\$300 million or 20% of the paid-in capital: Schedule H (attached)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Schedule I (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule J (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule K (attached)
- 9) Trading derivative transactions: Note 7
- 10) Information on investees: Schedule L (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Schedules M and M-1 (attached)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Schedules B, C, D, E, G, J and K
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as rendering or receipt services.

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Continued)

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION**RELATED-PARTY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Notes	<u>For the Year Ended December 31</u>	
		2017	2016
Sales			
Subsidiaries		\$ 5,381,984	\$ 4,827,888
Associates		296,860	280,207
Other related parties		<u>455,832</u>	<u>312,356</u>
		<u>\$ 6,134,676</u>	<u>\$ 5,420,451</u>
Operating cost and expense			
Purchase			
Subsidiaries			
Oriental Petrochemical (Taiwan) Corporation		\$ 7,073,210	\$ 8,334,964
Other subsidiaries		811,282	749,891
Associates		1,752,368	1,282,044
Other related parties		<u>211,876</u>	<u>238,403</u>
		<u>\$ 9,848,736</u>	<u>\$ 10,605,302</u>
Contract costs			
Subsidiaries		\$ 31,409	\$ 22,609
Associates		768	7,931
Other related parties		<u>226,984</u>	<u>196,678</u>
		<u>\$ 259,161</u>	<u>\$ 227,218</u>
Computer processing expense			
Subsidiaries		\$ 3,631	\$ 3,622
Other related parties		<u>76,523</u>	<u>76,766</u>
		<u>\$ 80,154</u>	<u>\$ 80,388</u>
Rental expense	b.		
Subsidiaries		\$ 181,104	\$ 181,239
Other related parties		<u>17,664</u>	<u>16,934</u>
		<u>\$ 198,768</u>	<u>\$ 198,173</u>

(Continued)

	Notes	<u>For the Year Ended December 31</u>	
		2017	2016
Non-operating revenue			
Rental revenue	c.		
Subsidiary			
Oriental Petrochemical (Taiwan) Corporation		\$ -	\$ 10,068
Oriental Resources Development Co., Ltd.		2,370	2,667
Far EasTone Telecommunications Co., Ltd.		3,789	3,760
Other subsidiary		114	114
Other related parties			
Yuan Ze University		3,516	3,485
Fu Ming Transport Corporation		<u>2,218</u>	<u>2,200</u>
		<u>\$ 12,007</u>	<u>\$ 22,294</u>
Non-operating expenses			
Other expenses - endorsement/guarantee expenses			
Subsidiary		<u>\$ 13,087</u>	<u>\$ 9,102</u>

The Company provided agent services to subsidiaries and recognized commission income of \$42,143 thousand and \$44,979 thousand for the years ended December 31, 2017 and 2016, respectively. In addition, the Company recognized \$10,584 thousand and \$7,221 thousand as other receivables as of December 31, 2017 and 2016, respectively.

Compensation of key management personnel:

	<u>For the Year Ended December 31</u>	
	2017	2016
Short-term employee benefits	\$ 298,808	\$ 263,961
Post-employment benefits	<u>2,680</u>	<u>2,656</u>
	<u>\$ 301,488</u>	<u>\$ 266,617</u>

Notes:

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**RELATED-PARTY TRANSACTIONS
AS OF DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Notes	<u>For the Year Ended December 31</u>	
		2017	2016
Notes and accounts receivable			
Subsidiaries			
WWPI		\$ 898,170	\$ 684,994
Other subsidiaries		582,162	449,955
Associate		51,980	53,995
Other related parties		<u>82,362</u>	<u>56,777</u>
		<u>\$ 1,614,674</u>	<u>\$ 1,245,721</u>
Refundable deposits			
Subsidiaries			
Yuan Ding Co., Ltd.		\$ 33,682	\$ 33,682
Other subsidiaries		3,557	3,773
Associate		5,356	5,560
Other related parties			
Da Ju Fiber Co., Ltd.		8,000	8,000
Others		<u>-</u>	<u>180</u>
		<u>\$ 50,595</u>	<u>\$ 51,195</u>
Notes and accounts payable to related parties			
Subsidiaries			
Oriental Petrochemical (Taiwan) Corporation		\$ 858,692	\$ 938,044
Other subsidiaries		53,040	73,089
Associates		145,631	171,984
Other related parties		<u>12,863</u>	<u>25,570</u>
		<u>\$ 1,070,226</u>	<u>\$ 1,208,687</u>
Deferred credit - gain on related-party transactions			
Sale of securities			
Subsidiaries			
Yuan Ding Investment Co., Ltd.	a.	\$ 30,256	\$ 30,256
Others Subsidiary	b.	2,908	2,993
Other related parties	c.	2,579	2,579
Disposal of property, plant and equipment	d.		
Subsidiary			
Far Eastern Polytex (Vietnam) Ltd.		<u>12,528</u>	<u>-</u>
		<u>\$ 48,271</u>	<u>\$ 35,828</u>

(Continued)

Deposits

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Far Eastern International Bank	\$ <u>733,970</u>	\$ <u>1,695,127</u>

The Company had bank deposits and time deposits in Far Eastern International Bank. The interest income was \$9,400 thousand and \$19,833 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 Company signed forward exchange contracts and combined foreign exchange options with Far Eastern International Bank. The gain (loss) of financial assets (liabilities) at fair value through profit or loss was \$(23,072) thousand and \$29,692 thousand for the years ended December 31, 2017 and 2016, respectively.

Financing to related parties

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Far Eastern International Bank	\$ <u>-</u>	\$ <u>400,000</u>

The interest expense from loans from associate was \$125 thousand and \$15 thousand for the years ended December 31, 2017 and 2016, respectively.

In 2017, the Company bought machinery and equipment from YDT Technology International Co., New Century InfoComm Tech Corporation, Oriental Resources Development Ltd., Oriental Petrochemical (Taiwan) Corporation, Yuanshi Digital Technology Co., Ltd. and DataExpress Infotech Co., Ltd. for \$2,934 thousand, \$15,103 thousand, \$90 thousand, \$359 thousand, \$48 thousand and \$42 thousand, respectively. As of December 31, 2017, the payables on these purchases had been paid. In 2016, the Company bought machinery and equipment from YDT Technology International Co., New Century InfoComm Tech Corporation, Oriental Resources Development Ltd., Information Security Service Digital United and Far Eastern Technical Consultants Co., Ltd. for \$7,052 thousand, \$11,315 thousand, \$119 thousand, \$3,148 thousand and \$3,817 thousand, respectively. As of December 31, 2016, the payables on these purchases had been paid.

In 2017, the Company participated Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd.'s cash issuance of new shares amounting to \$1,511,163 thousand and \$814,859 thousand, respectively. As of December 31, 2017, the Company's interest in Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd. was 75.56% and 91.95%, respectively. In 2016, the Company participated in Far Eastern Polytext (Holding) Corporation's cash issuance of new shares amounting to \$705,900 thousand. The Company's interest in Far Eastern Polytext (Holding) Corporation was still 100% as of December 31, 2016.

(Continued)

Note:

- a. In 1994, the Company sold the following shares to Yuan Ding Investment Corporation and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd.'s shares for \$30,256 thousand.
- b. The deferred income was made by selling the shares of New Century InfoComm Tech Corporation to Yuan Cing Infocomm Tech Co., Ltd. in 2010 (dissolved on its merger with Far EasTone Telecommunication Co., Ltd. on March 1, 2011). The amortization is according to the difference of New Century InfoComm Tech Corporation's net assets between fair value and book value and durable service life on the selling date.
- c. The deferred income was made by selling the shares of Oriental Petrochemical (Taiwan) Corporation to Yue Ding Industry Co., Ltd. in March 2008.
- d. The Company sold the production equipment to its subsidiary Far Eastern Polytex (Vietnam) Ltd. in 2017. The sales price was RMB638,977 thousand and deferred the gain on disposal of equipment RMB12,528 thousand (recognized as deferred credit - gain on related-party accounts). As of December 31, 2017, there was \$19,966 thousand that have not received, and the amount was recognized as other receivables.
- e. The terms of sales to and purchases from the related parties were based on agreements.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEES

FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 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 INVESTEEES

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 Endorsements/ Guarantees 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
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 (\$22,825 thousand), the actual remittance: RMB5,000 thousand (\$22,825 thousand).

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

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	-		

(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	-	
Sino Belgium (Holding) Ltd.	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	716,404	100.00	-	
	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	\$ -	
DDIM (Virgin Islands) Ltd.	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	50,016	100.00	-	
	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 Company and its subsidiaries are not disclosed as it cannot be reliably measured.

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

J. The subsidiary of FENC's associate.

K. Related party in substance.

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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 Note 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 AND INVESTEEES

**DISPOSALS OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	Untransferred	New Century InfoComm Tech Co., Ltd.	Fellow subsidiary	For New Century InfoComm Tech Co., Ltd. to establish business facilities and offices	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	-

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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)	
	Sino Lead Enterprise Limited	(Note C)	Cost of telecommunications services	116,246	1	Based on contract	-	-	-	-	(19,971)	(3)	
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	
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	-	-	-	-	
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	-	-	-	-	
		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 investee was accounted for using the equity method (by the Company and its subsidiaries).

E. The investee's subsidiary was accounted for using the equity method (by the Company and its subsidiaries).

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

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

FOR THE YEAR ENDED DECEMBER 31, 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 Schedule C. 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 investee was accounted for using the equity method (by the Company and its subsidiaries).

F. The investee's subsidiary was accounted for using the equity method (by the Company and its subsidiaries).

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 INVESTEEES

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) Including the adjustments of the transactions between subsidiaries of \$(12,682) (Note A) Including the adjustments of the transactions between subsidiaries of \$(14,312) (Note A) (Note A) (Notes A and E) (Notes A and L) Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries of \$2,014 (Notes B and H) Including the adjustments of the transactions between subsidiaries of \$31,599 (Note B) (Note B) (Note B) Including the adjustments of the transactions between subsidiaries of \$9,905 (Note B) (Note B) (Note B) Including discounted amortization of \$9,727 (Note B) Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries of \$(53,397) (Notes B and H) (Note B) (Note B and I) Including the adjustments of the transactions between subsidiaries of \$102 (Note B) Including the adjustments of the transactions between subsidiaries of \$80 (Note B) (Note A) (Note A) (Note A) (Note A) (Note B) (Note B) (Note B) (Note A) (Note B) (Note B) (Note B) (Note A) (Note B) (Note B) (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	
	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	
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	134	0.03	1,534	215,144	65	
	Oriental Securities Corporation	Taiwan	Brokering	159,823	159,823	140,278	19.65	1,945,424	157,167	30,883	
	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	
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	-	83,245	2.62	872,079	2,853,883	64,014	
	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	
	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	
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,708,078	(101,726)	(101,726)	
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	6,861,798	(93,001)	(67,928)	
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,091,936	450,548	460,453	
	Kai Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	302,843	100.00	5,167,778	731,806	731,806	
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	8,739,241	121,934	121,934	
	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	5,811,250	397	91.95	5,341,354	166,582	160,949	
	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)	
	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	
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotel	857,511	857,511	186,929	37.13	3,075,962	(119,631)	(36,927)	
	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	
	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	
FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	122,774	(105,064)	(52,984)		
Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,088	4,000	100.00	253,944	64,338	64,318		
Ding Ding Hotel Co., Ltd.	Taiwan	Hotel-related services	393,651	393,651	769	0.74	10,882	(343,915)	(49,661)		
Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,524	76	76		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	587,269	542,452	21,000	0.62	646,080	5,525,079	-	
Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,306,557	70,818	8.00	1,337,956	1,792,471	-		
Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	454,530	430,454	22,558	1.59	461,823	1,535,986	-		
Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	123,624	25.23	1,129,947	215,144	-		
Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	22,769,539	10,856,682	-		
Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,532,777	(93,001)	-		
Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,535,452	541,061	-		
Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychemical products	263,790	263,790	48,692	41.86	1,714,916	275,429	-		
Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	287,984	22,673	100.00	246,101	(55,899)	-		
Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	127,407	24,715	-		
Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,684	45.50	62,182	1,586	-		

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

INVESTMENT 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	Notes D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	933,895	2	1,010,901	-	-	1,010,901	111,428	100.00	111,428	1,524,616	233,172	Notes F and G
Far Eastern Industries (Wuxi) Ltd.	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, griever 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	Notes 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	Notes 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	-	-	-	-	-	Notes 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 the investment from Taiwan was \$3,700,967 thousand, of which \$3,134,807 thousand were from the Company while the remainder was from Yuan Ding Investment Co., Ltd.
- E. As of December 31, 2017, the remitted amount of profit of the 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 the investment from Taiwan was \$1,010,901 thousand, of which \$509,725 thousand was remitted by FENC while the remainder was remitted by Yuan Ding Investment Co., Ltd.
- G. As of December 31, 2017, the profit of the investment was cash dividends paid by Far Eastern Apparel (Suzhou) Co., Ltd. which was 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 the investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
- I. As of December 31, 2017, the profit of the investment was cash dividends paid by Far Eastern Industries (Wuxi) Ltd. remitted through FENC's subsidiary, Oriental Textile (Holding) Ltd.
- J. As of December 31, 2017, the profit of the investment was cash dividends 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 the investment from Taiwan was \$1,765,319 thousand, of which \$1,099,293 thousand was remitted by FENC while the remainder was remitted by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Co., Ltd.
- L. As of December 31, 2017, the accumulated outflow of the investment from Taiwan was remitted by FENC's subsidiary, FET Consulting Engineers Co., Ltd.
- M. As of December 31, 2017, the accumulated outflow of the 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 the investment from Taiwan was remitted by FENC's subsidiary, YDT Technology International Co., Ltd.
- O. As of December 31, 2017, the accumulated outflow of the investment from Taiwan was remitted by FENC's subsidiary, Far EasTone Telecommunications Co., Ltd.
- P. As of December 31, 2017, the accumulated outflow of the investment from Taiwan was remitted by FENC's subsidiary, New Century InfoComm Tech Co., Ltd.
- Q. As of December 31, 2017, the accumulated outflow of the investment from Taiwan was remitted by FENC's subsidiary, New Diligent Co., Ltd. The dissolution of this investment was approved by the local government on February 9, 2018.
- R. Dissolution was approved by the local government on April 13, 2010. New Diligence Corporation (Shanghai) 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 the investment was cash dividends paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. which was remitted through FENC's 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 of RMB6,695 thousand from Far Eastern Polytex (Holding) Ltd. was approved by the 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 INVESTEEES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
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	PET Far Eastern (Holding) Ltd.	49,500	49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd.	4,800	4,800			
				PET Far Eastern (Holding) Ltd.	2,936				
					(Note F)				
		Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171		
	Far Eastern New Century Corporation	2017.09.18	No. 10630056570	PET Far Eastern (Holding) Ltd.	27,000	27,000			
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd.	1,569			1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524			
				FEDP (Holding) Ltd.					

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd.	\$ 4,800 754 (Note G)	\$ 4,800			
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	18,224	18,224			
	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
	Yuan Ding Investment Co., Ltd.	2013.04.29	No. 10200127470	Oriental Textile (Holding) Ltd.	8,000	8,000			
	Yuan Ding Investment Co., Ltd.	2014.09.11	No. 10300223190 (Note K)	Oriental Textile (Holding) Ltd.	43,000	43,000			
Wuhan Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000			
	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695				RMB 6,695
Far Eastern New Century (China) Investment Co., Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			
Sino Belgium Beer (Suzhou) Ltd.	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	18,000	18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000	12,000			
	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	16,000	16,000			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	10,000	10,000			
Martens Beers (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800	3,800			
	Yuan Tong Investment Co., Ltd.	2010.07.29	No. 09900284200	Bockhold N.V. Martens HK Ltd.	4,304				4,304
		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			
		2005.02.05	No. 094003122	YDC (Virgin Islands) Ltd.	500	500			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Ltd.	\$ 2,500	\$ 2,500			
	New Diligent Co., Ltd.	2014.01.29	No. 10300022990	Far 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 was canceled and replaced with document No. 09800408170.

C. Document No. 092035970 was 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 was changed to US\$11,500 thousand and updated to document No. 09900142680 on April 19, 2010 while the review process was completed.

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)

FAR EASTERN NEW CENTURY CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of notes and accounts receivable	2
Statement of inventories	3
Statement of changes in investments and funds	4
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation of property, plant and equipment	Note 12
Statement of changes in accumulated impairment of property, plant and equipment	Note 12
Statement of changes in investment properties	Note 13
Statement of changes in intangible assets	Note 14
Statement of deferred tax assets	Note 20
Statement of short-term loans	5
Statement of financial liabilities at fair value through profit or loss - current	Note 7
Statement of notes and accounts payable	6
Statement of other payables	7
Statement of long-term borrowings	8
Statement of bonds payable	9
Statement of deferred tax liabilities	Note 20
Major Accounting Items in Profit or Loss	
Statement of operating revenue	10
Statement of cost of operating revenue	11
Statement of operating expenses	12
Statement of employee benefits, depreciation and amortization expenses	Note 19

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Maturity	Annual Rate (%)	Amount
Cash			
Cash on hand			\$ <u>2,000</u>
Petty cash			<u>2,757</u>
Cash in banks			
Checking accounts			8,720,585
Demand deposits (Note A)			<u>1,025,627</u>
			<u>9,746,212</u>
Cash equivalents			
Time deposit (Note B)	2017.12.29-2018.01.02	3.55	<u>8,674</u>
			<u>\$ 9,759,643</u>

Note A: Including US\$25,780 thousand, JPY640,653 thousand, RMB3,646 thousand, EUR1,371 thousand, and HK\$57 thousand.

Note B: Including RMB1,900 thousand.

Note C: Based on the exchange rate of US\$1:NT\$29.76, JPY1:NT\$0.2642, RMB1:NT\$4.565, EUR1:NT\$35.57, and HK\$1:NT\$3.807, respectively.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Worldwide Polychem (HK) Ltd.	\$ 898,170
Far Eastern Industries (Shanghai) Ltd.	475,217
Others (Note)	<u>6,006,830</u>
	7,380,217
Less: Allowance for doubtful accounts	<u>282,585</u>
	<u>\$ 7,097,632</u>

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

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Value (Note)
Finished goods	\$ 1,774,296	\$ 1,634,858
Work in progress	2,157,618	1,899,508
Raw materials	2,450,860	2,321,772
Supplies	185,633	165,318
Materials in transit	<u>177,945</u>	<u>177,945</u>
	6,746,352	<u>\$ 6,199,401</u>
Less: Allowance for valuation loss	<u>611,598</u>	
	<u>\$ 6,134,754</u>	

Note: Market value is net realizable value.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS AND FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Face Value	Balance, January 1, 2017		Annual Changes				Increase (Decrease) in Using the Equity Method Amount (Note A)	Balance, December 31, 2017			Market Value or Net Assets Value		Pledged Shares (In Thousands) (Note B)	Notes	
		Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	%	Amount	Unit Price (NT\$)	Total Amount			
Shares																
Investments accounted for using the equity method																
Publicly traded Companies																
Asia Cement Corporation	\$ 10	750,511	\$ 15,657,202	-	\$ -	-	\$ -	\$ 756,955	750,511	22.33	\$ 16,414,157	\$ 28.2	\$ 21,164,419	19,900	(Notes C and D)	
Far Eastern Department Stores Co., Ltd.	10	241,770	4,654,067	-	-	-	-	50,095	241,770	17.06	4,704,162	15	3,626,546	-	(Notes C and D)	
Oriental Union Chemical Corporation	10	81,216	1,220,758	-	-	-	-	111,769	81,216	9.17	1,332,527	31.65	2,570,487	-	(Notes C and D)	
Everest Textile Corporation	10	129	1,536	5	-	-	-	(2)	134	0.03	1,534	14.15	1,902	-	(Notes C, D and H)	
Far Eastern International Bank	10	-	-	83,245	805,598	-	-	66,481	83,245	2.62	872,079	9.54	794,159	-	(Notes C, D, G and H)	
		-	21,533,563	-	805,598	-	-	985,298	-	-	23,324,459	-	28,157,513	-		
Private Companies																
Yuan Ding Investment Co., Ltd.	10	1,822,822	39,511,839	-	-	-	-	1,565,131	1,822,822	99.40	41,076,970	-	41,404,261	-	(Note D)	
Far Eastern Resources Development Co., Ltd.	10	667,242	101,333,337	-	-	-	-	777,986	667,242	100.00	102,111,323	-	102,259,543	-	(Note D)	
Far Eastern Polytex (Holding) Ltd.	US\$ 0.01	135	7,899,457	-	-	-	-	(191,379)	135	100.00	7,708,078	-	7,711,777	-	(Note D)	
Far Eastern Polychem Industries Ltd.	HK\$ 0.0001	830,815	6,997,867	-	-	-	-	(136,069)	830,815	73.04	6,861,798	-	6,861,798	-	(Note D)	
Yuan Tong Investment Co., Ltd.	10	705,147	7,697,083	-	-	-	-	394,853	705,147	100.00	8,091,936	-	8,437,085	-	(Note D)	
Kai Yuan International Investment Co., Ltd.	10	302,843	4,899,472	-	-	-	-	268,306	302,843	100.00	5,167,778	-	5,167,918	-	(Note D)	
Far Eastern Investment (Holding) Ltd.	US\$ 0.01	1,700	9,209,526	-	-	-	-	(470,285)	1,700	100.00	8,739,241	-	8,739,241	-	(Note D)	
PET Far Eastern (Holding) Ltd.	US\$ 0.01	333	4,404,790	65	814,859	-	-	121,705	398	91.95	5,341,354	-	4,911,375	-	(Notes D and E)	
Oriental Petrochemical (Taiwan) Corporation	10	1,183,311	7,161,947	151,116	1,511,163	-	-	(1,180,840)	1,334,427	75.56	7,492,270	-	7,691,073	-	(Notes D and E)	
Far Eastern Construction Co., Ltd.	10	198,791	8,157,576	-	-	-	-	80,594	198,791	65.11	8,238,170	-	8,294,326	-	(Note D)	
Yuan Ding Co., Ltd.	10	186,929	3,034,356	-	-	-	-	41,606	186,929	37.13	3,075,962	-	3,237,192	-	(Note D)	
An Ho Garment Co., Ltd.	10	66,346	1,907,667	-	-	-	-	112,232	66,346	100.00	2,019,899	-	2,095,612	-	(Note D)	
Ding Yuan International Investment Co., Ltd.	10	205,000	2,579,193	-	-	-	-	241,120	205,000	100.00	2,820,313	-	2,841,048	-	(Note D)	
FEDP (Holding) Ltd.	US\$ 0.01	244	176,983	-	-	-	-	(54,209)	244	50.43	122,774	-	122,774	-	(Note D)	
Fu Kwok Knitting & Garment Co., Ltd.	10	3,999	288,566	1	94	-	-	(34,716)	4,000	100.00	253,944	-	253,041	-	(Note D and E)	
Ding Ding Hotel Co., Ltd.	10	19,772	(23,760)	-	-	(19,003)	-	34,642	769	0.74	10,882	-	3,885	-	(Notes D and F)	
Far Eastern Textile Ltd.	10	100	1,448	-	-	-	-	76	100	100.00	1,524	-	1,523	-	(Note D)	
Oriental Securities Corporation	10	140,278	1,916,962	-	-	-	-	28,462	140,278	19.65	1,945,424	-	1,937,221	-	(Note D)	
Pacific Liu Tong Investment Co., Ltd.	10	135,000	1,858,019	-	-	-	-	(1,269)	135,000	16.83	1,856,750	-	1,764,766	-	(Note D)	
			209,012,328		2,326,116			1,597,946			212,936,390		213,735,459			
Plus: Transfer from the credit of the investments accounted for using equity method to other liabilities - non-current			23,760				(23,760)				-					
			230,569,651		3,131,714		(23,760)	2,583,244			236,260,849		241,892,972			
Available-for-sale financial assets - non-current																
Public traded company																
Far Eastern International Bank	10	81,374	740,500	-	-	(81,374)	(740,500)	-	-	-	-	-	-	-	(Note G)	
			\$ 231,310,151		\$ 3,131,714		\$ (764,260)	\$ 2,583,244			\$ 236,260,849		\$ 241,892,972			

Note A: Including:

1. Current net profit of investee recognized based on the percentage of shares	\$ 10,112,333
2. Current cash dividends distributed by investee	(6,881,177)
3. Changes in capital surplus of investee	(642)
4. Changes in undistributed earnings of investee	(52,438)
5. Changes in exchange differences arising on translation of foreign operations	(1,499,559)
6. Unrealized loss on available-for-sale financial assets	827,712
7. Cash flow hedges of investee	83,156
8. Changes in actuarial profit and loss on benefit plans of investee	(6,764)
9. Cash dividends distributed to subsidiaries	623
	<u>\$ 2,583,244</u>

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

Note C: The market value is calculated based on the share's closing market price on December 29, 2017 from Taiwan Stock Exchange.

Note D: The amount is calculated by the percentage of holding shares based on the audited financial statement as of December 31, 2017.

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

Note F: There was a decrease in shares because the investee reduce the capital for covering the accumulate deficits.

Note G: Reclassified to investments accounted for using the equity method (refer to Note 8).

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2017

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

Type	Contract Period	Interest Rates (%)	Original Currency	In New Taiwan Dollars
Bank loans				
Mizuho Bank	2017.8.9-2018.5.21	1.6702-1.94	US\$ 28,781	\$ 856,522
The Bank of Tokyo-Mitsubishi UFJ	2017.11.15-2018.6.12	1.61-1.96	US\$ 30,977	921,875
Credit Agricole Corporation and Investment Bank	2017.9.13-2018.5.21	1.67-1.93	US\$ 10,829	<u>322,281</u>
				<u>\$ 2,100,678</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Formosa Chemicals and Fibre Corporation	\$ 334,253
SABIC	301,400
CMFC	154,946
Others (Note)	<u>1,293,074</u>
	<u>\$ 2,083,673</u>

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Item	Amount
Director remuneration payable	\$ 1,040,622
Payroll and bonus payable	1,016,172
Interest payable	274,166
Process expense payable	187,076
Employee remuneration payable	276,277
Others (Note)	<u>815,736</u>
	<u>\$ 3,610,049</u>

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Type/Creditor Bank	Repayment (Note)	Interest Rate (%)	Original Currency	Balance		Total Amount	Collateral
				Expired in A Year	Expired after A Year		
Bank loans							
Secured loans							
First Commercial Bank	2017.11.02-2019.05.02, lump sum repayment on maturity, interest payment monthly	1.0000		\$ -	\$ 2,640,000	\$ 2,640,000	Construction and land in Bangiao Ren-Ai section
Taiwan Cooperative Bank	2017.12.27-2020.06.30, lump sum repayment on maturity	1.3500		-	2,663,000	2,663,000	Construction and land in Bangiao Xinya section, Zhongxiao section, Guangxing section/Bade Yongfeng section/Zhongli Yuandong section, Chenggong section
Taiwan Cooperative Bank	2017.12.28-2019.06.30, lump sum repayment on maturity	1.3500		-	1,500,000	1,500,000	Construction and land in Wugu Denglin section
Mega International Commercial Bank	2017.12.26-2019.08.26, lump sum repayment on maturity	1.1500		-	300,000	300,000	Construction and land in Guanyin industries
Mega International Commercial Bank	2017.12.28-2019.08.26, lump sum repayment on maturity	1.1500		-	200,000	200,000	Construction and land in Guanyin industries
Credit loans							
First Commercial Bank	2017.11.02-2019.05.02, lump sum repayment on maturity, interest payment monthly	1.0000		-	1,360,000	1,360,000	19,900 thousand of Asia Cement Corporation shares
Bank of Taiwan	2016.06.27-2019.12.27, lump sum repayment on maturity, interest payment monthly	1.0148		-	2,000,000	2,000,000	Construction and Land in Xinpu Far Eastern section and Shuichetou section
Bank of Taiwan	2017.09.27-2021.03.27, lump sum repayment on maturity, interest payment monthly	1.0148		-	700,000	700,000	Construction and Land in Xinpu Far Eastern section and Shuichetou section
The Bank of Tokyo-Mitsubishi UFJ	2016.01.25-2019.01.25, lump sum repayment on maturity, interest payment monthly	1.1000		-	1,500,000	1,500,000	
The Bank of Tokyo-Mitsubishi UFJ	2016.09.29-2019.09.27, lump sum repayment on maturity, interest payment monthly	0.9100		-	500,000	500,000	
The Bank of Tokyo-Mitsubishi UFJ	2017.04.26-2020.04.26, lump sum repayment on maturity	0.9600		-	1,000,000	1,000,000	
Bank of America	2017.05.04-2019.10.06, lump sum repayment on maturity	0.8800		-	570,000	570,000	
Bank SinoPac	2017.12.26-2019.05.31, lump sum repayment on maturity	1.3500		-	1,000,000	1,000,000	
CTBC Bank Co., Ltd.	2017.12.27-2019.04.30, lump sum repayment on maturity	1.0000		-	240,000	240,000	
First Commercial Bank	2017.12.29-2019.06.29, lump sum repayment on maturity	1.3900		-	1,500,000	1,500,000	
Hua Nan Bank	2017.12.29-2019.12.29, lump sum repayment on maturity	1.0500		-	1,800,000	1,800,000	
KGI Bank	2017.12.29-2019.12.30, lump sum repayment on maturity	0.9364		-	1,250,000	1,250,000	
Mega International Commercial Bank	2017.12.26-2019.08.26, lump sum repayment on maturity	1.1500		-	1,029,000	1,029,000	
Mega International Commercial Bank	2017.12.26-2019.08.26, lump sum repayment on maturity	1.1700		-	1,321,000	1,321,000	
Chang Hwa Bank	2017.12.29-2019.12.29, lump sum repayment on maturity	1.3400		-	1,300,000	1,300,000	
Bank of China	2017.12.28-2019.06.30, lump sum repayment on maturity	0.8200		-	250,000	250,000	
Bank of China	2017.12.29-2019.06.30, lump sum repayment on maturity	0.8200		-	750,000	750,000	
Taiwan Cooperative Bank	2017.12.27-2020.06.30, lump sum repayment on maturity	1.3500		-	337,000	337,000	
Sumitomo Mitsui Banking Corporation	2017.12.15-2019.06.01, lump sum repayment on maturity	0.6000		-	1,160,000	1,160,000	
Sumitomo Mitsui Banking Corporation	2017.12.22-2019.06.01, lump sum repayment on maturity	0.6000		-	1,280,000	1,280,000	
Sumitomo Mitsui Banking Corporation	2017.12.28-2019.06.01, lump sum repayment on maturity	0.6000		-	560,000	560,000	
Land Bank of Taiwan	2017.12.29-2019.11.10, lump sum repayment on maturity	1.3400		-	1,190,000	1,190,000	
Standard Chartered Bank	2017.12.28-2019.12.31, lump sum repayment on maturity	0.6700		-	1,800,000	1,800,000	
Taishin International Bank	2017.12.27-2019.01.31, lump sum repayment on maturity	1.3200		-	1,000,000	1,000,000	
Mizuho Bank	2017.12.28-2019.06.22, lump sum repayment on maturity	0.6200		-	2,000,000	2,000,000	
Shin Kong Bank	2017.12.29-2019.06.13, lump sum repayment on maturity	1.2500		-	500,000	500,000	
Mega International Commercial Bank	2017.12.29-2019.08.26, lump sum repayment on maturity		EUR 438	-	15,574	15,574	
Mega International Commercial Bank	2017.12.29-2019.08.26, lump sum repayment on maturity		US\$ 23	-	681	681	
				\$ -	\$ 35,216,255	\$ 35,216,255	

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance			Collateral
									Expired Within A Year	Expired After A Year	Total Amount	
Ordinary Bonds No. 102-3	Unsecured	2013.12.23-2018.12.23	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.45		\$ 2,800,000	\$ -	\$ 1,369	\$ 2,798,631	\$ -	\$ 2,798,631	-
No. 103-1	Unsecured	2014.08.21-2019.08.21	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		3,200,000	-	1,572	1,599,388	1,599,041	3,198,428	-
No. 103-2	Unsecured	2014.12.04-2019.12.04	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		2,200,000	-	1,270	1,099,389	1,099,341	2,198,730	-
No. 103-3	Unsecured	2015.02.06-2020.02.06	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.38		2,600,000	-	2,184	-	2,597,816	2,597,816	-
No. 104-1	Unsecured	2015.05.25-2020.05.25	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.39		8,000,000	-	7,672	-	7,992,328	7,992,328	-
No. 104-2	Unsecured	2015.10.02-2020.10.02	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.28		5,200,000	-	5,727	-	5,194,273	5,194,274	-
No. 104-3	Unsecured	2015.11.16-2020.11.16	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.25		2,800,000	-	3,221	-	2,796,779	2,796,779	-
No. 105-1-A	Unsecured	2016.04.29-2021.04.29	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.88		6,000,000	-	6,468	-	5,993,532	5,993,532	-
No. 105-1-B	Unsecured	2016.04.29-2021.04.29	The bond is repayable in lump sum at the 104.8411% of total amount on maturity.	-		2,000,000	-	4,187	-	1,995,813	1,995,813	-

(Continued)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance			Collateral
									Expired Within A Year	Expired After A Year	Total Amount	
No. 105-2	Unsecured	2016.09.20-2021.09.20	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.72		\$ 3,800,000	\$ -	\$ 5,656	\$ -	\$ 3,794,344	\$ 3,794,344	-
No. 106-1	Unsecured	2017.05.17-2022.05.17	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.15		5,000,000	-	8,752	-	4,991,248	4,991,248	
						<u>\$ 43,600,000</u>	<u>\$ -</u>	<u>\$ 48,078</u>	<u>\$ 5,497,408</u>	<u>\$ 38,054,515</u>	<u>\$ 43,551,923</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Quality	Amount
Sales of goods		
Solid-state polymer	498,779 tones	\$ 16,722,451
Polyester staple fiber	231,897 tones	10,006,884
Greige yarn	267,153 pieces	3,993,321
Knitted fabrics	12,518 tones	3,512,682
Others (Note)		<u>10,962,596</u>
		45,197,934
Processing revenue		<u>18,489</u>
		<u>\$ 45,216,423</u>

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

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF COST OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 2,536,360
Raw material purchased	30,182,108
Less: Raw materials, end of year	<u>(2,628,805)</u>
Raw materials consumption	30,089,663
Materials consumption	<u>1,186,281</u>
Direct labor	<u>1,694,219</u>
Manufacturing expenses	
Process expense	1,504,906
Depreciation	1,790,576
Electricity	1,538,300
Payroll	1,529,280
Fuel expense	634,316
Others	<u>1,108,110</u>
	<u>8,105,488</u>
Manufacturing cost	41,075,651
Work in process, beginning of year	1,902,185
Work in process, end of year	<u>(2,157,618)</u>
Cost of finished goods	40,820,218
Finished goods, beginning of year	2,087,804
Finished goods, end of year	<u>(1,774,296)</u>
	41,133,726
Transferred cost to related parties	(52,004)
Reversal of write-down of inventories	116,004
Idle capacity	<u>289,639</u>
	41,487,365
Conversion cost	<u>23,034</u>
	<u>\$ 41,510,399</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total Amount
Transportation expense	\$ 1,874,770	\$ -	\$ -	\$ 1,874,770
Payroll and bonus expense	328,899	743,256	349,515	1,421,670
Commission expense	277,914	-	-	277,914
Contract fee	-	200,709	-	200,709
Rental expense	-	146,437	-	146,437
Depreciation expense	-	-	119,344	119,344
Remuneration to directors	-	151,591	-	151,591
Others (Note)	<u>361,509</u>	<u>88,901</u>	<u>322,078</u>	<u>772,488</u>
	<u>\$ 2,843,092</u>	<u>\$ 1,330,894</u>	<u>\$ 790,937</u>	<u>\$ 4,964,923</u>

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