

**Transform in
Dynamic Era to
Embrace
New Economy**
加速轉型 開創新經濟



TCSA
CSR Report of the Year



GCSA
Reporting



Global Views Monthly
Winner at Manufacturing
Industry Award



Recycled PET



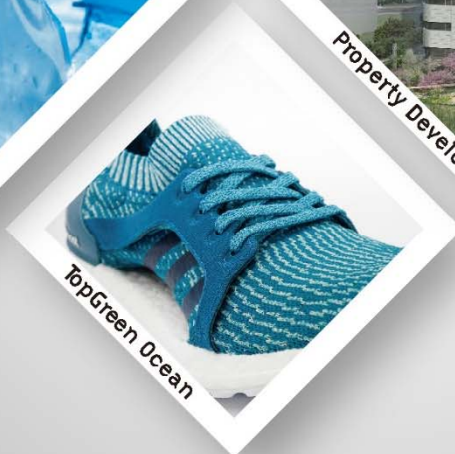
Telecommunications



Property Development



Retail



TopGreen Ocean



Apparel



Spokesperson

Name: Humphrey Cheng
Title: Corporate Management President
Tel: 886-2-27338000 #8969
Fax: 886-2-27367184
E-mail: csostaff@metro.feg.com.tw

Deputy Spokesperson

Name: David Wang
Title: Chief Financial Officer
Tel: 886-2-27338000 #8735
Fax: 886-2-27358175
E-mail: ccwang@metro.feg.com.tw

Headquarters, Branches & Plants

Headquarters

Address: 36F, Taipei Metro Tower, 207,
Tun Hwa South Rd., Sec.2, Taipei City,
Taiwan, R.O.C.
Tel: 886-2-27338000

Plants

Hsinpu Chemical Fiber Plant
Address: 369, Yadong Sec., Wen Shan Rd.,
Hsinpu, Hsinchu County, Taiwan R.O.C.
Tel: 886-3-5882511

Kuanyin Chemical Fiber Plant

Address: 3, Jingjian 6th Rd., Kuanyin
Industrial Park, Kuanyin, Taoyuan City,
Taiwan R.O.C.
Tel: 886-3-4832720

Kuanyin Dyeing and Finishing Plant

Address: 1, Kuojiang 2nd Rd., Kuanyin,
Taoyuan City, Taiwan R.O.C.
Tel: 886-3-2729055

Neili Texturizing Plant

Address: 2 Yuan Dong Rd., Chungli,
Taoyuan City, Taiwan, R.O.C.
Tel: 886-3-4555136

Hukou Mill

Address: 30, Hexing Rd., Hukou, Hsinchu
County, Taiwan, R.O.C.
Tel: 886-3-5997135

Common Share Transfer Agent and Registrar

Oriental Securities Corporation
Address: 3F, 86, Chung Ching South Rd.,
Sec. 1, Taipei City, Taiwan, R.O.C.
Tel: 886-2-23618608
Website: <http://www.osc.com.tw>

Auditors

Deloitte & Touche
Auditors: Jing-Bin Shih, CPA,
Cheng-Hung Kuo, CPA
Address: 20F, No. 100, Songren Rd., Xinyi
Dist., Taipei, 11073, Taiwan, R.O.C.
Tel.: 886-2-2725-9988
Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange

Luxembourg Stock Exchange
Disclosed information can be found at
<http://www.bourse.lu>

Corporate Website

<http://www.fenc.com>

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I. Letter to Shareholders

Dear Shareholders,

As Far Eastern New Century (FENC) prepares to usher in its 70th anniversary during a dazzling age of digital innovation, artificial intelligence, green technology and rapid business metamorphosis, FENC will continue its transformation during this dynamic era, embracing the new economy as a forward-looking, agile and creative enterprise, whilst still adhering to its overarching principles of sincerity, diligence, thrift, prudence and innovation. As an auspicious prelude to its 70th anniversary, FENC steadfastly rose above political and economic turmoil around the world in 2018, and will continue to stride ahead with no slacking in its ambition towards a vision ultimately realized by its centennial celebrations, achieving multiple milestones in sustainable development and innovative business practice along the way.

In 2018, the global economy was dominated by the United States, the European Union, China and Japan with the US standing out among these four with relatively strong growth. The EU experienced only lukewarm recovery, the Chinese economy cooled despite attempts to stabilize it and Japan witnessed a mild economic upturn. Motivated by the unilateralism of President Trump's America First stance, the US successively withdrew from several international organizations and agreements, including the Trans-Pacific Partnership, the Paris Climate Accord, the Iran Nuclear Deal, and the UN Human Rights Council, and renegotiated the North American Free Trade Agreement. The US also adopted strategies to thwart China's manufacturing ambitions—"Made in China 2025," imposing a ban on sales of high-tech products to China. The US-Sino trade disputes on various fronts, such as intellectual property protection, tariffs and exchange rates, have had an enormous impact on the world's economic growth. Europe meanwhile is faced with its own political and economic challenges with its prospects expected to be fraught with uncertainties as the post-Merkel era begins in Germany. In France, President Emmanuel Macron has been losing his public appeal, and the yellow-vest demonstrations, the largest in scale of the past fifty years, have swept through the country. The British economy, and its politics remain embroiled in continued Brexit uncertainty as the government endeavors to follow through on 2016's referendum result.

While China continues to accelerate technological development at home, expand its global reach by promoting the Asian Infrastructure Investment Bank as well as the Belt and Road Initiative and dominate negotiations on the Regional Comprehensive Economic Partnership trade deal, it also has both external and internal challenges to grapple with, ranging from ever-increasing debts to the impending contraction of investment and consumption. In order to stabilize its economic and financial situation, it has made the centerpiece of its economic policy "six stabilities"—in the areas of employment, finance, foreign trade, foreign investment, domestic investment, and development targets, and pledged a strategy to expand imports but, notwithstanding these efforts, a full-blown trade war and economic downturn loom large on the horizon.

2019 is set to unfold with a myriad of challenges. Rising populist protectionism runs counter to globalization and geopolitical power struggles persist. America's dividing partisanship and fiscal deficit and Federal Reserve policy decisions are giving rise to market concerns and developments in trade tensions between the United States and China will continue to impact the rest of the world. Implications of the summit between the American and North Korean leaders remain tantalizingly unclear. The UK's

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Brexit talks with the EU are mired in frustration and unpredictability. International oil prices are bound to fluctuate due to a multitude of factors including the deal reached among OPEC member states and their partners to reduce oil production, increased risks of geopolitical conflicts, growth in the electric vehicle sector and advances in green energy. All of these developments and trends contributing to the uncertainty of the global economy are compounded by continuing concerns about the ability of governments around the world to cope with the burgeoning incidence of extreme weather conditions triggered by global warming.

Taiwan has also been braving adversity, ranging from shifts in diplomatic recognition, marginalization in international trade, to cross-strait tensions. As it strives to transform and upgrade its economy, it is faced with a multiplicity of challenges, including scarcity of natural resources, antagonism between political parties, social discord, exclusion from regional economic integration, reductions in energy reliability and increases in production costs, which are negatively impacting the private sector's decisions to invest and threatening to blunt its competitive edge.

Changes and challenges abound in global politics and the economy as well as in the natural world. Business models evolve rapidly while supply chains are migrating against the backdrop of trade conflicts. Digital technologies are driving the world economy forward. FENC, capitalizing on its 70 years of experience and expertise, is highly responsive and adaptive to these environmental changes and is poised to write a new chapter of success in its illustrious history.

Operating Results

FENC invests prudently whilst seeking opportunities and remaining agile and flexible in business operations, maintaining our ability to expand and thrive in the global landscape. Outstanding performances were seen across business segments in 2018. Our consolidated revenue and net income reached NT\$228.7 billion and NT\$18.392 billion, respectively. The net income attributable to shareholders of the Company came to NT\$12.028 billion, a growth of 49% from the previous year, translating into a basic EPS of NT\$2.41 based on the IFRS rule. The 23rd term Board of Directors has proposed a cash dividend of NT\$1.8 per share in the 4th Board meeting.

Production Business: Deploying across the Globe with an Ever-Broadening Vision

1. Business foothold—growing deeper roots in Asia and branching out to the rest of the world

The Company executes strategic investments in a timely manner to fulfill its global vision and business operations located in Taiwan, China, Vietnam, the United States, Japan and Southeast Asia have been vertically integrated into a streamlined system from production to sale. The synergy created by this global deployment has enabled FENC to maintain its leadership position in the industry. Aware of the global wave of protectionism, the Company has reacted proactively with investments in Vietnam, establishing a production capacity of 400,000 tons of PET and in other plants has streamlined the apparel production process from weaving and dyeing to finishing. This latter project has entered phase II expansion, including the second-stage construction of the Dyeing & Finishing Plant, the Polyester Filament and Staple Plant and the 3rd Apparel Plant. These investments have not only enabled us to

harness Vietnam's competitive trading advantages, thanks to its inclusion in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and Free Trade Agreement with the European Union, but have also reduced the threat of competing integrations of regional economies around the world and avoided collateral damage in the ongoing trade war between the United States and China. In addition, the bottle-grade PET resin plant with an annual capacity of 360,000 tons in West Virginia U.S.A., acquired in 2018 from Mossi & Ghisolfi (M&G), together with their research and development center in Ohio State, has been integrated into APG Polytech, LLC and commenced production, which affords us advantages in raw material and energy costs and allows the Company to overcome trade barriers and directly supply the American domestic market. In addition, the joint bid with two other international partners for the acquisition and further construction of a production facility in Corpus Christi, Texas has been approved by the US Federal Trade Commission. After the project is completed, these integrated PTA/PET assets will be amongst the world's largest, with a PTA capacity of 1.3 million tons and PET capacity of 1.1 million tons per annum. In addition, Taiwan's new 1.5-million-ton PTA plant is up and running, allowing us to phase out old facilities. Not only does this project upgrade the competitiveness of our products, but it also guarantees a secure supply of feedstocks to the manufacturing base in Vietnam. All segments across the board have been exerting themselves to the utmost to realize growth and demonstrate their vigor on the global stage.

2. Industry positioning—standing tall amongst out peers, leading the way to excellence

The Company is a world leader in the polyester industry and a bellwether globally. Its output of PET resin ranks third globally, recycled PET second in the world, and polyester sheet number one in Asia. Our products of premium quality remain competitive throughout the world with ever-growing sales volumes.

3. Green economy—upgrading and setting trends

The Company's green polyester enjoys leadership in the global market, green products certified by rigorous tests and audits both at home and abroad and thereby well-acknowledged by its customer base around the world. We have committed tremendous effort to research and development of assorted recycling technologies and applications, including "Bottle-to-Bottle" recycled polyester chips, "Bottle to Fiber" recycled polyester filaments, and "Bottle to Other Packaging" recycled packaging solutions. In furthering its strategic cooperation with brand-name companies, FENC has a deal with Adidas as its only supplier of "TopGreen Ocean" filament, which is made from recycled polyester fibers from ocean waste PET bottles. We also secured, for the fourth time, orders for functional jerseys made of recycled polyester fibers for several World Cup national teams, won the contract to supply NBA uniforms, and integrated ColorDry, a technology jointly developed with Nike and DyeCoo which substitutes supercritical carbon dioxide for water in the dyeing process, into the production of environmental-friendly fabrics and apparel. New milestones have been achieved in the research and development of green products, with application extended from polyester to nylon fabrics.

4. Dynamic Innovation—driving the business forward with state-of-the-art technologies

The vertical integration that starts from research and development and goes all the way down to production is complete and well-connected. At the "Far Eastern Group R&D Center," there are four R&D departments and twelve divisions, all staffed with brilliant and creative minds. The Center has established strategic alliances with international brand-name companies, developing highly profitable and exclusive products. It also collaborates closely with downstream partners and brand owners in product design to

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initiate trends in the market. We have been awarded 248 patents, reinforcing our leadership in both industry and branding. Our newly-developed functional fabrics have won a “TOP 10” and four “SELECTION” awards at 2019 ISPO Textrends. Tapping into the trend for environmentally-friendly products, we have introduced a sustainable waterproof breathable polyester film made of recycled polyester fibers. Several other R&D projects have spearheaded the industry’s exploration into new domains. Our impressive results in R&D of both products and technologies have truly put Taiwan front and center on the world map of innovation.

5. CSR model enterprise—striving for excellence and thriving on sustainability

The Company sees itself as a world-class enterprise that provides happiness and well-being. Our efforts and achievements have been well-acknowledged by 2018 Global Corporate Sustainability Awards (GCSA) and Taiwan Corporate Sustainability Awards (TCSA). We have been honored with the *Most Prestigious Sustainability Awards-Top Ten Domestic Corporates*, the *2018 CSR Report of the Year* for the third consecutive year by the TCSA, and the *Reporting Awards* by GCSA. Moreover, we have received a record-breaking number of awards, including the *Climate Leadership Award*, *Growth through Innovation Award*, *Circular Economy Leadership Award*, *People Development Award*, and *English Reportage Award*. The Company was also recognized in 2018 by Taiwan’s CommonWealth Magazine for its *Excellence in Corporate Social Responsibility*, selected as an “A-Level” constituent of the MSCI ESG Leaders Indexes, included in the FTSE4Good Emerging Index, TWSE Corporate Governance 100 Index, and Taiwan Sustainability Index. In 2018, FENC was not only honored to accept the *CSR Winner* for the second time from Global Views Monthly, but also nominated as one of the *World’s Best Employers* for the second straight year by Forbes with a global ranking of 149, the highest among only four Taiwanese companies to make the list and thereby a role model for corporate Taiwan.

Diversified Investments: Expanding our Scope to Realize Consistent Income

FENC has continued to expand its scope of investments across ten different sectors, which encompasses Far EasTone Telecommunications Corporation Limited (FET), Asia Cement Corporation (ACC), Far Eastern Department Stores Limited (FEDS), Oriental Union Chemical Corporation (OUCC), and Far Eastern International Bank (FEIB). Investments in these listed companies, which are all top performers in their own right, generate consistent incomes for FENC. The innovation-minded FET is ready to reposition itself from telecom operator to digital service provider in the era of 5G, and will increase the proportion of value-added services to compete on value rather than price. It will also aim for growth in cloud, security and energy management, and materialize business opportunities by focusing on the applications of the IoT and smart city. FENC has seen an impressive return on investment in ACC. The significant growth in earnings results mainly from its remarkable performance in China. It has managed to strengthen its foothold in the industry by both growing organically and expanding via acquisition, thereby extending its reach from central China to north China and making it to the Top 5 in China. In the retail segment, FEDS is actively pursuing transformation, introducing shopping centers of new concepts to consumers. Its three shopping malls of the City series boosted the Group’s market share in the sector of department stores. It has also managed to capitalize on the trend of “Online to Offline” as e-commerce continues to develop towards full bloom. Two more shopping malls, respectively located in Taipei’s Xinyi A13 and Chubei, are expected to further broaden its retail landscape when they open. OUCC experienced a growth in revenue in 2018 mainly as a combined effect of an increase in both the sales volume of its staple product—MEG and its selling price. FEIB, with its digital capabilities kept up to date for financial services, also performed relatively well in revenue and earnings. Overall, the optimal returns on

investment across the board have proven a valuable contribution to the Company's huge increase in profits.

Land Development—Flexible Land Strategies to Maximize Returns

The Company has up to 570,000 pings (1,884,306 m²) of land throughout Taiwan. In order to formulate strategies for land development, Far Eastern Resources Development Corporation (FERD) was set up to take charge of revitalizing the Company's existing properties, with the hope that agile, flexible strategies in land management can maximize the benefits of real estate operation. Most of its properties are located in premium areas across the north of Taiwan, including Taipei Far Eastern Telecom Park (Tpark), Taipei Far Eastern Plaza, Mega Tower— the tallest skyscraper in New Taipei City, the lots of 170,000 pings (561,986 m²) in Wugu and 140,000 pings (462,812 m²) in Kuanyin. These valuable assets, if utilized with agility and forward thinking strategy, are certain to generate even far greater economic benefits. Phase I construction of Tpark, located in New Taipei City's Banqiao district, is complete and operating. It now hosts the NTPC-AWS Joint Innovation Center, a development partnership between New Taipei City government and Amazon Web Services (AWS). This iconic project has raised the park's international profile and the park is in turn primed to be a telecom park of sustainable development complete with office buildings, shopping centers, residential complexes, a library, a medical center, a hypermarket and schools. In addition, the tech giant Google, in an agreement with Tpark, will unveil a research and development office complex in the park in 2020 to promote its Intelligent Taiwan project, which will align the resources for neighboring startups and the cloud industry and even galvanize the establishment of an AI R&D center creating a growing demand for high-tech talent which will ripple out to the rest of the economy. As the Company has successfully attracted multinational tech heavyweights to deploy their R&D investments in Tpark, New Taipei City's ICT industry will unequivocally be invigorated and subsequently give rise to an overall industrial upgrade. These developments will refine New Taipei City's image in the international community and boost local economic prosperity, creating even more business opportunities and niches. Phase II construction is also underway with the main structures of FET's IDC building and second R&D building both completed in February 2019 and the rest of the construction to be completed by the end of the year. Once inaugurated, these two assets will yield a substantial rental income. The upscale residential project jointly developed with Far Eastern Construction in Tpark, currently under construction and expected to be completed by 2020, will enter the sales stage. The construction of the hot-spring hotel in Yilan's Jiaoxi Township (on Taiwan's northeast coast) is scheduled to begin after receiving the building permit in 2019. Our FERD management team remains committed to creating advantages for our assets and enhancing their value-growing potential.

Business Goals and Prospects

Capitalizing on its solid foundations of industrial management, FENC operates its business in an agile and strategic manner. We will continue to stride toward our strategic goals as an intelligent enterprise that excels at cutting-edge technologies, innovative R&D and elite management.

A. Building Global Presence to Optimize Sales Performance and Service Quality

As the Company pursues growth opportunities ardently to achieve sustainable operation, we will forge ahead with overseas expansion and increase investments around the world to mitigate the effects of trade barriers. The investment project in Vietnam has moved onto Phase II, ranging from polyester

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staple and filament, dyeing to apparel factories. The exports are mainly bound for countries that grant tariff concessions to Vietnam, such as the EU and ASEAN member states. The newly-acquired capacities in the United States will successively join the production line. The joint venture in PTA production in Yangzhou, China has been reviewed for reactivation. The Company has also been keenly building its global presence to cushion the impact of any particular market or abrupt economic change. Its deployment in diverse geographic locations around the world affords it not only agility in business operation but also acute responsiveness to customer needs. It is also believed that the proximity to our most valued clients will foster mutual growth and prosperity. We will take a prudent approach to the markets and continuously enhance our competitive advantages.

B. Leveraging Artificial Intelligence to Capture Business Opportunities Derived from Successful Transformation

The Company is fully committed to introducing smart equipment and manufacturing processes. Specific funds have been earmarked to support AI initiatives and build a smart manufacturing supply chain. We have built Asia's first smart factory of industry 4.0 in Vietnam, integrating ERP and MES with the automated warehousing system in alignment with automated production, connecting the factory with our clients via IoT, and thereby greatly improving production efficiency. Our petrochemical factory is taking a bold lead in Taiwan by installing the first smart P&ID platform which integrates the virtual data with the physical working environment. Our polyester and textile factories are embracing smart manufacturing in various aspects, including big data management, introduction of AI, cyber-physical integration, robot-assisted development and application, which all aim to maximize the operational efficiency of an intelligent supply chain. The Company is increasingly dedicated to completing our intelligent transformation in the era of industry 4.0 in order to create new business opportunities.

C. Focusing on Green Products to Uphold Brand Values

Going green is a prevailing global trend. The Company has been a leader in the development of eco-friendly products and manufacturing processes for well more than three decades. We serve brand customers with the most advanced technologies and profit from the green opportunities by supplying massive multinationals with high-quality products that meet the requirements for food-grade packaging materials set by the U.S. Food and Drug Administration, European Food Safety Authority and Japan's Administration of Food Safety. In assisting our brand customers to fulfill their green missions and future goals, we have also planned to add new production lines in Japan, Southeast Asia and the U.S. to mitigate risks associated with the feedstock's places of origin and to respond to customers' needs in a timely fashion from a closer geographic location. FIGP in Japan has been expanding its second line and will continuously increase its capacity to capture new business opportunities brought about by green trends.

D. Initiating Smart Management Practices to Sustain Competitive Edge

To fast-track transformation and ultimately achieve synergy, a global management team has been put in charge of expansion around the world to coordinate the initiatives of smart management and consolidate resources in various geographic locations. Virtual/digital management has been initiated across the board in tandem with the establishment of a mobile office environment. Corporate financial strategy and policies are governed by the principles of stability and agility to buttress investments and increase asset values. A customer contribution system has been installed to enhance the efficiency of

business operation, and a risk alert system to manage risks in a preemptive and holistic manner. FENC has also not only urged each business segment to reinforce the management of its own supply chain, but remains committed to the cultivation of new talent for its ever-expanding global presence and cooperation with academic institutes both enables recruitment of the brightest and best and bolsters its R&D capabilities. We will continue to strive for advances in corporate governance, environmental sustainability and energy efficiency to align ourselves with international best practices in business management and build a distinguished corporate image.

E. Reinforcing R&D Capabilities to Harness Advanced Technologies

Innovation lies at the core of the Company's value system, and thus as we develop its R&D capabilities to the fullest, we also make sure that our projects in various fields, ranging from environmental protection, AI to IoT, are all infused with new concepts, new technologies, and new economic mindsets, which genuinely carve out lucrative and exclusive competitive niches in the market. Our R&D functionality keeps scaling up and the resultant innovative power permeates through the whole organization in our various locations around the world. In the United States, the resources of Sharon Center will be restructured for the establishment of a PET R&D Center. In Suzhou, China, a Modernization Manufacturing Center has been jointly built with NIKE. In Taiwan, COLAB operates to develop new materials and technologies with our brand customers. The Company leverages its world-class competency in R&D and innovative technologies on collaborative projects with multinational companies, which exemplifies our R&D strengths and turns out heartening opportunities and promising possibilities.

F. Committing to Philanthropy to Create a Ripple Effect in the Corporate World

Not only does the Company concern itself with industrial progress, but it also engages in a variety of endeavors, including philanthropy, education, healthcare and environmental sustainability. To advance public interests, its effort spans four different areas—healthcare, education, research and development of science and technology, and cultural creation and environmental protection. It has established three schools, two medical institutes and four philanthropic foundations. Regular events are held by the Far Eastern Medical Foundation, Far Eastern Memorial Foundation, and Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation to promote a positive mentality and foster hope in society. We take concrete action to pursue corporate sustainable development in concurrence with the UN SDGs. In 2018, for example, Far Eastern Memorial Foundation co-published with universities two white paper books on long-term care policy, entitled respectively Rights of Migrant Caregivers in Taiwan and Prospects of Smart Technology Application to Senior Caregiving, which received favorable reviews in a variety of circles upon publication and were applauded for their insightful contribution to policy suggestion. The foundations also hold the Far Eastern Architecture Award and Top Talent for New Life Cooking Competition to promote the humanities. In addition, the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation hosts the Y. Z. Hsu Science Award, and presents in three categories, namely Y. Z. Hsu Science Chair Professor, Y. Z. Hsu Science Paper Award, and Y. Z. Hsu Technology Invention Award, to promote science and technology innovation and simultaneously enhancing Taiwan's future competitiveness. Since the inception of the Y. Z. Hsu Science Award, nearly 300 Taiwanese scholars have been recognized with total prizes of around NT\$140 million. At the forefront of healthcare, the Far Eastern Memorial Hospital has completed its expansion, and can therefore allow medical professionals to delve into even more advanced and sophisticated clinical research that will benefit even more patients. In the field of education, Yuan Ze University has spared no efforts in upgrading itself with digital innovation and expects to join the ranks of world-class universities. The Company remains dedicated to advancing public wellbeing and is preparing itself to contribute even more to the country in the future.

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Over the 70 years since its establishment, FENC has witnessed numerous changes in the socio-economic climate. We are ready to thrive in an era of fast-evolving business models by harnessing technological innovations, including IoT, mobile technology, AI, block chain, cloud computing and big data. As touched on in the theme of the 2018 Far Eastern Group Annual Strategy Meeting—Transformation in a Dynamic Era to Embrace the New Economy, we will undertake this transformation with new thinking, pursue growth with innovation and perseverance, inject renewed life into all our business operations across various sectors from Taiwan to Asia, and globally, and stride on towards centennial prosperity.

Chairman
Douglas Tong Hsu

徐旭東



II. Company Profile

1. Date of Incorporation

13 January 1954

2. Company History

- 1942** • Yu-Ziang Hsu founded Far Eastern Knitting Factory Co., Ltd. in Shanghai to produce "Skyscraper"-brand underwear for sale throughout China.
- 1949** • The company was relocated to Taiwan, and installed its knitting factory in Banqiao, the outskirt of the Taipei City, where it continued producing and marketing knitted fabrics.
- 1953** • The name of the Company was changed to Far Eastern Knitting Co., Ltd.; meanwhile, the Taiwan Far Eastern Textile Co., Ltd. was founded in Banqiao for the purpose of establishing a weaving mill.
- 1954** • Far Eastern Knitting and Taiwan Far Eastern Textile were merged to form Far Eastern Textile Ltd. (FETL), which was located on Yungshui Rd. in Taipei.
- 1955** • Shirt production equipment was added, and the Company was the first one in the Republic of China to receive an order for the cotton yarn export.
- 1960** • An advanced apparel plant was established.
- 1963** • Cotton and chemical fiber facilities were installed for the rising demand of the Taiwan society and the synthetic fiber industry.
- 1965** • The third synthetic fiber textile plant was established, completing the vertical integration of FETL's processes from spinning to weaving, dyeing and finishing, and apparel production.
- 1966** • The head office was moved to Paoching Rd. in Taipei in July.
- 1967** • Permission for FETL shares listed on the Taiwan Stock Exchange was received in April.
- 1969** • A new garment factory was constructed at Hsinpu.
- 1970** • A new spinning plant was built at Hsinpu to produce yarns from polyester and acrylic fibers.
- 1972** • The Banqiao textile factory of Taiwan Textile and the Neili textile plant of Yunghsing Industries were procured and converted to FETL's Banqiao and Neili textile plants.
- 1974** • The Yilan apparel plant was built.
- 1978** • The Chungchou Textile Plant at Kuanyin in Taoyuan County was purchased and renamed as Kuanyin Textile Factory.
- Permission was received to acquire and merge Orient Chemical Fiber and establish a chemical fiber plant.
- 1982** • Permission was received to merge Eastern Manmade Fiber into FETL and established the Eastman Division, which in July of the next year was merged into the Textile Division.
- 1987** • The Hukou production site was established, and later yarn and fabric plants were constructed there.
- Ground-breaking took place in August for the Taipei Metro Tower; a multiple-purpose twin towers with 41 stories above ground and five below, containing offices, a shopping center, and a tourist hotel.
- 1988** • To create new applications for polyester filament, a joint investment was made together with Hong Ho Precision Textile Co. in the establishment of Everest Textile Co. to produce fine woven fabrics as a means of adding value to FETL products.
- 1993** • The Hsinpu Synthetic Fiber Plant of the Fiber Division received ISO-9001 certification from the D.N.V. company, being the first chemical fiber plant in Taiwan to be accredited with such certification.
- Construction of the Taipei Metro Tower completed in October and the head offices of FETL as well as of Asia Cement and other affiliated companies moved into the complex on Oct. 16 and 17, making this the headquarters of the Far Eastern Group.
- 1994** • The Yilan and Banqiao plants of the Apparel Division, and the Neili and Hukou plants of the Textile Division, were accredited with ISO-9002 certification.
- 1995** • DuPont-Far Eastern Co., Ltd. (renamed as Far Eastern Fibertech Co., Ltd.) was established in cooperation with DuPont of the United States for the production of high-tech nylon 66.
- A contract was signed with ICI for the establishment of ICI Far Eastern Ltd. (renamed as Oriental Petrochemical Corporation now) to construct a PTA plant at Kuanyin in Taoyuan County.
- 1996** • Permission was received in July from the Investment Commission, Ministry of Economic Affairs for a joint investment by FETL and its wholly-owned subsidiary Yuan Ding Investment Corp. in the establishment of Far Eastern Industries (Shanghai) Ltd. for the production and sale of polyester staple, polyester filament, and other products.
- 1997** • In January, Far EasTone Telecommunications Co., Ltd. (Far EasTone), which is 62.4% owned by FETL's subsidiary Yuan Ding Investment Corp., obtained island-wide DCS and northern-region GSM mobile phone licenses from the Directorate General of Telecommunications.
- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co., Ltd. began trial production in September.

Company Profile

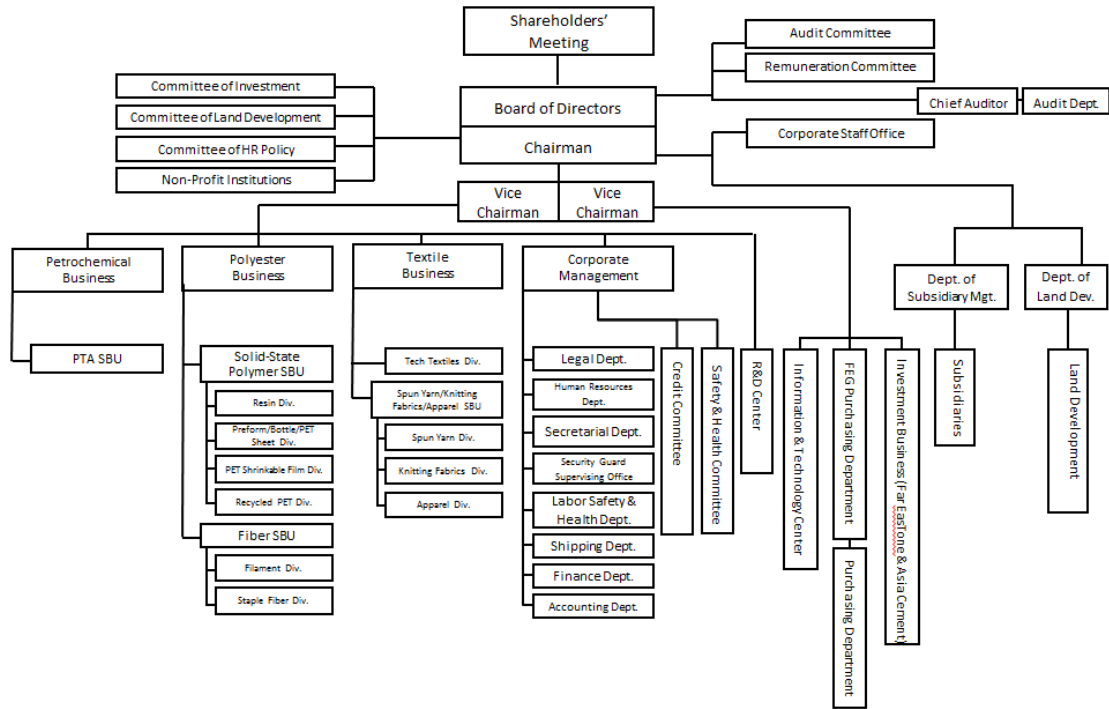
- 2000** • Mr. Y. Z. Hsu, Far Eastern Group founder, passed away at the age of 90 in December and left behind the most valuable and cherished founding spirit of "Sincerity, Diligence, Thrift, and Diligence" as the Company's motto.
- 2001** • In March, FETL-invested NCIC launched its voice and data services with "Sparq" as the brand name.
- 2002** • In May, FETL started the installation of the ERP system with PricewaterhouseCoopers. This project helped promoting internal processing re-engineering, cost reduction and management of financial information.
- In October, a joint investment by FETL's subsidiaries and Far Eastern Department Stores ("FEDS") was formed to acquire the controlling interests of the SOGO Department Stores.
- 2003** • In September, FETL spun off its holdings of land and transferred such holdings as paid-in capital of the 100%-owned Far Eastern Resources Development Co., Ltd. ("FERD"), which became a vehicle specializing in developing and monetizing the existing land resources.
- 2004** • In April, FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd." has signed BOT contract with National Freeway Bureau.
- 2005** • In April, Far EastTone was approved by Taiwan Stock Exchange Corporation to become as a publicly listed company.
- 2006** • In February, the public highway electronic toll collection system was officially activated. This system was built by FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd.".
- In March, Oriental Petrochemical (Shanghai) Corporation invested by FETL commenced production, with a PTA production capacity of 650,000 tons/year to support the synthetic fiber business under Far Eastern group and other producers.
- 2007** • In January, FERD, fully owned by FETL, proposed to the government a change on the urban development plan, converting its Banqiao factory from production factory into a telecommunication-related specialized zone. The government had approved such proposal after a three-year evaluation and this land re-zoning plan was officially announced on 23 January 2007.
- 2008** • In March, Sino-Belgium Beer (Suzhou) Ltd. was established and invested by FETL. The factory was completed in April. In October, a beer "Martens 1758", manufactured for Belgium Martens beer company, was launched in the Shanghai market.
- In October, FETL obtained all shares of "Invista Far Eastern Petrochemicals Ltd." & "Far Eastern Invista Ltd." and renamed them "Oriental Petrochemical (Taiwan) Co. Ltd." & "Far Eastern Fibertech Co., Ltd.", respectively.
- 2009** • In October, in the Company's Extraordinary Shareholders' Meeting, shareholders presented had resolved and approved the renaming of the Company, from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC), effective on the same date.
- 2010** • In January, new shares of FENC were listed on the Taiwan Stock Exchange.
- 2011** • In March, FENC constructed, operated and sponsored "FE EcoARK", a pavilion made of 100% recycled PET bottles, at the Taipei International Flora Expo. This architecture was the first of its kind in the world.
- In December, a wholly owned subsidiary of FENC has entered a joint venture with Sinopec Yizheng Chemical Fibre Company Limited to establish Far Eastern Yihua Petrochemical (Yanzhou) Corporation to conduct purified terephthalic acid (PTA) production.
- 2012** • In May, FENC founded Far Eastern Industries (Yangzhou) Ltd. and Far Eastern Union Petrochemical (Yangzhou) Ltd., via indirect investments and plans to build a new production site for polyester and ethylene glycol.
- 2013** • In April, FENC, through its subsidiary "Far Eastern Polychem Industries Ltd.", has entered into a joint venture with Ishizuka Glass Co., Ltd. ("IGC"), to establish Far Eastern Ishizuka Green PET Corporation in Japan to conduct R-PET production and distribution business
- In May, 1st Global Sustainable Procurement (GSP) supplier awards was launched by Coca-Cola and FENC was awarded "2013 Supplier of the Year" out of 900 suppliers.
- In May, FENC issued Formosa and Yen bonds in the Taipei Exchange, successfully being the first manufacturing company in Taiwan to issue bonds denominated in both RMB and Yen.
- In May, Far Eastern New Century (China) Investment Co., Ltd., the subsidiary of Far Eastern New Century, obtained the right to the use of land through public auction for RMB 978 million (equivalent to NT\$ 4.67 billion). The land is located at plot A09B – 02, World Expo Zone, Pudong New Area, Shanghai.
- 2014** • In April, FENC was awarded the "10th Annual Corporate Social Responsibility Awards - Global Views Excellent Service Awards" for the project "The Greenest Bottle, starts with a Genuine Heart"
- 2015** • In April, FENC was awarded the highest "A++" ranking in the 12th Annual Information Disclosure and Transparency Rankings Evaluation among Listed Companies.
- In June, FENC, through its subsidiary "Far Eastern Investment (H) Ltd.", has established Far Eastern Polytex (Vietnam) Ltd. for a new vertically integrated polyester and textile production base.
- In November, FENC won a Gold Award from Taiwan Institute for Sustainable Energy (TAISE) in "Taiwan Top 50 Corporate Sustainability Report Awards," ranking first in the Traditional Manufacturing category and also received the "Growth Through Innovation Award" in "Corporate Sustainable Performances" category for developing the world's first 100% bio-based PET bottle.

- 2016**
 - In February, DynaFeed, a FENC revolutionary smart garment system with bio-sensing technology and IoT platform, was awarded the ISPO Asian Gold Award at the globally prestigious ISPO Textrends Exhibition.
 - In May, FENC won the “Corporate Social Responsibility Award”, ranking first in the manufacturing industry category from Global View Magazine due to conserving energy and protecting the environment.
 - In June, FENC won Enterprise Asia’s “2016 Asia Responsible Entrepreneurship Award” in the category of green leadership for developing the world’s first Bio-PET bottle.
 - In December, FENC earned the 13th “National Innovation Award” in Taiwan in developing the 100% bio-PET polyester shirt. The 100% bio-PET polyester shirt made entirely from plant-based material, which reduces the carbon footprints by 30% compared to the petrochemical based one, was developed by FE Group R&D Center.
- 2017**
 - In April, FENC was in the top 5% of the listed companies in the third “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange for the first time.
 - In May, FENC won the “CSR Annual Survey – Excellence Award in the Traditional Industrial Group” of the 13th Annual Corporate Social Responsibility Award by Global Views Magazine.
 - In November, FENC was included as a constituent of the MSCI ESG Leaders Indexes and assessed of MSCI ESG Rating – Industrial Conglomerates: A.
- 2018**
 - In February, FENC, through its subsidiary “Far Eastern Investment (H) Ltd.” acquired Mossi & Ghisolfi’s (M&G) assets of a PET plant in West Virginia and a R&D center in Ohio, USA.
 - In May, FENC won the “CSR Annual Survey – Grand Prize in the Traditional Industrial Group” of the 14th Annual Corporate Social Responsibility Award by Global Views Magazine.
 - In December, FENC was selected as a constituent of the FTSE4Good TIP Taiwan ESG Index, conducted by Taiwan Index Plus Corporation and FTSE Russell.
 - In December, FENC, through its subsidiary “APG Polytech USA Holdings, Inc.” joint ventured with Indorama Ventures Corpus Christi Holding LLC and DAK Americas, LLC, with the FTC approval, to acquire M&G’s PTA/PET plant in Texas, USA.
- 2019**
 - In January, FENC was selected as a constituent of the Taiwan Sustainability Index, conducted by Taiwan Institute for Sustainable Energy and National Taipei University.
 - In April, FENC was in the top 5% of the listed companies in the fifth “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange again.
 - In April, FENC won the “CSR Annual Survey – Grand Prize in the Traditional Industrial Group” of the 15th Annual Corporate Social Responsibility Award by Global Views Magazine.

III. Corporate Governance Report

1. Organization

1.1 Organization Chart



1.2 Affairs in Charge for Each Major Department

Department	Affairs in charge
Audit Department	Internal auditing
Petrochemical Business	Production and sales of PTA
Polyester Business	Production and sales of polyester chips, polyester staple fibers, polyester filaments, PET films, PET sheets, PET bottle preforms and Nylon filaments
Textile Business	Printing, dyeing and finishing of yarns, fabrics and cloths; production and sales of miscellaneous natural, man-made, synthetic fiber yarns and fabrics, blended yarns and fabrics, and woven finished clothing and knitted finished clothing; production and sales of industrial yarns and industrial fabrics
Corporate Management	Arrange the planning and enforcement of the company's legal, human resources, general administration, shipping, security, labor safety and health, finance and accounting related matters
R&D Center	Research and development

2. Directors and Management Team

2.1 Directors

Book closure date: 29 April 2019

Title	Nationality or Record of Birth	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Share	%	Share	%	Share	%		Title	Name	Relation
Chairman	R.O.C	Douglas Tong Hsu	Male	29 Jun 2018	3	23 Dec 1967	91,748,698	1.71	91,748,698	1.71	-	-	National Chiao Tung University, Taiwan, Honor Ph.D in Management University of Notre Dame, USA, MA Columbia University, USA Δ Chairman of Asia Cement Corp.(ACC), Oriental Union Chemical Corp.(OUCC), U-Ming Marine Transport Corp.(U-Ming), Far Eastern Department Stores Ltd. (FEDS), Far Eastone(FET), and Vice Chairman of Far Eastern International Bank (FEIB)	Vice Chairman Vice Chairman Director Director Director	Johnny Hsi Peter Hsu Raymond Hsu Tonia Katherine Hsu Alice Hsu	Brother-in-law Brother Brother Daughter Sister
Vice Chairman	R.O.C	Johnny Hsi Representative of Asia Cement Corporation	Male	29 Jun 2018	3	9 Feb 1979	1,272,277,085 *1,672,207	23.77 0.03	1,272,277,085 *1,672,207	23.77 0.03	-	-	Columbia University, USA, Master in Computer Science Δ Chairman of Everest Textile, Vice Chairman of OUCC, Director of ACC and CTCI Corporation	Chairman Vice Chairman Director Director	Douglas Tong Hsu Peter Hsu Raymond Hsu Alice Hsu	Brother-in-law Brother-in-law Brother-in-law Sister-in-law
	R.O.C	Peter Hsu Representative of Asia Cement Corporation	Male	29 Jun 2018	3	14 Apr 1976	1,272,277,085 *48,269,210	23.77 0.90	1,272,277,085 *48,269,210	23.77 0.90	-	637	Stanford University, USA, Master in Operation Research Δ Managing Director of FET, Director of ACC, Supervisor of U-Ming	Chairman Vice Chairman Director Director	Douglas Tong Hsu Johnny Hsi Raymond Hsu Alice Hsu	Brother Brother-in-law Brother Sister
Director	R.O.C	Raymond Hsu Representative of Asia Cement Corporation	Male	29 Jun 2018	3	14 Apr 1976	1,272,277,085 *33,967,959	23.77 0.63	1,272,277,085 *33,967,959	23.77 0.63	-	-	Australian Mining and Metallurgy College, Australia Δ Chief auditor of FENC	Chairman Vice Chairman Vice Chairman Director	Douglas Tong Hsu Johnny Hsi Peter Hsu Alice Hsu	Brother Brother-in-law Brother Sister
	R.O.C	Shaw Y. Wang Representative of Asia Cement Corporation	Male	29 Jun 2018	3	10 May 1985	1,272,277,085 *395,366	23.77 0.01	1,272,277,085 *395,366	23.77 0.01	-	-	National Chung Hsing University, Taiwan, Business Administration Department National Taiwan University, Taiwan, the Executive Program in Business Administration Δ Executive Director of Group Foundation, Director of FEIB	-	-	-
	R.O.C	Richard Yang Representative of Far Eastern Department Stores Ltd.	Male	29 Jun 2018	3	13 Jun 2006	19,964,370 *1,379,348	0.37 0.03	19,964,370 *1,379,348	0.37 0.03	-	-	American Graduate School of International Management, USA Δ Managing Director of Surfview Capital Ltd.	-	-	-
	U.S.A	Tonia Katherine Hsu Representative of Far Eastern Department Stores Ltd.	Female	29 Jun 2018	3	13 Jun 2006	19,964,370 *-	0.37 -	19,964,370 *-	0.37 -	-	-	Sarah Lawrence College, USA Δ -	Chairman	Douglas Tong Hsu	Father
	R.O.C	Kwan-Tao Li Representative of U-Ming Marine Transport Corp.	Male	29 Jun 2018	3	13 Jun 2006	31,181,470 *-	0.58 -	31,181,470 *-	0.58 -	-	-	Kellogg-HKUST, MBA Δ Chief Senior Counselor, Lee and Li, Attorney-at-law, Director of ACC	-	-	-

Title	Nationality or Record of Birth	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Share	%	Share	%	Share	%		Title	Name	Relation
Director	R.O.C	Alice Hsu Representative of U-Ming Marine Transport Corp.	Female	29 Jun 2018	3	20 Apr 1988	31,181,470 *24,072,710	0.58 0.45	31,181,470 *24,072,710	0.58 0.45	-	-	Sheridan College, Retail Management Δ -	Chairman Vice Chairman Vice Chairman Director	Douglas Tong Hsu Johnny Hsi Peter Hsu Raymond Hsu	Brother Brother-in-Law Brother Brother
	R.O.C	Champion Lee Representative of Yue Ding Industries Co., Ltd.	Male	29 Jun 2018	3	20 Apr 1988	20,963,781 *618,060	0.39 0.01	22,243,781 *618,060	0.42 0.01	-	-	Texas A&I University, USA, Master in Business Administration Δ Director of ACC, FET & U-Ming	-	-	-
Independent Director	R.O.C	Bing Shen	Male	29 Jun 2018	3	28 Jun 2012	-	-	-	-	-	-	Harvard University, USA, Master in Business Administration Δ Independent Director of FEIB and Elite Material Co. Ltd., Director of CTCI Corporation	-	-	-
	R.O.C	Johnsee Lee	Male	29 Jun 2018	3	28 Jun 2012	-	-	-	-	-	-	Illinois Institute of Technology, USA, Ph.D. in Chemical Engineering Δ Director of Taiwan HOPAX Chemical MFG. Co. Ltd., Independent Director of Zhen Ding Technology Holding Limited, San Fu Chemical Co., Ltd. & Everlight Electronics Co., Ltd.	-	-	-
	R.O.C	Sheng-Cheng Hu (Note 3)	Male	29 Jun 2018	2	23 June 2016	-	-	-	-	-	-	University of Rochester, USA, Ph.D. in Economics Δ Chairman of Chung-Hua Institution for Economic Research, Executive Director of the Central Bank of the Republic of China (Taiwan)	-	-	-

* represents the number of company shares owned by the individual representative.

Note 1: No Director holds company shares via accounts under others' names.

Note 2: For Directors are company entities, the company registry is R.O.C.

Note 3: Independent Director, Mr. Hu Sheng-Cheng passed away on 11 July, 2018.

2.1.1 Major Shareholders of FENC's Directors are Institutional Shareholders

Book closure date: 29 April 2019

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders (%)
Asia Cement Corporation	Far Eastern New Century Corp. (22.33); Far Eastern Medical Foundation (5.40); Shinkong Life Insurance Co., Ltd. (2.12); New Labor Pension Fund (1.77); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.51); Far Eastern Department Stores Ltd. (1.49); China Life Insurance Co., Ltd. (1.43); Yuan Ze University (1.41); Far Eastern Memorial Foundation (1.31); Yu Yuan Investment Co., Ltd. (1.29)
Far Eastern Department Stores Ltd.	Far Eastern New Century Corp. (17.06); Asia Cement Corp. (5.65); Yuan Ze University (4.75); Yuan Tong Investment Co., Ltd. (2.80); Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (2.11); Yu Yuan Investment Co., Ltd. (2.06); Norges Bank account in custody of Citibank (Taiwan) (2.00); Tranguil Enterprise Ltd. (1.88); Far Eastern Memorial Foundation (1.71); Yuan Ding Investment Co., Ltd. (1.66)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25); Cathay Life Insurance Co., Ltd. (3.95); Fubon Life Insurance Co., Ltd. (2.26); Management Board of the Public Service Pension Fund (1.97); TransGlobe Life Insurance Co., Ltd. (1.21); Ding Shen Investment Co., Ltd. (1.06); Yuan Ding Investment Co., Ltd. (1.05); Yu Yuan Investment Co., Ltd. (0.94); Asia Investment Co., Ltd. (0.92); Vanguard Emerging Markets Stock Index Fund account in the custody of J.P. Morgan Chase Bank (0.92)
Yue Ding Industries Co., Ltd.	Fu Da Transport Co., Ltd. (26.95), Yue Tung Investment Co., Ltd. (25.36), An Ho Garment Co., Ltd. (15.66), Ding Yuan International Investment Co., Ltd. (13.20), Ton Fu Investment Corp. (4.61), Ya Li Precast Pre-stressed Concrete Industries Corp. (3.89), Da Ju Fiber Co., Ltd. (3.89), Yuan-Ding Co., Ltd. (2.59), Bai Ding Investment Co., Ltd. (2.31), U-Ming Commerce Co., Ltd. (1.53)

2.1.2 Major Shareholders of the Major Shareholders that are Juridical Persons

Book closure date: 29 April 2019

Name of Juridical Persons	Major Shareholders of the Juridical Persons (%)
Far Eastern New Century Corp.	Please refer to page 61.
Fubon Life Insurance Co. Ltd.	Fubon Financial Holding Co., Ltd. (100.00)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corp. (99.40); An Ho Garment Co., Ltd. (0.30); Da Ju Fiber Co., Ltd.(0.30)
Asia Investment Co., Ltd.	Asia Cement Corp. (100.00)
Shinkong Life Insurance Co., Ltd.	Shinkong Financial Holding Co., Ltd. (100.00)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100.00)
China Life Insurance Co., Ltd.	China Development Finance Holding Corp. (25.33); KGI Securities Co., Ltd. (9.63); Cathay Life Insurance Co., Ltd. (3.34); Videoland Inc. (2.35); Government of Singapore account in custody of Citibank (Taiwan) (1.73); New Labor Pension Fund (1.34); Lin-Lang Chan (1.27); Norges Bank account in custody of Citibank (Taiwan) (1.19); Saudi Arabian Monetary Agency account in custody of J.P. Morgan Chase Bank (1.13); Vanguard Emerging Markets Stock Index Fund account in custody of J.P. Morgan Chase Bank (1.08)
TransGlobe Life Insurance Co., Ltd.	Z.W.Y Co., Ltd. (100.00)
Nan Shan Life Insurance Co., Ltd.	Ruenchen Investment Holding Company account in the custody of First Bank (68.17); Ruenchen Investment Holding Co., Ltd. (22.46); Yin-zong Tu (3.25); Ruenhwa Dyeing and Fabricating Co., Ltd. (0.28); Ruentex Industries Ltd. (0.13); Gping Investment Co., Ltd. (0.11); Wen-der Kuo (0.10); Xin-hui Yao (0.06); Pouchi Investment Co., Ltd. (0.05); Pouyi Investment Co., Ltd. (0.05); Pouhuei Investment Co., Ltd. (0.05); Pouhwan Investment Co., Ltd. (0.05)
Yue Yuan Investment Co., Ltd.	Asia Cement Corp. (29.92); Yuan-Ding Co., Ltd. (25.02); Yuan Ding Investment Co., Ltd. (18.96); U-Ming Marine Transport Corp. (17.66); Ding Shen Investment Co., Ltd. (6.50); Yue Tung Investment Co., Ltd. (1.84); Yue Ding Industries Co., Ltd. (0.10)
Fu Da Transport Co., Ltd.	Fu Ming Transportation Co., Ltd. (99.87); Asia Investment Corp. (0.03)
Yue Tung Investment Co., Ltd.	U-Ming Marine Transport Corp. (73.54); U-Ming Marine Transport (Singapore) Private Ltd. (26.46)
An Ho Garment Co., Ltd.	Far Eastern New Century Corp. (100.00)
Ding Yuan International Investment Co., Ltd.	Far Eastern New Century Corp. (100.00)
Ton Fu Investment Corp.	Oriental Union Chemical Corp. (100.00)
Ya Li Precast Pre-stressed Concrete Industries Corp.	Asia Cement Corporation (83.81); Far-Eastern Construction Engineering Co., Ltd. (16.03)
Da Ju Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd. (41.86); Yue Ding Industries Co., Ltd. (38.76); Yue Lee Investment Co., Ltd. (19.38)
Yuan-Ding Co., Ltd.	Far Eastern New Century Corporation (37.13); Asia Cement Corporation (35.50); Der Ching Investment Co., Ltd. (14.50); Yuan Ding Investment Co., Ltd. (12.86)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores (66.66); Bai Yang Investment Co Ltd (33.34)
U-Ming Commerce Co., Ltd.	Bai Ding Investment Co., Ltd. (47.00); Yuan Ding Investment Co., Ltd. (45.50); Yue Ding Industries Co., Ltd. (5.00); Ding & Ding Management Consultants Co., Ltd. (1.00); Yuan-Ding Co., Ltd. (1.00); Yuan Ding Leasing Co., Ltd. (0.50)
Yuan Tong Investment Co., Ltd.	Far Eastern New Century Corp. (100.00)
Tranguil Enterprise Ltd.	Douglas Tong Hsu (85.40); Hui-Yi Xu (10.00); Raymond Hsu (2.00); Peter Hsu (2.00); Shaw Y. Wang (0.20); Morton Mate Huang (0.20); Jia-Cong Wang (0.20)
Ding Shen Investment Co., Ltd.	Yuan Tong Investment Co., Ltd. (18.00); Asia Investment Co., Ltd. (18.00); Bai Ding Investment Co., Ltd. (18.00); Dong Fu Investment Co., Ltd. (18.00); Yue Tung Investment Co., Ltd. (18.00); Yue Ding Industries Co., Ltd. (5.00); Da Ju Fiber Co., Ltd. (5.00)

2.1.3 Directors

Name \ Item	Meet One of the Following Professional Qualification Requirements, Together with at Least Five-Year Work Experience			Independence Criteria (Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Douglas Tong Hsu			V						V			V	V	None
Johnny Hsi			V			V			V			V		
Peter Hsu			V						V			V		
Raymond Hsu			V						V			V		
Shaw Y. Wang			V			V	V		V		V	V		
Richard Yang			V	V		V	V	V	V	V	V	V		
Tonia Katherine Hsu			V	V		V		V	V			V		
Kwan-Tao Li		V	V	V		V	V				V	V		
Alice Hsu			V	V				V	V			V		
Champion Lee			V			V	V		V		V	V		2
Bing Shen			V	V	V	V	V	V	V	V	V	V	V	
Johnsee Lee			V	V	V	V	V	V	V	V	V	V	V	3
Sheng-Cheng Hu (Note 3)	V		V	V	V	V	V	V	V	V	V	V	V	None

Note 1 : Please tick the corresponding boxes if Directors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company's affiliates. (Unless the person is an independent director of the company, its' parent company or its subsidiaries of which are required to set up independent director according to "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local law.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. Unless a member of the Remuneration Committee who has exercised Article 7 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any conditions defined in Article 30 of the Company Act.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Note 2 : The Company re-elected its directors on 29 June, 2018.

Note 3 : Independent Director, Mr. Hu Sheng-Cheng passed away on 11 July, 2018.

2.2 President, Executive Vice President, Senior Vice President, and Managers of Departments and Branches

Book closure date: 29 April 2019

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Positions in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%		Title	Name	Relation
President Petrochemical Business	R.O.C	K.S. Wu	Male	1 Jul 11	1,380	0.00	10	0.00	Chinese Culture University, Taiwan, Chemical Department Δ Director of OUCC, Everest Textile & Oriental Petrochemical (Taiwan) Co., Ltd.(OPTC)	-	-	-
President Polyester Business	R.O.C	Y.H. Tseng	Male	1 Jul 11	151,177	0.00	0	0.00	Tung Hai University, Taiwan, Chemical Engineering Department Δ Director of Oriental Petrochemical (Shanghai) Corp.(OPSC). & Far Eastern Polytex (Vietnam) Ltd.	-	-	-
President Textile Business	R.O.C	Eric Hu	Male	1 Jul 11	195	0.00	0	0.00	Tung Hai University, Taiwan, Industrial Engineering Department Δ Director of Everest Textile & Far Eastern Apparel	-	-	-
President Corporate Management	R.O.C	Humphrey Cheng	Male	1 Jul 11	0	0.00	0	0.00	National Taiwan University, Taiwan, International Business, EMBA Δ Director of OUCC & FEIB	-	-	-
Chief Operating Officer Polyester Business	R.O.C	Donald Fan	Male	1 Jul 12	5,791	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Chairman of Wuhan Far Eastern New Material Ltd.; Director of Far Eastern Industries (Shanghai)	-	-	-
Chief Operating Officer Polyester Business	R.O.C	C.Y. Dai	Male	1 Jul 12	6,058	0.00	0	0.00	Tamkang University, Taiwan, International Business Department Δ Director of Far Eastern Industries (Shanghai), & Wuhan Far Eastern New Material Ltd.	-	-	-
Chief Operating Officer Textile Business	R.O.C	Judy Lee	Female	1 Mar 19	0	0.00	26	0.00	National Taiwan University, Taiwan, Department of Business Δ Director of Far Eastern Apparel (Suzhou) & Far Eastern Apparel (Vietnam) Ltd.	-	-	-
Chief Auditor Chairman Office	R.O.C	Raymond Hsu	Male	1 Mar 96	33,967,959	0.63	0	0.00	Australian Mining and Metallurgy College, Australia Δ Please refer to page 14.	-	-	-
Chief Auditor Group Auditing Department	R.O.C	Chun Min Ho	Female	1 Aug 12	0	0.00	10,752	0.00	National Cheng Kung University, Taiwan, Accounting and Statistics Department Δ -	-	-	-
Chief Auditor Group Auditing Department	R.O.C	Y.C. Yuan	Female	12 Aug 14	0	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ -	-	-	-
Chief Financial Officer Corporate Management	R.O.C	David Wang	Male	1 Jul 12	7,113	0.00	67	0.00	Mississippi State University, USA, MBA Δ Chairman of Yuan Tong Investment; Director of Kai Yuan International Investment	-	-	-
General Plant Manager & Senior Executive Vice President Polyester Business	R.O.C	B.C. Chang	Male	1 Sep 16	453	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Industry Engineering Δ Director of Far Eastern Fibertech Co. Ltd.(FEFC)	-	-	-
Executive Vice President Corporate Management	R.O.C	Alan Tsai	Male	1 Jul 12	0	0.00	0	0.00	National Chengchi University, Taiwan, Master in Operation Management & Master of Laws Program for Executives Δ Chairman of Ding Yuan International Investment Co., Ltd.; Director of Yuan Ding Investment Co., Ltd.	-	-	-
Executive Vice President Corporate Management	R.O.C	Emily Wu	Female	1 Jul 12	0	0.00	0	0.00	University of Texas at Arlington, USA, Master in Accounting Δ Director of Yuan Cheng Human Resource Consultant ; Supervisor of Yuan Faun Co., Ltd.	-	-	-
Executive Vice President R&D Center	R.O.C	Ru-yu Wu	Male	1 Jan 05	219	0.00	0	0.00	University of Monash, Australia, Ph.D. Δ Director of OUCC & Oriental Resources Development Co., Ltd.	-	-	-
Executive Vice President Textile Business	R.O.C	M.J. Wu	Male	1 Oct 13	17,759	0.00	515	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou) Ltd.	-	-	-

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Positions in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%		Title	Name	Relation
Executive Vice President Textile Business	R.O.C	Mingo A. Chen	Male	1 Sep 15	1,051	0.00	693	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Far Eastern Industries (Wuxi) & Far Eastern Polytex (Vietnam) Ltd.	-	-	-
Senior Vice President Corporate Staff Office	R.O.C	Jackson Wu	Male	1 Oct 07	50,545	0.00	0	0.00	Chung Yuan Christian University, Taiwan, Master in Mechanical Engineering Δ Supervisor of Far Eastern General Contractor	-	-	-
Senior Vice President Corporate Staff Office	R.O.C	Allen Sha	Male	1 Apr 15	1,166	0.00	0	0.00	Tamkang University, Taiwan, Master in Department of Banking and Finance Δ Director of Yuan Tong Investment & Kai Yuan International Investment	-	-	-
Senior Vice President Corporate Staff Office	R.O.C	Y.L. Chen	Male	1 Apr 15	11,879	0.00	18,432	0.00	Tamkang University, Taiwan, Master in Business Administration Δ -	-	-	-
Senior Vice President Corporate Staff Office	R.O.C	Y.S. Yang	Male	1 Apr 15	0	0.00	0	0.00	National Chiao Tung University, Taiwan, PhD in Business & Management Δ Chairman of YDT Technology International Co., Ltd. & Director of Yuan Hsin Digital Payment Co., Ltd.	-	-	-
Vice Chief Auditor Audit Department	R.O.C	Mark Lu	Male	11 Jan 91	43,165	0.00	8,458	0.00	University of Georgia, USA, Master in Accounting Δ Supervisor of Yuan Ding Investment	-	-	-
Vice Chief Auditor Group Auditing Department	R.O.C	Rebecca Huang	Female	1 Aug 12	6,149	0.00	0	0.00	National Chengchi University, Taiwan, EMBA In Accounting Δ -	-	-	-
Senior Vice President Accounting Department	R.O.C	Davis Dai	Male	1 Oct 15	0	0.00	0	0.00	Fu Jen Catholic University, Taiwan, Master in Accounting Δ Supervisor of Far Eastern Apparel (Vietnam) Ltd.	-	-	-
Senior Vice President Finance Department	R.O.C	Jenny Ho	Female	1 Jul 15	913	0.00	0	0.00	University of Reading, UK, Master in International Securities, Investment and Banking Δ Director of Far Eastern Apparel & Fu Kwok Knitting & Garment Co., Ltd.	-	-	-
Senior Vice President Finance Department	R.O.C	Carol Wang	Female	1 May 18	0	0.00	0	0.00	University of Illinois at Urbana Champaign, USA, Master in Finance Δ -	-	-	-
Senior Vice President Finance Department	R.O.C	Yu-Sheng Lin	Male	21 May 18	0	0.00	0	0.00	Iowa State University, USA, MBA Δ -	-	-	-
Senior Vice President Legal Department	R.O.C	Li-Chi Chen	Male	1 Oct 07	0	0.00	0	0.00	National Taiwan University, Taiwan, College of Law Δ Director of Far Eastern Apparel; Supervisor of Arcoa Communication	-	-	-
Senior Vice President Human Resource Department	R.O.C	C.Y. Lin	Male	1 Jun 09	0	0.00	0	0.00	National Chengchi University, Taiwan, Master in Labor Research Δ Director of Yuan Cheng Human Resource Consultant	-	-	-
Senior Vice President Shipping Department	R.O.C	Ching-Shan Hsieh	Female	14 May 18	113	0.00	0	0.00	Tunghai University, Taiwan, Department of Economics Δ -	-	-	-
Senior Vice President R&D Center	R.O.C	Ken Chang	Male	1 Aug 12	0	0.00	0	0.00	National Tsing Hua University, Taiwan, PhD in Chemical Engineering Δ -	-	-	-
Senior Vice President R&D Center	R.O.C	Y.T. Chang	Male	1 Jul 13	0	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering Δ -	-	-	-
Senior Vice President R&D Center	R.O.C	Fanny Liao	Female	1 Jun 14	0	0.00	0	0.00	The State University of New York, Stony Brook University, USA, PhD in Chemistry Δ Director of Oriental Resources Development Co., Ltd. & Martens Beer (Shanghai) Ltd.	-	-	-
Senior Vice President R&D Center	R.O.C	David Liu	Male	9 Sep 16	307	0.00	0	0.00	Yuan Tzu University, Taiwan, Master in Chemical Engineering Δ -	-	-	-

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Positions in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%		Title	Name	Relation
Senior Vice President Polyester Business	R.O.C	David Shih	Male	1 Nov 06	349	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, Industrial Management Department Δ Director of OPTC	-	-	-
Senior Vice President Polyester Business	R.O.C	Arthur Lee	Male	15 Feb 07	5,964	0.00	0	0.00	Oklahoma City University, USA, MBA Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	C.T. Peng	Male	1 Aug 10	0	0.00	0	0.00	National Tsing Hua University, Taiwan, Master in Chemical Engineering Δ Director of Oriental Resources Development Co., Ltd.	-	-	-
Senior Vice President Polyester Business	R.O.C	C.T. Chen	Male	1 Nov 10	0	0.00	0	0.00	Yuan Ze University, Taiwan, Masters in Industrial Engineering Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	C.T. Chang	Male	1 Jan 11	30,783	0.00	140	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	Eric Huang	Male	1 Jul 12	0	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, PhD in Chemical Engineering Δ Director of FEFC & Oriental Industries (Suzhou)	-	-	-
Senior Vice President Polyester Business	R.O.C	J.K. Tsai	Male	1 Jul 12	37,187	0.00	11,257	0.00	National Open University, Taiwan, Sociology Department Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	S.Y. Lai	Male	1 Oct 13	1,040	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ Director of Wuhan Far Eastern New Material Ltd. & Martens Beer (Shanghai) Ltd.	-	-	-
Senior Vice President Polyester Business	R.O.C	M.L. Tsai	Male	1 Sep 13	0	0.00	383	0.00	Feng Chia University, Taiwan, Master in Textile Engineering Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	Roder Chang	Male	1 Dec 14	1,555	0.00	6,000	0.00	Feng Chia University, Taiwan, Master in Textile Engineering Department Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	K.B. Louy	Male	15 Mar 16	35	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ -	-	-	-
Senior Vice President Polyester Business	R.O.C	Nico Peng	Male	1 Nov 17	0	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ -	-	-	-
Senior Vice President Textile Business	R.O.C	S.C. Lo	Male	15 Mar 16	0	0.00	17	0.00	Feng Chia University, Taiwan, Master in Textile Engineering Δ -	-	-	-
Senior Vice President Textile Business	R.O.C	Y.J. Lou	Male	1 Sep 16	35,046	0.00	27,388	0.00	Tatung University, Taiwan, Chemical Engineering Department Δ Director of Worldwide Polychem (HK) Ltd. & Far Eastern Apparel	-	-	-
Senior Vice President Purchasing Department	R.O.C	Ryan Wu	Male	1 May 11	0	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, MBA Δ -	-	-	-
Senior Vice President Purchasing Department	R.O.C	Hans Kuo	Male	1 Jul 18	0	0.00	0	0.00	Chinese Culture University, Taiwan, Department of Law Δ -	-	-	-

Note 1: Managers mentioned in table above do not hold the Company shares via accounts in others' names.

Note 2: There is no share warrant and share option issued by the Company to employees for purchasing shares.

2.3 Remuneration of Directors, President, and Executive Vice Presidents

2.3.1 Remuneration Paid to Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (I+II+III+IV) over net income (%)		Relevant compensation received by directors who are also employees								Ratio of total remuneration (I+II+III+IV+V+VI+VII) to net income (%)		Remuneration paid to Directors from an invested company other than the Company's subsidiary (VIII)
		Base Remuneration (I)		Severance Pay and Pension (II)		Directors' remuneration from distribution of earnings (III)		Operating Allowances (IV)				Salary, Bonuses, and Allowances (V)		Severance Pay and Pension (VI)		Employees' compensation from distribution of earnings (VII)						
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	
Chairman	Douglas Tong Hsu	0	0	0	0	225,812	225,812	1,500	6,688	1.89%	1.93%	26,807	104,978	0	0	2,173	0	2,173	0	2.13%	2.82%	109,862
Director	Asia Cement Corporation																					
	Far Eastern Department Stores Ltd.																					
	U-Ming Marine Transport Corp.																					
	Yue Ding Industries Co., Ltd.																					
Independent Director	Bing Shen																					
	Johnsee Lee																					
	Sheng-Cheng Hu (Note 6)																					

Note:

- Column A represents the Company; Column B represents all companies in the consolidated financial statement.
- Operating allowances mentioned in the table above were the actual amount distributed in 2018. Directors' remuneration and Employees' compensation, approved by the Board Meeting on March 22 2019, are the proposed figures to be resolved by the upcoming 2019 Annual General Shareholders' Meeting.
- A company car is assigned to Chairman Douglas Tong Hsu for business purpose. The acquisition cost of the said car is NT\$6.508 million.
- There is neither share bonus being issued nor share warrant and share option being issued by the Company or companies in the consolidated financial report to employees for purchasing shares.
- Representative of Asia Cement Corporation: Johnny Hsi, Raymond Hsu, Peter Hsu, Shaw Y. Wang; Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu; Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li.; Representative of Yue Ding Industries Co., Ltd.: Champion Lee
- Independent Director, Mr. Hu Sheng-Cheng passed away on 11 July, 2018

Bracket	Name of Directors			
	Total of (I+II+III+IV)		Total of (I+II+III+IV+V+VI+VII)	
	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	Sheng-Cheng Hu (Note)	Sheng-Cheng Hu (Note)	Sheng-Cheng Hu (Note)	Sheng-Cheng Hu (Note)
NT\$2,000,000 ~ NT\$4,999,999	Bing Shen, Johnsee Lee	Bing Shen, Johnsee Lee	Bing Shen, Johnsee Lee	Bing Shen, Johnsee Lee
NT\$5,000,000 ~ NT\$9,999,999	0	0	0	0
NT\$10,000,000 ~ NT\$14,999,999	0	0	0	0
NT\$15,000,000 ~ NT\$29,999,999	Representative of Asia Cement Corporation: Johnny Hsi, Raymond Hsu, Peter Hsu, Shaw Y. Wang, Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li Representative of Yue Ding Industries Co., Ltd.: Champion Lee	Representative of Asia Cement Corporation: Johnny Hsi, Raymond Hsu, Peter Hsu, Shaw Y. Wang, Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li Representative of Yue Ding Industries Co., Ltd.: Champion Lee	Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li Representative of Yue Ding Industries Co., Ltd.: Champion Lee	Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li Representative of Yue Ding Industries Co., Ltd.: Champion Lee
NT\$30,000,000 ~ NT\$49,999,999	Douglas Tong Hsu	Douglas Tong Hsu	Douglas Tong Hsu Representative of Asia Cement Corporation: Johnny Hsi, Raymond Hsu, Peter Hsu, Shaw Y. Wang,	Representative of Asia Cement Corporation: Johnny Hsi, Raymond Hsu, Peter Hsu, Shaw Y. Wang,
NT\$50,000,000 ~ NT\$99,999,999	0	0	0	0
NT\$100,000,000 and over	0	0	0	Douglas Tong Hsu
Total	13	13	13	13

Note: Independent Director, Mr. Hu Sheng-Cheng passed away on 11 July, 2018.

2.3.2 Compensation Paid to Presidents and Executive Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (I)		Severance Pay and Pension (II)		Compensation and Allowances (III)		Employees' compensation from distribution of earnings (IV)				Ratio of total remuneration (I+II+III+IV) to net income (%)		Compensation paid to the President and Executive Vice President from an invested company other than the Company's subsidiary
		A	B	A	B	A	B	A		B		A	B	
								Cash	Stock	Cash	Stock			
President	K.S. Wu	48,772	67,535	1,083	1,083	63,085	63,085	3,800	0	7,874	0	0.97%	1.16%	12,716
	Y.H. Tseng													
	Eric Hu													
	Humphrey Cheng													
Chief Operating Officer	Donald Fan													
	C.Y. Dai													
	Judy Lee													
Chief Auditor	Raymond Hsu													
	Chun Min Ho													
	Y.C. Yuan													
Chief Financial Officer	David Wang													
General Plant Manager & Senior Executive Vice President	B.C. Chang													
Executive Vice President	Alan Tsai													
	Emily Wu													
	Ru-yu Wu													
	M.J. Wu													
	Mingo A. Chen													

Note:

1. Column A represents the Company; Column B represents all companies in the consolidated financial statement.
2. The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.
3. A company car is assigned to all Presidents and Executive Vice Presidents for business purposes. The total rental for the said car is NT\$372,000 per year.

Bracket	Name of Presidents and Executive Vice Presidents	
	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0
NT\$2,000,000 – NT\$4,999,999	0	0
NT\$5,000,000 – NT\$9,999,999	K.S. Wu, Y.H. Tseng, Eric Hu, Humphrey Cheng, Donald Fan, C.Y. Dai, Judy Lee, Raymond Hsu, Chun Min Ho, Y.C. Yuan, David Wang, B.C. Chang, Alan Tsai, Emily Wu, Ru-yu Wu, M.J. Wu, Mingo A. Chen	K.S. Wu, Y.H. Tseng, Eric Hu, Humphrey Cheng, Donald Fan, C.Y. Dai, Judy Lee, Raymond Hsu, Chun Min Ho, Y.C. Yuan, David Wang, B.C. Chang, Alan Tsai, Emily Wu, Ru-yu Wu, M.J. Wu, Mingo A. Chen
NT\$10,000,000 – NT\$14,999,999	0	0
NT\$15,000,000 – NT\$29,999,999	0	0
NT\$30,000,000 – NT\$49,999,999	0	0
NT\$50,000,000 – NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	17	17

2.3.3 Compensation Paid to Managers

Unit: NT\$ thousands

Title	Name	Employee Compensation- in Cash	Ratio of Total Amount to Net Income(%)
President, Petrochemical Business	K.S. Wu	10,734	0.13%
President, Polyester Business	Y.H. Tseng		
President, Textile Business	Eric Hu		
President, Corporate Management	Humphrey Cheng		
Chief Operating Officer, Polyester Business	Donald Fan		
Chief Operating Officer, Polyester Business	C.Y. Dai		
Chief Operating Officer, Textile Business	Judy Lee		
Chief Auditor, Chairman Office	Raymond Hsu		
Chief Auditor, Group Auditing Department	Chun Min Ho		
Chief Auditor, Group Auditing Department	Y.C. Yuan		
Chief Financial Officer, Corporate Management	David Wang		
General Plant Manager & Senior Executive Vice President, Polyester Business	B.C. Chang		
Executive Vice President, Corporate Management	Alan Tsai		
Executive Vice President, Corporate Management	Emily Wu		
Executive Vice President, R&D Center	Ru-yu Wu		
Executive Vice President, Textile Business	M.J. Wu		
Executive Vice President, Textile Business	Mingo A. Chen		
Senior Vice President, Corporate Staff Office	Jackson Wu		
Senior Vice President, Corporate Staff Office	Allen Sha		
Senior Vice President, Corporate Staff Office	Y.L. Chen		
Senior Vice President, Corporate Staff Office	Y.S. Yang		
Vice Chief Auditor, Audit Department	Mark Lu		
Vice Chief Auditor, Group Auditing Department	Rebecca Huang		
Senior Vice President, Accounting Department	Davis Dai		
Senior Vice President, Finance Department	Jenny Ho		
Senior Vice President, Finance Department	Carol Wang		
Senior Vice President, Finance Department	Yu-Sheng Lin		
Senior Vice President, Legal Department	Li-Chi Chen		
Senior Vice President, Human Resource Department	C.Y. Lin		
Senior Vice President, Shipping Department	Ching-Shan Hsieh		
Senior Vice President, R&D Center	Ken Chang		
Senior Vice President, R&D Center	Y.T. Chang		
Senior Vice President, R&D Center	Fanny Liao		
Senior Vice President, R&D Center	David Liu		
Senior Vice President, Polyester Business	David Shih		
Senior Vice President, Polyester Business	Arthur Lee		
Senior Vice President, Polyester Business	C.T. Peng		
Senior Vice President, Polyester Business	C.T. Chen		
Senior Vice President, Polyester Business	C.T. Chang		
Senior Vice President, Polyester Business	Eric Huang		
Senior Vice President, Polyester Business	J.K. Tsai		
Senior Vice President, Polyester Business	S.Y. Lai		
Senior Vice President, Polyester Business	M.L. Tsai		
Senior Vice President, Polyester Business	Roder Chang		
Senior Vice President, Polyester Business	K.B. Louy		
Senior Vice President, Polyester Business	Nico Peng		
Senior Vice President, Textile Business	S.C. Lo		
Senior Vice President, Textile Business	Y.J. Lou		
Senior Vice President, Purchasing Department	Ryan Wu		
Senior Vice President, Purchasing Department	Hans Kuo		

Note : There are no shares being issued by the Company to pay for employee bonuses.

Corporate Governance Report

2.4 Remuneration Paid to Directors, Compensation Paid to Presidents and Executive Vice Presidents

2.4.1 The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Two Latest Fiscal Years to Directors, Presidents and Executive Vice Presidents of the Company over Net Income:

Year	The Ratio of Total Paid Remuneration over Net Income	
	The Company	Companies in the consolidated financial statement
2018	3.10%	3.98%
2017	3.62%	4.76%

2.4.2 The Policies, Standards, Structures for the Payments of Remuneration, the Procedures for Determining Remuneration, and the Correlations with Business Performance:

Pursuant to Company Act and the Article 26 of the "Articles of Incorporation of Far Eastern New Century Corporation", 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by Board of Directors to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors in accordance with the "Board Performance Evaluation Rule", and a report of such distribution shall be submitted to the shareholders' meeting. The remuneration of Directors, Presidents, and Executive Vice Presidents was paid according to not only the peer standards but also the correlations with the personal assessment, operational performance, and future risks. The remaining compensation is determined based on the business results of the whole company and each department; meanwhile, results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies will also be referenced.

3. Corporate Governance

3.1 Board of Directors

Total five meetings were convened by the Board of Directors in 2018. Attendance of each Director is as follows:

Title	Name		Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Douglas Tong Hsu		5	0	100	
Director	Asia Cement Corp.	Johnny Hsi	5	0	100	
		Peter Hsu	5	0	100	
		Raymond Hsu	5	0	100	
		Shaw Y. Wang	5	0	100	
	Far Eastern Department Stores Ltd.	Richard Yang	5	0	100	
		Tonia Katherine Hsu	5	0	100	
		Kwan-Tao Li	4	1	80	
	U-Ming Marine Transport Corp.	Alice Hsu	3	0	60	
		Champion Lee	5	0	100	
	Yue Ding Industries Co., Ltd.	Bing Shen	5	0	100	
		Johnsee Lee	5	0	100	
		Sheng-Cheng Hu	3	0	100	
	Other required disclosure:					
(1) Should any circumstance occurred on board practices, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of all independent directors, and measures the Company had in responding to such opinions shall be specified:						
1. Any circumstance described in Article 14-3 of the Securities and Exchange Act: Please refer to page 53 to 54 "Major resolutions by Board of Directors"						
2. Any resolution on which an independent director had a dissenting or qualified opinion occurred in board meetings: None						

(2) Should there be any director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such director has personal interests, and the voting results shall be specified: None

(3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, and so forth): The Company announces the resolutions of every Board of Director's meeting on its website, and purchases liability insurance for its Directors as to improve the Company's operational transparency and protect the shareholders' rights. The Audit Committee established in accordance with regulations.

(4) The attendance status of Independent Directors in 2018 until 15 May, 2019:

	2018/3/22	2018/5/11	2018/6/29	2018/8/10	2018/11/9	2019/3/22	2019/5/10
Bing Shen	✓	✓	✓	✓	✓	✓	✓
Johnsee Lee	✓	✓	✓	✓	✓	✓	✓
Sheng-Cheng Hu	✓	✓	✓	11 July 2018, Terminated			

Note: ✓: Attendance in person

3.2 Audit Committee:

Total four meetings were convened by the Audit Committee in 2018. Attendance of each Independent Director is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Bing Shen	4	0	100	-
Committee member	Johnsee Lee	4	0	100	
Committee member	Sheng-Cheng Hu	2	0	100	

The Committee shall compose of the entire independent directors and shall hold a regular meeting at least once a quarter. The powers of the Committee are as follows:

1. The adoption of or amendments of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and providing endorsements or guarantees to others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of an external certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and semi-annual financial reports.
11. Other material matters as required by this Corporation or by the competent authority

• Audit Committee's Review Report

We have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2018 which had been audited by Deloitte & Touche, and found them in order.

• The hiring of CPA

The independence and eligibility of the certified accountants was assessed by the Audit Committee on 11 March, 2019 and the Board of Directors on 22 March, 2019. The certified accountants have no relationship or interest conflicts with the Company, and maintain impartiality in providing professional services. In addition, the Company obtained the independent statement issued by the CPA firm, in accordance with the norms of independence and eligibility.

Other required disclosure:

(1)

1. Any circumstance described in Article 14-5 of the Securities and Exchange Act:

Corporate Governance Report

Meeting Date (Term)	Resolutions	Circumstances described in Article 14-5 of the Securities and Exchange Act	The Company's response to Audit Committee's opinions
2018.03.21 (11 th Meeting of the 1 st Term)	1. The Company's IFRS 9 & 15 implementation report		All presented committee members have approved and submitted to the Board of Directors. All Directors present consented to the Declaration, and no dissenting opinion was expressed.
	2. The Company's IFRS 16 implementation status		
	3. Circumstances for acquisition and disposition of assets during Oct. 2017 to Feb. 2018	√	
	4. Transactions for FX hedging until 26 Feb. 2018	√	
	5. Circumstances of capital lending to others	√	
	6. The outstanding balance amounts of endorsements and guarantees	√	
	7. 2017 financial reports (including consolidated & stand-alone) and the hiring of CPA	√	
	8. The proposal for distribution of 2017 profits	√	
	9. Approved amending the accounting policies of the Company	√	
	10. Approved amending the Company bylaw of "Internal Control System" and "Internal Audit Implementation Rules"	√	
	11. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary	√	
	12. 2017Q4 internal audit report	√	
	13. The results of the voluntary reviews of the internal control systems in 2017, which was presented by supervisory committee including the list of executive team members	√	
2018.05.11 (12 th Meeting of the 1 st Term)	1. 2018Q1 consolidated financial report		
	2. The Company's IFRS 16 implementation status		
	3. Circumstances for acquisition and disposition of assets during Mar. 2018	√	
	4. The outstanding balance & actual borrowing amounts of endorsements and guarantees at the end of Mar. 2018	√	
	5. Transactions for FX hedging until 20 Apr. 2018	√	
	6. Approved 2017 business report	√	
	7. Approved the guarantees of Yuan Ding Investment Co., Ltd.	√	
	8. Approved the acquisition of new common shares of Oriental Petrochemical (Taiwan) Co., Ltd.	√	
	9. Approved the acquisition of new common shares of Far Eastern Investment (Holding) Ltd.	√	
	10. 2018Q1 internal audit report	√	
2018.08.10 (1 st Meeting of the 2 nd Term)	1. The Company's IFRS 16 implementation status		
	2. Circumstances for acquisition and disposition of assets from Apr. to Jun. 2018	√	
	3. Transactions for FX hedging until 13 Jul. 2018	√	
	4. Circumstances of capital lending to others	√	
	5. 2018H1 consolidated financial report	√	
	6. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary	√	
	7. 2018Q2 internal audit report	√	

Meeting Date (Term)	Resolutions	Circumstances described in Article 14-5 of the Securities and Exchange Act	The Company's response to Audit Committee's opinions
2018.11.08 (2 nd Meeting of the 2 nd Term)	1. 2018Q1-3 consolidated financial report		All presented committee members have approved and submitted to the Board of Directors. All Directors present consented to the Declaration, and no dissenting opinion was expressed.
	2. The Company's IFRS 16 implementation status		
	3. Circumstances for acquisition and disposition of assets from Jul. to Sep. 2018	√	
	4. Transactions for FX hedging until 12 Oct. 2018	√	
	5. Circumstances of capital lending to others	√	
	6. Approved short-term financing loans extended to Far Eastern Resources Development Co., Ltd.	√	
	7. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary	√	
	8. Approved amending the accounting policies of the Company	√	
	9. Approved amending the Company bylaw of "Internal Control System" and "Internal Audit Implementation Rules"	√	
	10. 2018Q3 internal audit report	√	
	11. The 2018 Audit Plan review and the 2019 Audit Plan	√	

2. Any resolution on which the Audit Committee had a dissenting or qualified opinion occur with the approval of two thirds or more of the entire Board of Directors: None

(2) Should there be any independent director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such independent director, the contents of the said resolution, the reasons such independent director has personal interests, and the voting results shall be specified: None

(3) Communications between Independent Directors and the chief internal auditor and CPA of the Company (including the ways and topics that the aforesaid parties discuss on the financial and business situations of the Company, and the conclusions of their discussions):

1. Audit Committee meetings are held by Independent Directors quarterly. Meeting minutes will be recorded and submitted to notify the President and top management of the Company of important discussions and resolutions. (Including 1. Effectiveness and efficiency of business operations, 2. Reliability, timeliness, transparency, and regulatory compliance of reporting; 3. Compliance with applicable laws, regulations, and bylaws) In the meetings, the internal audit officer reports the execution of internal audit work, significant internal audit findings, and provides the status of the follow-up matters instructed by Independent Director from previous meeting. The Independent Directors represented no counter advices or qualified opinions.

2. The CPA of the Company attends the Audit Committee meetings and communicates the audited (or reviewed) financial reports and any important matters required by law to Independent Directors in the quarterly Audit Committee meetings. The Independent Directors represented no counter advices or qualified opinions.

Meeting Date	Communications with the internal audit officer	Communications with the CPA of the Company
2018.03.21 (11 th Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2017Q4 internal audit report • The results of the voluntary reviews of the internal control systems in 2017, which was presented by supervisory committee including the list of executive team members 	<ul style="list-style-type: none"> • 2017 financial reports (including consolidated & stand-alone) • 2017 internal control review reports
2018.05.11 (12 th Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2018Q1 internal audit report 	<ul style="list-style-type: none"> • 2018Q1 consolidated financial report
2018.08.10 (1 st Meeting of the 2 nd Term)	<ul style="list-style-type: none"> • 2018Q2 internal audit report 	<ul style="list-style-type: none"> • 20181H consolidated financial report
2018.11.08 (2 nd Meeting of the 2 nd Term)	<ul style="list-style-type: none"> • 2018Q3 internal audit report • Reviewed 2018 audit result and proposed 2019 audit plan 	<ul style="list-style-type: none"> • 2018Q1-3 consolidated financial report • Communication and explanation upon key audit matters for the new independent auditors' report

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3.3 Corporate Governance Execution Results and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and
	Yes	No	Summary	
(1) Has the Company formulated and disclosed its own corporate governance best-practice principles in accordance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”?	V		The Company has formulated “Corporate Governance Principles” and disclosed them through the company website and the Market Observatory Post System (MOPS).	None
(2) Shareholding Structure & Shareholders’ Rights				
a. Has the Company established internal operating procedures to handle shareholder proposals, doubts, disputes, and litigation-related issues, and practically implemented such procedures?	V		The Company has established communication channel (e.g. the Audit Committee and Audit Department email addresses) for its shareholders and stakeholders. The Company has handled shareholder proposals, doubts, disputes, and litigation-related issues in accordance with “Procedures for the Audit Committee’s Email Management” and “Audit Department Misconduct Reporting and Resolution Procedures on Handling Employees or Stakeholders”	
b. Has the Company kept a list of major shareholders and a list of ultimate owners of these major shareholders?	V		The Company, at all time, keeps updated information of major shareholders and the ultimate owners of these major shareholders. If change in ownership occurs, the Company follows the relevant regulations to disclose related information.	
c. Has the Company established and operated a risk management mechanism and “firewall” between the Company and its affiliates?	V		The Company has assigned risk control of accounts receivable to the Credit Committee. To manage the potential risk and establish a “firewall” between the Company and its affiliates, the Company and its affiliates have already established and implemented “Procedures for Acquisition and Disposition of Assets”, “Procedures for Lending of Capital to Others”, and “Procedures for Endorsements and Guarantees”.	
d. Has the Company established internal rules to prohibit company insiders from trading securities using information not disclosed to the market?	V		The Company has established the “Procedures for Handling Material Inside Information”, the “Code of Ethics” and the “Best Practice Principles of Ethical Corporate Management” to prohibit company insiders from trading securities using information not disclosed to the market, and has advocated the following: A. New managers be given a copy of the “Procedures for Handling Material Inside Information” when they sign the declaration statement.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and
	Yes	No	Summary	
			<p>B. The Company promotes the "Procedures for Handling Material Inside Information" to its managers on an intermittent basis and prohibits company insiders from trading securities using information not disclosed to the market or to disclose information prohibited by insider trading-related laws.</p> <p>C. The Company advocates the "Procedures for Handling Material Inside Information" to managers and employees when they sign the confidentiality agreement during initial hiring.</p>	
<p>(3) Composition and Responsibilities of the Board of Directors</p> <p>a. Have members of the Board of Directors formulated diverse policies and implemented them accordingly?</p>	V		<p>The Company has adopted the Board of Directors member nomination and selection system which complies with the "Election Procedures of Director" and the "Corporate Governance Principles", and annually conduct performance assessment to ensure that competency, diversity and independent stakeholder opinions have been taken into consideration. The 23rd board members, including two female directors, are well-experienced in management and leadership decision making and have in-depth industrial knowledge. Some of the members have backgrounds in law, finance, economics, sales, etc. The implementation status of diverse policies and succession plans can be referred to Note 1 & 2.</p>	None
<p>b. In addition to establishing a Remuneration Committee and an Audit Committee, has the Company voluntarily established other types of functional committees?</p>	V		<p>A. "Credit Committee": Audits credit ratings of domestic sales and export customers, and approves credits granted. Implements control of customer credits and account receivables in order to achieve the "Zero Bad Debt" management target for the year.</p> <p>B. "The Supervisory Committee of Information Safety": In charge of promotions and coordination of information security matters.</p> <p>C. "Safety and Health Committee": Practically implements occupational safety and health control matters.</p>	
<p>c. Has the Company established a Board performance assessment method, and have performance evaluations been conducted annually?</p>	V		<p>The Company has formulated the "Board Performance Evaluation Rule", which was resolved by BOD on 11 August 2016 in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Every year, the Board members and the divisions in charge of organizing meetings conducted a self-evaluation of the Board's performance on five areas, namely, involvement in the Company's operations, improvement in</p>	

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Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and
	Yes	No	Summary	
d. Has the Company evaluated the independence of CPAs on a regular basis?	V		<p>the Board's decision making, the Board's structure and organization, the selection and further training of the Board members as well as internal control. The Board meeting on 10 May 2019 resolved the Performance Evaluation Rule of Functional Committee. Last year, the performance of the Board was evaluated as "excellent", which indicates the improvement in the Board's effectiveness. The performance assessment was reported in Remuneration Committee on 11 March 2019. In addition, the Board meeting in Nov. 2018 resolved that the "Board Performance Evaluation Rule" shall be assessed once by external institutes & professionals every three years.</p> <p>At FENC and its subsidiary FarEasTone, an annual assessment is conducted on the independence and competence of CPAs and the results are reported to the Board. On March 22, 2019, the Board made a final review on the CPAs' independence and competence over 2018 and confirmed that they were free of conflicts of interest relationships and maintained objectivity and impartiality when discharging their professional responsibilities. The Company also received the "letter of independence from auditors of Deloitte and Touche" in accordance with the regulations of independence and competence. The assessment results can be referred to Note 3.</p>	None
(4) Does the Company established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings, etc.)?	V		<p>The Board meeting of 10 May 2019 resolved to appoint a Chief Corporate Governance Officer. SVP of Legal Department, Li-Chi Chen was assigned and granted authorities to deals with corporate integrity, corporate social responsibilities, legal compliance, meetings, conducting Directors' training, assisting relevant data for Directors' practices, public disclosure, and risk management etc.</p> <p>2018 Corporate Governance related routines:</p> <p>A. Conducted meetings of BOD and Audit Committee: five & four times respectively, totaling nine times</p> <p>B. Conducted Annual General Meeting and prepared AGM meeting minutes: one time</p> <p>C. Conducted meetings of Remuneration Committee: two times</p>	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and
	Yes	No	Summary	
			<p>D. Conducted Directors' training: 12 participants, totaling 75 hours</p> <p>E. Conducted investor related services, i.e. attending investor conferences/forums: seven times</p> <p>F. Conducted corporate governance evaluation and published CSR report</p> <p>The Chief Corporate Governance Officer shall take training for at least 18 hours within one year and at least 12 hours per year from the date of the appointment.</p>	None
(5) Has the company established a stakeholder (including, but not limited to, shareholders, employees, clients and suppliers, etc.) communication channel, a company website dedicated to stakeholders, and appropriately responded to the main social responsibility issues which are critical to stakeholders?	V		The Company has established Investor Relations Group and a "Stakeholder's Contact Information" list as well as a communication channel for shareholders, stakeholders, and the relevant company units on its company website. We have designated contact windows or stock services agent to communicate with stakeholders, at any time, on a case by case basis.	
(6) Has the Company commissioned professional stock services agents to handle shareholder affairs?	V		The Company and its subsidiary, Far EasTone have commissioned Oriental Securities Corporation to be the professional stock services agent in assisting and handling shareholder-related matters.	
(7) Information Disclosure a. Has the Company set up a corporate website to disclose information on financial, business and its corporate governance?	V		<p>The Company and its subsidiary Far EasTone have set up multiple-language (traditional Chinese/simplified Chinese/English) websites: www.fenc.com & www.fareastone.com.tw, respectively. Both corporate websites disclose the most updated information on financial, business and corporate governance.</p>	
b. Has the Company adopted other information disclosure channels (i.e. English website; designated appropriate personnel to be in charge of Company information collection and disclosure, implemented the spokesperson system, uploaded the investor conference presentations on the Company's website, etc.)?	V		The Company and its subsidiary Far EasTone have established a spokesperson system, including a spokesperson and a deputy spokesperson. Both managers undertake their deeds precisely based on the Company's requirements. The Company's website is set up in multiple-language (traditional Chinese/simplified Chinese/English), and has designated appropriate persons to collect the Company's information. Investor conferences are held as needed, and the relevant information is disclosed on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange.	

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Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and
	Yes	No	Summary	
(8) Does the Company have other critical information which can help others to understand the implementation of corporate governance (including, but not limited to, employee welfare, staff care, investor relations, supplier relations, stakeholder rights, Director and Supervisor training status, risk management policies and risk measurement standard implementation progress, customer policy implementation progress, and the Company’s purchase of liability insurance for Directors and Supervisors?	V		Please refer to page 48 to 51 Section Eight: “Others” in regard to critical information that can help others to understand the implementation of corporate governance from the Company and its subsidiaries.	None
(9) Base on the result of “Corporate Governance Evaluation” announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven’t been improved.	V		The Company ranked among the top 5% in the “Corporate Governance Evaluation” of 2018. The areas that require improvement are described below: To appoint a Chief Corporate Governance Officer to cope with corporate governance related affairs and disclose 2018 average employees’ compensation on the M.O.P.S.	

Note 1 : Assessment table of expertise and eligibility of members of the Board of Directors

Diverse Key Items Name	Age	Gender	1	2	3	4	5	6	7	8
			Operational judgement	Operational management	Finance & accounting	Business & economy	Risk management	Industrial know-how	International prospectives	Leadership & decision-making
Douglas Tong Hsu	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Johnny Hsi	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Peter Hsu	Above 70	Male	✓	✓	※	✓	✓	✓	✓	✓
Raymond Hsu	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Shaw Y. Wang	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Richard Yang	50-59	Male	✓	✓	✓	✓	✓	✓	✓	✓
Tonia Katherine Hsu	50-59	Female	✓	✓	※	✓	✓	✓	✓	✓
Kwan-Tao Li	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Alice Hsu	Above 70	Female	✓	✓	✓	✓	✓	✓	✓	✓
Champion Lee	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Bing Shen	Above 70	Male	✓	✓	✓	✓	✓	✓	✓	✓
Johnsee Lee	60-69	Male	✓	✓	✓	✓	✓	✓	✓	✓

※ indicates the member of the Board of Directors who is moderately capable

Five out of twelve Directors of the Company have employee status; the tenure of two Independent Directors has been 6~9 years.

Note 2 : Succession plan and managerial goal for board members and the management team

In the Company’s succession plan, the successor must be equipped with outstanding capabilities and have management concepts compatible with its philosophy of management, i.e. sincerity, diligence, thrift, prudence and innovation. Included in directors’ self-evaluation of performance are social indicators which determine whether board members demonstrate their credibility and moral convictions through their instruction, action and conduct to reflect the Company’s recognition of the importance of internal control. For example, the board of directors sets the tone for business operations by adopting measures that are ethical, socially-responsible, and

eco-friendly or any other policies that enable accountability, including publishing reports of greenhouse gas emissions, undertaking sustainable production processes or providing post-disaster relief to affected communities. In the 2018 shareholder meeting, ten directors and three independent directors were elected. Each of them understands and identifies with the Company's philosophy of management. Not only do they have a good grasp of the industry's ins and outs, but they also have years of experience in legal compliance, analysis of global political-economic trends, and international business / manufacturing management. In addition, the Company has also specifically designed courses for board members to ensure that high-level executives keep abreast of the latest developments in the ever-changing international competitive landscape and regulatory environment (e.g. laws on corporate governance).

For managers of vital positions, the Company has a well-established training program tied up with internal promotion. Besides, they are required to draw up an individual development plan (IDP) in accordance with the Company's operational goals and global strategies. The training's curriculum design is pivoted around a total of 13 critical competencies that each trainee is supposed to acquire as they progress through the program level by level. At each level, there are four competencies to master, with innovativeness as the core competency common to trainees of all levels. Based on their own IDP, employees can construct a learning map to navigate the training program. Meanwhile, staff's needs and requests are taken into consideration as courses are planned and designed. In addition, the annual performance review is used to reach a diagnosis of a staff member's capabilities and difficulties and match them to appropriate guidance and assistance for performance improvement.

For future executive successors, the Company organizes "New Century Executive Workshop," in which promising employees with outstanding track records can rapidly develop their readiness for potential leadership roles in various business segments by learning from seasoned leaders and working on case studies. Future leaders must build their leaderships on four major pillars, i.e. vision, growth, customer-centeredness and perseverance, adhere to core values, and place the focus of business operation on four dimensions—humanitarianism, innovation, customer relation, and operational excellence to achieve long-lasting prosperity in the industry and ensure sustainable development of the Company.

Note 3 : Assessment table of independence of Certified Public Accountant

Assessment table	Result	Independence? Y/N
1. Whether Certified Public Accountant has direct or significant indirect financial interests with the Company.	No	Y
2. Whether or not Certified Public Accountant has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Y
3. Whether Certified Public Accountant has a close business relationship and potential employment relationship with the Company.	No	Y
4. Whether Certified Public Accountant or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit in recent two years.	No	Y
5. Whether Certified Public Accountant has any non-audit services to the Company which may directly affect the audit work.	No	Y
6. Whether Certified Public Accountant has an intermediary to issue shares or other securities of the Company.	No	Y
7. Whether Certified Public Accountant has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Y
8. Whether Certified Public Accountant has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work	No	Y

3.4 The Composition of the Remuneration Committee

a. Information of the Remuneration Committee Members

Role	Condition Name	With work experience for more than 5 years and the following professional qualification requirements			Conform to Independent (Note1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as Remuneration Committee Member	Remarks
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a professional capacity that is necessary for company business	Having work experience in the area of commerce, law, finance, or accounting, or otherwise necessary company business	1	2	3	4	5	6	7	8		
Independent Director	Bing Shen			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
	Johnsee Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Others	J. W. Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-

Note 1: ✓ indicates qualified members during the two years before being elected or during the term of the appointment.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any its affiliates. This is not restrictive on any person who is an independent director of the Company, or its parent company which established based on this law or local law.

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- (3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held under others' names, in an aggregate amount of one percent or more of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.
- (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total outstanding shares of the Company or ranks among the top five corporate shareholders in term of share volume held.
- (6) Not a director, supervisor, executive officer, or shareholder holding five percent or more shares of a specific company or institution and who also has financial or business dealings with the Company.
- (7) Not a professional, or owner, partner, director, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the Company or to any affiliates of the Company.
- (8) Not has any of the circumstance in the subparagraphs of Article 30 of the Company Act.

Note 2: The scope of responsibilities of the Company's Remuneration Committee:

- (1) Formulate and periodically examine the performance review, remuneration policy, system, standards, and structure for directors and managerial officers.
- (2) Periodically evaluate and formulate the remuneration of directors and managerial officers.

Note 3: On 10 May, 2019, the Company changed a member of the Remuneration Committee to discharge former member, Mr. Min-Teh Yu in order to meet a majority of Remuneration Committee members shall be Independent Directors.

b. Executive Status of the Remuneration Committee:

The Company has established the Remuneration Committee on 19 August, 2011 and the number of the committee members is three. The tenure of current 4th term Remuneration Committee is from 10 August, 2018 to 28 June, 2021. In recent year, the Remuneration Committee held 3 times (A) and the attendance status of members is disclosed as follows:

Title	Name	Times of Attendance (B)	Times of Attendance by Proxy	Percentage of Attendance (%) (B/A)	Remark
Convener	Bing Shen	3	0	100%	-
Committee member	Johnsee Lee	3	0	100%	-
	J. W. Huang	3	0	100%	-

Instances where discussion and results of resolution of the Remuneration Committee and the response to members' opinion:

Meeting Date (Term)	Mater to be discussed	Resolution	The response to members' opinion
20 Mar., 2018 The 6 th meeting of the 3 rd term	To discuss and approve the 2017 Directors' remuneration and employees' compensation of the Company	Approved by all attending members without objection.	The proposal is submitted to Board of Directors, and approved by all attending Directors.
11 Mar., 2019 The 3 rd meeting of the 4 th term	To discuss and approve the 2018 Directors' remuneration and employees' compensation of the Company		

Other required disclosure:

- (1) If the Board does not adopt or amend the suggestions of the Remuneration Committee, date and term of the meeting, the agenda item, the resolution and the Company's disposition of the suggestions shall be specified. (If the remuneration passed by the board exceeds that proposed by the committee, the discrepancy and the reason therefor shall be specified.): None
- (2) If any of the Board members has expressed opposition or reservations to the resolution, which have been recorded or put in writing, the date and term of the meeting, the resolution, the view of each member and the disposition thereof shall be specified: None

3.5 Measures the Company Takes to Fulfill Corporate Social Responsibilities and Their Execution Results:

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
a. Implementation of Corporate Governance (a) Has the Company established a CSR (corporate social responsibility) policy and assessed the effectiveness of its implementation?	V		In order to fulfill their corporate social responsibilities, the Company and its subsidiary, Far EasTone, have formulated CSR policies with an aim of developing the economy, society and the environment in a balanced and sustainable manner. Since the policies were approved by the Board, all departments have performed related tasks based on their function under the supervision of the Corporate Staff Office.	None

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(b) Does the Company hold CSR training on an ongoing basis?	V		The Company's Human Resources Development Center organizes annually two training sessions totaling six hours for the Directors and routine educational training on corporate governance, legal compliance and safety and health for managers and employees. In 2018, 5,386 sessions were conducted, with 119,542 participants. In coherence of members of CSR committee's sustainable mindset and the latest CSR trend, the Company conducted five workshops in 2017 of "CSR trend and sustainability blueprint," and formulated The Sustainability Blueprint for FENC. The Company's subsidiary, Far EasTone, recruits CSR experts on an annual basis to share current trends during CSR Committee meetings and at senior-level management meetings.	None
(c) Has the Company established a dedicated (or non-dedicated) unit to promote CSR, which is authorized to handle senior-management level affairs by the Board of Directors, and sends feedback on its handling to the Board?	V		The Company instituted a functional CSR Committee in 2012. The committee is composed of four units, which mirror Company's four businesses, with unit members from different departments and divisions. There are three dedicated officers from the Corporate Staff Office who plan and promote CSR projects, whilst the committee members execute the projects, report on sustainability performance and communicate with stakeholders. There are 149 CSR committee members including a cross-unit Energy Task Force. The Company periodically reports on CSR implementations and results to the Board of Directors, totaling four times in 2018 in order to incorporate CSR as one of the Company's core values.	
(d) Has the Company established a reasonable remuneration policy, which incorporates ethical conduct into the performance evaluation system of employees, and clearly carries out an effective reward and discipline system?	V		The Company and its subsidiaries have set clear-cut standards for employee performance evaluation, educational training, as well as rewards and discipline. A remuneration committee is in place to assist the Board in stipulating performance evaluation and reward policies, systems, standards and structures for Directors and managers. Related performance evaluations, salaries, bonuses, profit sharing plan, and reward payment methods for Directors and employees are regularly evaluated by the "Remuneration Committee" and their suggestions are submitted for discussion at the board meetings.	

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Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
b. Sustainability Managements				
(a) Is the Company committed to enhancing the effectiveness of utilizing various resources and consuming recycled materials as feedstock to minimize the adverse impact on the environment?	V		Specific efforts that the Company and its subsidiaries make to conserve the environment include, but are not limited to, consuming recycled materials as feedstock, e.g. recycled PET bottles; re-utilizing the residuals from the production process as raw materials; collecting the residual fuel and the emission of heat and steam to reduce the consumption of energy; reclaiming water; and optimizing the production processes. As part of its commitment to enhancing the effectiveness of utilizing various resources, and to minimize energy wastage.	None
(b) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		In 2010, the Company and its subsidiaries set up a cross-subsidiary and inter-departmental "Energy Task Force," and set short, medium, and long-term goals of reduction in four areas in 2018, ranging from energy and water withdrawal, waste production to air pollution. The team assesses the feasibility of various measures, implements appropriate projects and monitors the progress toward the goals. All these efforts are geared toward complying with government policies, mitigating the effects of global climate change, reducing greenhouse gas emissions, curtailing the consumption of energy and resources and fulfilling the Company's social responsibility of protecting our world's environment.	
(c) Has the Company paid attention to the impact from climate changes on its business operations, carried out assessments on greenhouse gases, and set up corporate strategies to save energy and to reduce the emission of carbon and greenhouse gas?	V		1. The subsidiaries of FENC and its production facilities have set up appropriate management mechanisms that are in line with different local government requirements for greenhouse gas management (e.g., the carbon trading mechanism in Shanghai). Members of the Energy Task Force discuss, implement, and carry out management policies on-site and review their performance with related departments. For instance, monthly meetings are held to discuss the conditions of energy consumption, energy-saving targets, and the practical implementation of measures designed to save energy and to reduce the emission of carbon, etc. In order to support the development of Taiwan's renewable energy, FENC has begun to purchase green power since 2015. Until 2018, we purchased 900,000 kwh of power. In addition, solar panels were installed in four of our production sites in China and	

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
			<p>began operations in 2016 and subsequently in 2018. In order to cut our use of energy and mitigate the impact of climate change, the Company continued to adopt various energy-saving and carbon-cutting measures. Throughout 2018, a total of 95 campaigns were underway to conserve energy and prevent the emission of 89,195 tons of CO₂e.</p> <p>2. The Company has developed a comprehensive inventory of greenhouse gas emissions and performed verification tasks. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant have taken the initiatives to comply with the government's greenhouse gas reduction policies by signing a 5-year plan with the Industry Development Bureau to make voluntary efforts to reduce 50,000 tons of CO₂ emissions from 2016 to 2020. Far EastOne has established an energy management committee and related policies to promote energy preservation. The greenhouse gas (GHG) emissions of the FENC's subsidiaries and production facilities, totaling 16 production lines, were 1,894 kt-CO₂e and 1,809 kt-CO₂e in 2017 and 2018, respectively. In 2018, the Company's (Taiwan) total GHG emissions was 775 kt-CO₂e.</p> <p>3. Production sites which were verified under the standards of ISO 14064-1, etc. for GHG inventories in 2017 include Oriental Petrochemical (Taiwan), Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Kuanyin Dyeing & Finishing Plant, Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Far Eastern Industries (Wuxi), Oriental Industries (Suzhou), Far Eastern Dyeing & Finishing (Suzhou), Far Eastern Apparel (Suzhou) and Far Eastern Apparel (Vietnam).</p> <p>4. Production sites which were verified under the standards of ISO 14064-1, etc. for GHG inventories in 2018 include Oriental Petrochemical (Taiwan), Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Far Eastern Fibertech, Hukou Mill, Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), and Wuhan Far Eastern New Material.</p>	None

Corporate Governance Report

Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
c. Promote Common Goods and Public Welfare (a) Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?	V		<p>The Company is devoted to protect the employees' basic human rights, follow relevant labor laws and regulations, and support and voluntarily comply with international human rights treaties, including the International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights and The UN Global Compact.</p> <p>In order to guarantee the employees' human rights, the Company provides 2~4 hours training on human rights and labor related regulations for new hires, and conducts regular updates on employee codes and corporate values. For instance, review all overtime and hours reports on a monthly basis; if there are any irregularities and violations, the Group will ensure compliance with relevant human rights standards through investigation and follow ups. In 2018, the Company conducted training for managers who dealt with human rights affairs in various production sites, and signed human rights policies to determine for human rights.</p>	None
(b) Has the Company established employee grievance mechanisms and channels, and handled these grievances appropriately?	V		<p>The websites of the Company and its subsidiaries all contain email contact details which are channeled to our Audit Committee, Audit Department and Legal compliance; all such emails are handled by dedicated personnel.</p>	
(c) Has the Company offered a safe and healthy work environment and routinely implements safety and health education for its employees?	V		<p>In order to construct a safe working environment that benefits both sides of the industrial relationship, the Company has undertaken several measures:</p> <p>Maintaining safe working conditions: requiring stringent safety and health standards starting from the purchasing of machinery, tools, and materials, as well as stringent supervision during the installation of machinery and tools; periodic inspection of various production environments according to the law, and any condition that does not meet the standard will be immediately excluded or modified; appropriate protective equipment will be set up depending on the risk factors associated with the workplace;</p> <p>Maintaining the health of employees: in addition to conducting health checkups to prevent workplace hazards in accordance with the government regulations, the Company also routinely arranges health checkups for its employees and collaborates with the</p>	

Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
			Group's hospital to undertake healthcare management depending on the results of the checkups. Each plant is equipped with the required medication, healthcare materials and simple medical supplies; some plants have also contracted doctors and medical personnel to provide routine services.	None
(d) Has the Company established a routine communications mechanism of the employees, and provides notice of operational changes that may pose a significant impact on its employees in a fair and appropriate manner?	V		The Company and its subsidiaries host routine Labor-management meetings to promote company policies and to undertake two-way communications with staff members in order to maintain harmonious relations with employees. In addition to the routinely-scheduled meetings, the Company provides emails for submitting suggestions; designated personnel handle suggestions and comments from staff members. The Company's electronic documentation system is comprehensive, and announcements of significant events are made through this system so that all company personnel will be aware of the events in the shortest time possible.	
(e) Has the Company established an effective career developmental plan for its employees?	V		The Company and its subsidiaries value the educational training and career development of its employees. In addition to offering managerial capability training to its employees, such as corporate management and factory management courses, the Company has also planned systematic and on-going basis programs to facilitate employees in pursuing further education that enhance their competencies and strengthen individual and corporate competitiveness.	
(f) Has the Company established consumer rights protection policies and complaint-filing procedures in terms of R&D, purchasing, manufacturing, operations, and customer service?	V		The Company and its subsidiaries ensure that products and service quality are in compliance with government regulations and industry standards. The Company has implemented “Customer Quality Complaint Handling Standards,” and handles written complaints from clients or via electronic means. The corporate website also offers a newsletter, and an email facility is in place to receive feedback. These measures allow customers to quickly grasp significant information on the Company and to immediately provide feedback should there be problems.	

Corporate Governance Report

Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
(g) For the marketing and labels on products and services, does the Company comply with related laws, regulations, and international standards?	V		The Company and its subsidiaries’ product information is disclosed and proactively communicated in detail through the corporate websites, storefronts, and other channels. In addition, the marketing and labels for products and services are all processed according to related regulations and international standards.	None
(h) Prior to conducting business with suppliers, has the Company evaluated whether such suppliers have had past records where they made an impact on the environment and on society at large?	V		The Company and its subsidiaries have in place "Code of Ethics", "Supplier Code of Conduct" and “Supplier CSR Commitment Statement," which specifically sets forth principles and expectations regarding ethics, compliance, health, human rights, safety and security. Suppliers’ evaluation records are used as a reference in supplier selection process.	
(i) Do the Company’s contracts with its primary suppliers contain any immediate termination or cancellation clauses when suppliers violate their corporate social responsibility policies, and pose a significant impact on the environment and society?	V		Upon signing contracts with suppliers, the Company and its subsidiaries have listed clauses relating to compliance with the labor laws and included reference to repercussions for environmental damages caused. We stipulate that our suppliers endeavor to maintain corporate social responsibility.	
d. Improvement in Information Disclosure Does the Company include the disclosure of corporate social responsibility related information with significance and reliability on the corporate website and the M.O.P.S. website operated by the Taiwan Stock Exchange?	V		The Company’s news and the latest information regarding the Company’s corporate social responsibilities have been disclosed on the Company’s website. In addition, relevant information is conveyed to interested parties via investors’ conferences, shareholders’ meetings, and services provided by investor relationship personnel. The Company has published its corporate social responsibility report, disclosed the implementation of corporate social responsibility, and make public related information on its website. The stakeholders can download our Company’s corporate social responsibility report in order to understand our commitment and action on sustainable governance and social responsibilities, as well as our effort and persistence on various CSR topics.	
e. If the company has set up the principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any difference: To develop the economy, society and environment in a balanced and sustainable manner, the Company and its subsidiary, Far EasTone, have implemented the CSR policies with the Board’s approval. The Company endeavors to fulfill its social responsibilities through research and development in eco-friendly products, participating in philanthropic activities and pursuing environmental certification. In addition, the Company mobilizes its resources to strengthen corporate governance, promote environmental protection and give back to society. Information about the efforts is available on the Company’s website and the M.O.P.S website operated by the Taiwan Stock Exchange.				

f. Please state any other important information that would facilitate better understanding of the Company's status in fulfilling corporate social responsibilities:

(a) Working environment and employee safety precautions (Please refer to page 82-84)

(b) Environment protection regulations, measures, and compliance

(1) Sustainability policy

i. Compliance with related laws and regulations

ii. Continuing improving manufacturing process to prevent and control pollution

iii. Reducing industrial waste to increase energy and resource efficiency.

iv. Conducting training to raise employees' environmental awareness and help them improve skills to protect the environment

v. Continuing recycling and raising the public's environmental awareness

vi. Communicating our environmental achievement to stakeholders properly

(2) The Company is dedicated in conserving the global environment through the following ways:

i. Reduce: Minimize the resourced used during the manufacturing process and make our products lighter

ii. Recycle: Develop and refine recycling technologies, increase the scale of recycling and use recycled materials in our products to protect the environment

iii. Replace: Use non-food crops and waste as materials to develop our products so as to reduce our reliance on fossil fuels.

As the leader in green polyester in the industry, FENC has continued to invest in resources to develop forward-looking and sustainable green products, promote recycling and develop green solution to reduce energy consumption. In 2016, the Company developed the eco-friendly yarn by using ocean plastic waste as materials, attracting local and foreign media's attention and raising the public concerns on oceanic ecology. In 2017, we were the first in the industry to launch various PFC-free products in the hope of raising people's life quality while promoting environmental sustainability at the same time. In 2018, we initiated the research project of r-TEX Process to materialize the prospect of a circular economy by adopting T2T (i.e. textile to textile) recycling.

(3) Material results

i. We have incorporated the prevailing concept of "earthwork balance" in the ongoing construction of Tpark and recycled water resources at the park to protect the ecology. In order to be more eco-friendly, green space is added to this high-tech park.

ii. In order to conserve energy comprehensively, the Company has implemented various projects to reduce the use of fuel oil, electricity, natural gas and coal water mixture. In 2018, the Company implemented a total of 95 projects to reduce 659,480 GJ of energy consumption and 89,195 t-CO₂e of emissions, which saved a total of NT\$140 million/ year.

(c) Community welfare, social services, and social welfare:

The Company contributes to society through participation in Environmental Protection, Art & Culture, Technology, Education, and Athletics. They are described as follows:

(1) **Art & Culture:** We organize Far Eastern Architectural Design Awards annually, which is composed of several awards, including Far Eastern Excellent Architectural Design Award, Far Eastern Group Architectural Renovation Award, Far Eastern Architectural Young Talent Award as well as events such as the Exhibition of Far Eastern Architectural Young Talent and Far Eastern International Architecture Seminar and events.

(2) **Technology:** We organize Y. Z. Hsu Scientific Award annually to reward people who have achieved technological innovation, and also sponsor various tech-related research projects and events.

(3) **Education:** We organize Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament annually. The winners of this competition will participate in the International Young Physicists' Tournament on behalf of Taiwan. Since 2015, the Company has collaborated with Beitou Refuse Incinerator Plant on the fabrication and installation of exhibits for environmental education. In 2017, audio-visuals were added to the exhibition, and to maximize its educational benefits, an interactive kiosk was installed in 2018. In 2018, we participate in the "Resource Cycle Education Promotion Program" held by Environmental Protection Department of New Taipei City Government, which is aimed at raising the public's awareness of recycling and encouraging them to buy eco-friendly products, in order to improve Taiwan's green image.

(4) **Athletics:** Hsinpu Chemical Fiber Plant holds the annual FENC Classic Marathon, which incorporates a lot of local cultural elements and invites local people from Hsinchu to participate in the event. Every year, thousands of runners sign up for this marathon, which has become one of the most important events to runners in the country. It marked its 10th anniversary in 2018 and was attended by 6,518 contestants. In addition, FENC sponsors large athletic events to support Taiwan's athletic development. For example, in April 2017, the Company sponsored the National Intercollegiate Athletic Games, organized by National Taiwan University.

g. If the Company's reports of corporate social responsibility have been accredited by relevant accreditation institutions, please elaborate:

The "2018 Corporate Social Responsibility Report" published by the Company was written in accordance with the AA1000 standards and the requirements of the Global Reporting Initiative (GRI) Standard Comprehensive Option. This report has been assured by the third party SGS Taiwan at a Type 1, Moderate level assurance.

Corporate Governance Report

3.6 Implementation of the Code of Business Conduct

Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Summary	
a. Establishment of Business Conduct Policy and Plans (a) Does the Company demonstrate business conduct policy and practice in the corporate guidelines and external documents? Have the Board of Directors and management committed to actively implement such policy?	V		The Company and its subsidiary, Far EasTone, have established "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management". In order to promote awareness, the policies are available for access through channels such as intranet, company publications, facility labels and various meetings, etc. All employees are required and trained to comply with our "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management" throughout daily operations.	None
(b) Has the Company established and implemented an unethical conduct prevention plan, which stipulates operational processes, provides guidelines for conduct, discipline for violations of rules, and an appeal system in each case?	V		To establish an ethical corporate culture and to prevent unethical conduct, the Company hosts education/training seminars periodically for its employees and to remind the stakeholders of the Company to follow and respect the moral and ethical standards of the Company. Related procedures and standards are disclosed on the Company's website (www.fenc.com).	
(c) Has the Company taken any precautionary measures to prevent corruption or high-risk illegal business activities, based on Paragraph 2 in Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies"?	V		The procedures and guidelines of the Company and its subsidiaries should at least contain the following matters: (1) Standards for determining if improper benefits have been offered or accepted. (2) Procedures for offering legitimate political donations. (3) Procedures and the standard amounts for offering charitable donations or sponsorship. (4) Rules for avoiding work-related conflicts of interests, and how such conflicts be reported and handled. (5) Rules for preserving confidentiality of trade secrets and business sensitive information obtained in the ordinary course of business. (6) Regulations and procedures for dealing with vendors, clients, and business transaction counterparties suspected of Misconducts. (7) Operational procedures for violations of "Best Practice Principles of Ethical Corporate Management". (8) Disciplinary measures for offenders.	

Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Summary	
b. Implementation of the Code of Business Conduct (a) Does the Company evaluate the ethical conduct records of its counterparties and specify "Ethical clauses" in business contracts?	V		1. The Company and its subsidiaries require that suppliers provide the assurance to comply with its rules regarding social activities, such as entertainment and the offering of gifts. If such rules are violated, all rights and cooperation with the supplier will be terminated. 2. The Company's subsidiary, Far EasTone, also requires suppliers to sign "Code of Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way of encouraging all stakeholders to comply and respect with Far EasTone's "Ethical Corporate Management Best Practice Principles".	None
(b) Has the Company established dedicated units under the supervision of the Board of Directors to promote corporate ethical management and which regularly report to the Board on their implementation status?	V		1. The Company has set up "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management" and incorporated them into employment guidelines. Regarding the Legal Department, the "Legal Compliance Team" is established to promote and conduct corporate ethical management, including "Business Corruption Self-Assessments", during quarterly compliance reviews. The implementation status is subsequently reported to the Board of Directors. 2. The Business Control Department of the Company's subsidiary, Far EasTone, is the unit responsible for encouraging ethical management and regularly reports the status of its implementation to the Board of Directors.	
(c) Does the Company promulgate policies to prevent conflicts of interests and offer appropriate channels for reporting conflicts of benefits?	V		1. The Company abides by the principle of zero-tolerance for malpractices. If an employee of the Company takes advantage of his/her position in the Company to advance his/her or a third party's interests, and such actions lead the Company to incur losses by any means, the employee not only will be discharged from the Company, but also will be required to unconditionally compensate the Company for any losses caused. 2. Any of the Company employees found to be in violation of the ethical management rules shall be disciplined in accordance with the reward and disciplinary rules of the Company, subject to the severity of the case. Once discharged from the Company, such a person is not allowed to ever be re-employed by the Company or by any of its affiliates.	

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Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Summary	
			3. The Company has an appeal system in place to provide those who violate the rules with a channel to appeal for remedy, subject to the related rules.	None
(d) Does the Company establish an effective operation of the accounting and internal control systems, and periodically conduct internal audits by internal auditors, or audit by CPA?	V		The Company has set up rigorous accounting systems and dedicated department. Financial statements are audited (or reviewed) by CPA and announced in compliance with legal requirement to ensure the accuracy and transparency of the financial information. At the Company, apart from establishing the Audit Department and related internal audit systems, we review and revise these systems periodically to ensure their effectiveness, so as to enforce the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and "Best Practice Principles of Ethical Corporate Management". Internal auditors of the Company shall also periodically examine the results of compliance with the foregoing, and quarterly prepare audit reports submitted to the Board of Directors and the Audit Committee.	
(e) Does the Company periodically conduct internal and external training on ethical management?	V		1. To instill an ethical corporate culture and prevent misconduct behaviors, our Company undertakes educational trainings for the employees, totaling 9 sessions in 2018. To our stakeholders, we put in effort to promote compliance with ethical and integrity standards. The relevant regulations, guidelines and operational procedures are publicly-disclosed on the Company's website (www.fenc.com). 2. Our subsidiary, Far EasTone, makes use of e-Paper to conduct educational training on "The Code of Ethics" & "The Code of Business Conduct".	
c. Establishment of Reporting Channels for Violations of the Code Of Business Conduct. (a) Has the Company established a specific complaints and rewards system through convenient channels for lodging complaints? And does the Company assign dedicated personnel to attend to the matter?	V		1. FENC has multiple communication channels for stakeholders to report instances of misconduct, such as bribery and corruption. There are measures in place to conduct independent investigation into the alleged misconduct and escalate the matter to higher levels of authority. The company's suppliers, clients and stakeholders can file a complaint via email to the Supplier Team of the FEG Purchasing Department, the contact of each division or the Audit Committee and Audit Department. More contact information is provided in the stakeholders' section on the Company's website (www.fenc.com).	

Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Summary	
			2. For complaints that do not specify the details of procurement malpractices, FENC will audit the scope of the matter that is related to the complaint. If internal control defects and management issues are found, a remedy will be proposed immediately. At the same time, disciplinary action for those responsible for the misconduct will be proposed.	None
(b) Has the Company established standard operating procedures for investigating and handling complaints in a confidential manner?	V		For any violation of the ethical management rules being found, employees of our Company and its subsidiaries shall proactively report to the Audit Committee, the management, head of internal auditor, human resources department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.	
(c) Does the Company adopt measures to protect whistle-blowers from reprisals for having filed the complaint report?	V		The Company ensures that the whistle-blower’s identity and the contents of the complaint are kept confidential in order to protect the whistle-blower from retaliation for having filed the complaint.	
d. Improvements in Information Disclosure Does the Company disclose the principle and the practice of business conduct related information on the corporate website and M.O.P.S. website operated by the Taiwan Stock Exchange?	V		The Company and its subsidiary, Far EasTone, have set up multiple-language (traditional Chinese/simplified Chinese/English) websites to disclose the related information on “Best Practice Principles of Ethical Corporate Management”.	
e. If the Company has established its own guidelines for the “Code of Business Conduct” according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: None				
f. Other important information revealing the Company’s ethical operations (e.g. review and revision of the Company’s code of business conduct): The Code of Procurement is added to the FENC’s procurement system to provide important information, such as the Company’s prohibition of child labor, bribery and corruption as well as laws and regulations related to environmental protection, in order to ensure compliance from suppliers. The Company also provides suppliers with an avenue to lodge a complaint if any of their rights and interests is harmed in the procurement process. Both the Company’s employees and the Company’s suppliers are observed in high-standard code of ethics. Suppliers bribing the Company’s employees or the Company’s employees asking bribes from suppliers shall be referred to a court of law.				

Corporate Governance Report

3.7 Methods for Searching the Rules and Relevant Regulations of Corporate Governance

The Company's website: www.fenc.com, subsidiary Far EasTone's website: www.fetnet.net, and the Market Operation Observe System by the Taiwan Stock Exchange: <http://mops.twse.com.tw/>

3.8 Others

3.8.1 Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company. The Company's appointed personnel will review and revise accounting and internal audit systems periodically to ensure their effectiveness and prepare audit reports to be submitted to the Board of Directors. "Sincerity, Diligence, Thrift, Prudence and Innovation" is the motto of the Company, and also the code of conducts for each employee of the Company.

3.8.2 Employee Rights and Interests, Employee Care: (Please refer to page 82)

3.8.3 Investor Relations, Vendor Relations and Rights of Interest-conflicting Parties: (Please refer to page 33)

3.8.4 Risk Management Policies and Risk Measurement Standard Implementation Progress: (Please refer to page 123)

a. Company's risk management organization: (Please refer to page 12)

(a) Established the "Credit Committee": the committee is in charge of the review of the credit situation of domestic and foreign customers, and decides the credit ratings and credit allowances for such customers based on the review results. The committee is also in charge of the continual monitor and control of each credit account and account receivables, in order to achieve the target of "zero bad debt".

(b) Established the "The Supervisory Committee of Information Safety": the committee is in charge of preventing business information from being misappropriated or being released to irrelevant parties.

b. The Company has obtained the approval of the "Procedures for Handling Material Inside Information" in the 5th Board Meeting of the 20th term on Dec. 21, 2009 and proceeded to promote as follows:

(a) Provide "Procedures for Handling Material Inside Information" to new managers upon signing the security agreement.

(b) The Company promotes the "Procedures for Handling Material Inside Information", and the "Insider Trading" related information posted on TWSE website to remind managers upon the declaration of shareholding variation.

(c) The Company's employees and managers have to sign a security agreement upon coming on board and be aware of the Company's "Procedures for Handling Material Inside Information".

3.8.5 Customer Policy Implementation Progress: (Please refer to page 41)

3.8.6 The Company's purchase of liability insurance for Directors: the Company purchases liability insurance for the Company's directors, in order to reduce their risk of legal and financial liabilities that may arise during day to day operations. (The related report has been submitted to the Board meeting on 22 Mar 2019)

3.8.7 Professional licenses granted to those who are responsible for the financial information transparency of the Company and its subsidiaries by regulatory authorities:

Category	Department		The Company	Subsidiaries
	Licenses			
Accounting / Taxation	CPA ROC		19	9
	CPA China		1	2
	CIA		6	5
	CPB		13	3
Finance	CFA		2	1
	Securities Investment Analyst		3	3
	Senior Securities Specialist		19	4
	Futures Specialist		4	3
	Foreign Exchange Trading Personnel		2	2
	Trust Specialist		10	9
	Financial Planning Personnel		9	3
Real Estate	Realtor		-	2
	Land Administration Agent		-	2
Insurance	Non-Life Insurance Broker		-	1
	Non-Life Insurance Salesman		5	4
Labor Safety	CISA		-	4

Corporate Governance Report

3.8.8 Training for Board of Directors, Presidents, and Executive Vice Presidents:

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Chairman	Douglas Tong Hsu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
Directors	Johnny Hsi	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		3 Aug 18	3 Aug 18	Taiwan Corporate Governance Association	From the Bitcoins to see the Corporate Corruption & Information Security Issues	3
	Shaw Y. Wang	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Raymond Hsu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Peter Hsu	1 Aug 18	1 Aug 18	Taiwan Corporate Governance Association	Liabilities Insurance for Directors, Supervisors and Management Team	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Tonia Katherine Hsu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		1 Aug 18	1 Aug 18	Taiwan Corporate Governance Association	Liabilities Insurance for Directors, Supervisors and Management Team	3
	Richard Yang	12 Jun 18	12 Jun 18	Securities & Futures Institute	Directors and Supervisors (Including Independent) on Board Practices Forum	3
		22 Feb 18	22 Feb 18	Securities & Futures Institute	Directors and Supervisors (Including Independent) on Board Practices Forum	3
	Kwan-Tao Li	13 Nov 18	13 Nov 18	Taiwan Corporate Governance Association	The Impact and Strategy to the Corporates for US-China Trade war	3
		13 Nov 18	13 Nov 18	Taiwan Corporate Governance Association	Directors' Duties and Liabilities under the latest Company Act	3
	Alice Hsu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Champion Lee	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
Independent Directors	Bing Shen	3 Aug 18	3 Aug 18	Taiwan Corporate Governance Association	From the Bitcoins to see the Corporate Corruption & Information Security Issues	3
		18 May 18	18 May 18	Taiwan Stock Exchange	Corporate Governance Blueprint Forum for Public Listed Companies	3
		4 May 18	4 May 18	Taiwan Institute for Sustainable Energy	Sustainable Development and Strategy for Construction Service Industry	3
	Johnsee Lee	21 Jun 18	21 Jun 18	Taiwan Securities Association	Case Study & Analysis: the Latest Amendments of Money Laundering Control Act	3

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
		2 May 18	2 May 18	Taiwan Corporate Governance Association	Case Study: How to Successfully Negotiate a M&A?	3
President	Eric Hu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Y.H. Tseng	22 Dec 14	22 Dec 14	Taiwan Corporate Governance Association	Trend of CSR and Sustainable Governance	3
		22 Dec 14	22 Dec 14	Taiwan Corporate Governance Association	Trend of CSR and Sustainable Governance	3
	K.S. Wu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Humphrey Cheng	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
Chief Operating Officer	C.Y. Dai	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
Executive Vice President	Alan Tsai	16 Aug 18	16 Aug 18	Accounting Research and Development Foundation	The Impact, Strategy and Legal Liabilities for Corporates to Launch Anti-Laundry Policies	3
		25 May 18	25 May 18	Accounting Research and Development Foundation	Legal Compliance and Liabilities for Merger & Acquisition	3
	Emily Wu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Ru-yu Wu	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
		24 Jul 18	24 Jul 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3
	Mingo A. Chen	24 Dec 18	24 Dec 18	Taiwan Academy of Banking and Finance	Corporate Governance – the Practice of Board of Directors	3

3.9 In Recent Years until the Annual Report Being Published, Violation of Internal Control Policies by Employees: None

Corporate Governance Report

3.10 Internal Control System Execution Status

3.10.1 Internal Control Report

Far Eastern New Century Corporation The Declaration of Internal Control System

Date: 22 March 2019

Based on the self-examination results of the internal control system for the year of 2018, Far Eastern New Century Corporation (the Company) therefore declares the following:

1. Board of Directors and the management of the Company understand that it is their responsibility to establish, implement, and maintain an internal control system, and such a system has been established. The purpose to establish the aforesaid system is to reasonably assure 1) the operating results and operating efficiencies (including profit, performance, and the safeguard of assets); 2) the reliability, instantaneity and transparency of the financial reports, and 3) the compliance of the relevant laws and regulations.
2. An internal control system, regardless how perfectly the system is being designed, can have its defects. A system that can reasonably assure the achievements of the three purposes mentioned in the preceding paragraph is considered as effective and useful. In addition, changes in the business environment and situation may, as a result, hinder the effectiveness of an adequate system. However, the internal control system of the Company has included a self-examination mechanism; the Company will make immediate corrections considering the materiality when material errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to exam the following five items during the internal control process: 1) Control Environment, 2) Risk Evaluation and Management, 3) Control Activities, 4) Information and Communication, and 5) Monitoring processes. Details of each area being examined can be found in the Guidelines.
4. Based on the items mentioned in the preceding paragraph, the Company has evaluated the design of the internal control system and the effectiveness of the implementation of the aforesaid system.
5. The Company management declares that the internal control system (including Subsidiary Governance) as of 31 Dec 2018 has effectively assured that the following objectives have been reasonably achieved during the assessment period:
 - (1) The effectiveness and efficiency of business operations;
 - (2) The reliability, timeliness, transparency, and regulatory compliance of the financial reports;
 - (3) The compliance of the relevant laws/regulations.
6. This Declaration is a significant content in the annual report and prospectus of the Company, and it is available to the general public. If it contains false information or conceals any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Securities and Exchange Act.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 22 March 2019. All of 11 Directors present consented to the Declaration, and no dissenting opinion was expressed.

Far Eastern New Century Corporation

Chairman: Douglas Tong Hsu

Corporate Management President: Humphrey Cheng



3.10.2 The investigative report of Entrusting CPA to examine the internal control system: None.

3.11 In Recent Years until the Annual Report Being Published, Major Resolutions of Shareholders' Meeting and Board Meetings:

3.11.1 Shareholders' Meeting

	Date	Resolutions of Shareholders' Meeting	Execution
2018 Annual General Shareholders' Meeting	June 29, 2018	Reporting items: 2017 business operations 2017 financial statements The Audit Committee's review report of 2017 business operations and financial statements 2017 employees' compensation and Directors' remuneration Information of the corporate bonds issued in 2017 Information of the share exchange with Fu Kwok Knitting & Garment Co., Ltd.	Not applicable
		Approval items: To accept 2017 business report and financial statements To approve the proposal for distribution of 2017 profits	27 July 2018 was settled as the ex-dividend date, and cash dividend was distributed on 17 August 2018.
		Proposed item & elections of Directors: To approve the revision to the "Articles of Incorporation of Far Eastern New Century Corporation" To elect Directors (including Independent Directors) of Far Eastern New Century Corporation To approve the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Act	It had been approved by the Department of Commerce, MOEA on 30 July 2018, and renewed on the Company's website as well.

3.11.2 Board Meetings

Term	Date	Important Resolutions	Items under Article 14-3 of Securities and Exchange Act	Independent Directors' Opinions and the Company's reaction
12 th Board Meeting of the 22 nd term	March 23, 2018	1. Approved 2017 employees' compensation and Directors' remuneration.	V	All presented Independent Directors approved
		2. Approved 2017 financial statements (including consolidated & stand-alone)	V	
		3. Approved the proposal for distribution of 2017 profits.	V	
		4. To elect Directors (including Independent Directors) of Far Eastern New Century Corporation.		
		5. Approved the revisions to the "Articles of Incorporation of Far Eastern New Century Corporation"	V	
		6. Approved the proposal of convening 2018 Annual General Shareholders' Meeting.		
		7. Approved to form a joint venture through Far Eastern Investment (Holding) Ltd. to acquire PTA and PET plants in Texas, USA.	V	
		8. Approved the proposal for 2018 operating budget and capital expenditure budget.		
		9. Approved amending the Company bylaw of "Accounting Policy of Far Eastern New Century Corporation"		
		10. Approved amending the Company bylaw of "Internal Control System" and "Internal Audit Implementation Rules"	V	
		11. Approved the issuance of unsecured corporate bonds in year 2018.		
		12. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
		13. Approved the declaration of internal control system of Far Eastern New Century Corporation.	V	
13 th Board Meeting of the 22 nd term	May 11, 2018	1. Approved the candidate list of the Company's Director (including Independent Director) nominees.	V	
		2. Approved the release of the relevant Directors from the non-competition restriction.	V	
		3. Approved 2017 business operations.	V	
		4. Approved the issuance of unsecured corporate bonds in year 2018.		
		5. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
		6. Approved the acquisition of new common shares of Oriental Petrochemical (Taiwan) Co., Ltd.	V	
		7. Approved the acquisition of new common shares of Far Eastern Investment (Holding) Ltd.	V	

Corporate Governance Report

Term	Date	Important Resolutions	Items under Article 14-3 of Securities and Exchange Act	Independent Directors' Opinions and the Company's reaction
1 st Board Meeting of the 23 rd term	June 29, 2018	1. To elect the Chairman and Vice Chairmen of Far Eastern New Century Corporation.	V	
		2. Approved the Presidents' appointments and their release from non-competition restrictions.	V	
		3. Approved the appointment of Manager Level and above and the release of the relevant personnel from the non-competition restrictions.	V	
2 nd Board Meeting of the 23 rd term	August 10, 2018	4. Approved the appointment of members of the "Remuneration Committee".	V	
		5. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
3 rd Board Meeting of the 23 rd term	November 9, 2018	1. Approved the issuance of corporate bonds.	V	
		2. Approved short-term financing loans extended to Far Eastern Resources Development Co., Ltd.	V	
		3. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
		4. Approved amending the Company bylaw of "Board Performance Evaluation Rules".	V	
		5. Approved amending the accounting policies of Far Eastern New Century Corporation.	V	
		6. Approved amending the internal control system and internal audit implementation rules of Far Eastern New Century Corporation.	V	
		7. Approved the 2018 Audit Plan review and the 2019 Audit Plan.	V	
4 th Board Meeting of the 23 rd term	March 22, 2019	1. Approved 2018 employees' compensation and Directors' remuneration.	V	All presented Independent Directors approved
		2. Approved 2018 financial statements (including consolidated & stand-alone)	V	
		3. Approved the proposal for distribution of 2018 profits.	V	
		4. Approved the election of an Independent Director	V	
		5. Approved amending the company bylaw of "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation"	V	
		6. Approved amending the company bylaw of "Procedures for Lending of Capital to Others of Far Eastern New Century Corporation"	V	
		7. Approved amending the company bylaw of "Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation"	V	
		8. Approved the proposal of convening 2019 Annual General Shareholders' Meeting	V	
		9. Approved the proposal for 2018 operating budget and capital expenditure budget.	V	
		10. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
		11. Approved the declaration of internal control system of Far Eastern New Century Corporation.	V	
5 th Board Meeting of the 23 rd term	May 10, 2019	1. Approved the candidate list of the Company's Independent Director nominees	V	
		2. Approved 2018 business operation	V	
		3. Approved amending the company bylaw of "Corporate Governance Principles", "Meeting Rules of Board of Directors", "Audit Committee Charter" and "Remuneration Committee Charter"	V	
		4. Approved the member change of the Remuneration Committee	V	
		5. Approved the appointment of the Chief Corporate Governance Officer	V	
		6. Approved the co-developed property project with the subsidiary	V	
		7. Approved the issuance of unsecured corporate bonds	V	
		8. Approved the guarantees of Yuan Ding Investment Co., Ltd. to the Company's subsidiary.	V	
		9. Approved the acquisition of new common shares of Oriental Petrochemical (Taiwan) Co., Ltd.	V	
		10. Approved amending the company bylaw of "Internal Audit Implementation Rules"	V	

3.12 In recent years until the annual report being published, Dissenting Comments on Major BOD Resolutions from Directors and Supervisors: None

3.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports: None

4. Audit Fees

4.1 Information of Audit Fees

4.1.1 Information of CPAs

Accounting Firm	Name of CPA		Audit Period	Note
Deloitte & Touche	Jing-Bin Shih	Cheng-Hung Kuo	1 Jan 2018 –31 Dec 2018	None

4.1.2 Audit Fees

Amount (NT\$)		Item	Audit Fee	Non-audit Fee	Total
1	Under 1,999,999			V	
2	2,000,000 ~ 3,999,999				
3	4,000,000 ~ 5,999,999				
4	6,000,000 ~ 7,999,999				
5	8,000,000 ~ 9,999,999		V		V
6	10,000,000 and over				

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Fee	Non-audit Fee					Audit period
				System Design	Registration	Human Resource	Other (Note)	Total	
Deloitte & Touche	Jing-Bin Shih	Cheng-Hung Kuo	8,450	-	20	-	812	832	1 Jan 2018 – 31 Dec 2018

Note: Service fees for corporate bonds issuance, business tax of dual-status business entities applying the direct deduction method, Information Security Consultancy, disbursement fee, etc.

4.2 In the Event that the CPA Firm is Changed and the Audit Fees Paid in the Year When the CPA Firm is Less than that Paid in the Preceding Year, Reduction of the Audit Fees, Percentage and Causes: None

4.3 In the Event that the Audit Fees Reduced by 15% Compared with that was Charged in the Preceding Year, Reduction of Audit Fees, Percentage and Causes: None

5. Information for Change of CPA

None

6. The Company's Chairman, Presidents, and Managers Responsible for Finance or Accounting Who Have Held A Position in the CPA Office or its Affiliates Within the Latest Year

None

7. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More

7.1 Shareholding Variation

Unit: Shares

Title	Name	2018		From Jan 1 2019 to Apr 29 2019	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	-	-	-	-
Vice Chairman	Johnny Hsi	-	-	-	-
Vice Chairman	Peter Hsu	-	-	-	-
Director	Asia Cement Corporation	-	-	-	-
	Shaw Y. Wang	-	-	-	-
	Raymond Hsu	-	-	-	-
	Far Eastern Department Stores Ltd.	-	-	-	-
	Richard Yang	-	-	-	-
	Tonia Katherine Hsu	-	-	-	-
	U-Ming Marine Transport Corporation	-	-	-	-
	Kwan-Tao Li	-	-	-	-
	Alice Hsu	-	-	-	-
	Yue Ding Industries Co., Ltd.	280,000	-	1,000,000	-
	Champion Lee	-	-	-	-
	Bing Shen	-	-	-	-
	Johnsee Lee	-	-	-	-
	Sheng-Cheng Hu (Note)	-	-	-	-

Note: Independent Director, Mr. Hu Sheng-Cheng passed away on 11 July, 2018.

Title	Name	2018		From Jan 1 2019 to Apr 29 2019	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Manager	K.S. Wu	-	-	-	-
	Y. H. Tseng	-	-	-	-
	Eric Hu	-	-	(82)	-
	Humphrey Cheng	-	-	-	-
	Donald Fan	(50,000)	-	(35,000)	-
	C.Y. Dai	-	-	-	-
	Judy Lee	-	-	-	-
	Raymond Hsu	-	-	-	-
	Chum Min Ho	-	-	-	-
	Y.C. Yuan	-	-	-	-
	David Wang	-	-	-	-
	B.C. Chang	-	-	-	-
	Alan Tsai	-	-	-	-
	Emily Wu	-	-	-	-
	Ru-yu Wu	-	-	-	-
	M.J. Wu	-	-	-	-
	Mingo A. Chen	-	-	-	-
	Jackson Wu	-	-	-	-
	Allen Sha	-	-	-	-
	Y.L. Chen	-	-	-	-
	Y.S. Yang	-	-	-	-
	Mark Lu	-	-	-	-
	Rebecca Huang	-	-	-	-
	Davis Dai	-	-	-	-
	Jenny Ho	-	-	-	-
	Carol Wang	-	-	-	-
	Yu-Sheng Lin	-	-	-	-
	Li Chi Chen	-	-	-	-
	C.Y. Lin	-	-	-	-

Title	Name	2018		From Jan 1 2019 to Apr 29 2019	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Manager	Ching-Shan Hsieh	(3,000)	-	-	-
	Ken Chang	-	-	-	-
	Y.T. Chang	-	-	-	-
	Fanny Liao	-	-	-	-
	David Liu	-	-	-	-
	David Shih	-	-	-	-
	Arthur Lee	-	-	-	-
	C.T. Peng	-	-	-	-
	C.T. Chen	-	-	-	-
	C.T. Chang	-	-	-	-
	Eric Huang	-	-	-	-
	J.K. Tsai	-	-	-	-
	S.Y. Lai	-	-	-	-
	M.L. Tsai	-	-	-	-
	Roder Chang	-	-	-	-
	K.B. Louy	-	-	-	-
	Nico Peng	-	-	-	-
	S.C. Lo	-	-	-	-
	Y.J. Lou	-	-	-	-
	Ryan Wu	-	-	-	-
	Hans Kuo	-	-	-	-

7.2 Shareholding Transferred (While the Counterparty is a Related Party): Not applicable

7.3 Shareholding Pledged: Not applicable

8. Relationship Between Top Ten Shareholders Defined as Related Parties, Spouse or a Relative within Two Degrees

Book closure date: 29 April 2019

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Asia Cement Corporation	1,272,277,085	23.77%	0	0.00	0	0.00	Oriental Institute of Technology	The same Chairman	See page 16 for details.
Representative: Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Far Eastern Medical Foundation		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
Oriental Institute of Technology	257,651,603	4.81%					Douglas Tong Hsu	The Chairman	
							Asia Cement Corp.	The same Chairman	N/A
							Far Eastern Medical Foundation		
Representative: Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
							Douglas Tong Hsu	The Chairman	

Corporate Governance Report

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders being the related party as defined in statement of financial accounting standards No.6		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Far Eastern Medical Foundation	193,310,445	3.61%	0	0.00	0	0.00	Asia Cement Corp. Oriental Institute of Technology Yuan Ze University	The same Chairman	N/A
Representative: Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Far Eastern Memorial Foundation Douglas Tong Hsu	Chairman is the Director of the Foundation The Chairman	
Far Eastern Memorial Foundation	183,141,383	3.42%	0	0.00	0	0.00	Asia Cement Corp. Oriental Institute of Technology Yuan Ze University	Director of the Foundation is the Chairman of the aforesaid organizations.	N/A
Representative: Shu-Hsun Chu	0	0.00%	0	0.00	0	0.00	Far Eastern Medical Foundation Douglas Tong Hsu	The Chairman	
Yuan Ze University	146,570,213	2.74%	0	0.00	0	0.00	Asia Cement Corp. Oriental Institute of Technology Far Eastern Medical Foundation	The same Chairman	N/A
Representative: Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Far Eastern Memorial Foundation Douglas Tong Hsu	Chairman is the Director of the Foundation The Chairman	
Nan Shan Life Insurance Corporation Representative: Ying-Tzyong Du	139,310,753 0	2.60% 0.00%	0 0	0.00 0.00	0 0	0.00 0.00	None	None	See page 17 for details
Cathay Life Insurance Corporation Representative: Tiao-Kuei Huang	106,132,632 60,444	1.98% 0.00%	0 0	0.00 0.00	0 0	0.00 0.00	None	None	
Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Asia Cement Corp. Oriental Institute of Technology Far Eastern Medical Foundation Yuan Ze University Far Eastern Memorial Foundation	The Chairman The Director	N/A
China Life Insurance Corporation Representative: Alan Wang	84,668,634 0	1.58% 0.00%	0 0	0.00 0.00	0 0	0.00 0.00	None	None	See page 17 for details
Der Ching Investment Co., Ltd. Representative: Peter Hsu	82,820,887 48,269,210	1.55% 0.90%	0 637	0.00 0.00	0 0	0.00 0.00	Asia Cement Corp.	ACC's investee by equity method	

9. Shareholding Proportion of FENC to Investees

Book closure date: 29 April 2019

Investees by equity method	The Company's Holdings		Direct and Indirect Holdings of Directors, and Managers of FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Asia Cement Corp.	750,511	22.33	223,533	6.65	974,044	28.98
Far Eastern Department Stores Ltd.	241,770	17.06	178,320	12.58	420,090	29.64
Oriental Union Chemical Corp.	81,216	9.17	257,798	29.11	339,014	38.28
Far Eastern International Bank	85,501	2.62	621,959	19.02	707,460	21.64
Everest Textile Co., Ltd.	137	0.03	129,889	25.99	130,026	26.02
Yuan Ding Investment Co., Ltd.	1,822,822	99.40	5,502	0.30	1,828,324	99.70
Far Eastern Resources Development Co., Ltd.	667,242	100.00	-	0.00	667,242	100.00
Yuan Tong Investment Co., Ltd.	705,147	100.00	-	0.00	705,147	100.00
Far Eastern Investment (Holding) Ltd.	4,016	100.00	-	0.00	4,016	100.00
Far Eastern Polychem Industries Ltd.	830,815	73.04	306,644	26.96	1,137,459	100.00
Kai Yuan International Investment Co., Ltd.	339,966	100.00	-	0.00	339,966	100.00
Oriental Petrochemical (Taiwan) Co., Ltd.	1,561,102	75.56	132,914	6.43	1,694,016	81.99
Far Eastern Polytex (Holding) Ltd.	153	100.00	-	0.00	135	100.00
Yuan-Ding Co., Ltd.	186,929	37.13	243,474	48.37	430,403	85.50
Far Eastern Construction Co., Ltd.	198,791	65.11	2,769	0.91	201,560	66.02
Ding Yuan International Investment Co., Ltd.	236,601	100.00	-	0.00	236,601	100.00
Oriental Securities Co., Ltd.	140,278	19.65	470,094	65.87	610,372	85.52
PET Far Eastern (H) Ltd.	397	91.95	35	8.05	432	100.00
An Ho Garment Co., Ltd.	66,346	100.00	-	0.00	66,346	100.00
Pacific Liu Tung Investment Co., Ltd.	135,000	16.83	465,068	57.99	600,068	74.82
Fu Kwok Knitting & Garment Co., Ltd.	4,000	100.00	-	0.00	4,000	100.00
FEDP (H) Ltd.	244	50.43	240	49.57	484	100.00
Far Eastern Textile Limited	100	100.00	-	0.00	100	100.00
Ding Ding Hotel Co., Ltd.	769	0.74	103,065	99.06	103,834	99.80

Capital Overview

IV. Capital Overview

1. Capital and Shares

1.1 Issued Shares

Unit: NT\$ thousands, thousand shares

Month/ Year	Par value (NT\$/ Share)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increased by assets other than cash	Other
Sep 14	10	6,000,000	60,000,000	5,247,916	52,479,169	Capitalization of share dividends	-	-
Sep 15	10	6,000,000	60,000,000	5,352,875	53,528,752	Capitalization of share dividends	-	-
Sep 16	10	6,000,000	60,000,000	5,352,875	53,528,752	Note 2	-	-
Sep 17	10	6,000,000	60,000,000	5,352,875	53,528,752	Note 2	-	-
Sep 18	10	6,000,000	60,000,000	5,352,875	53,528,752	Note 2	-	-

Note 1: Dates and letter numbers of capital increase approvals received from the regulatory authority in 5 years:

28 July 2014 Financial Supervisory Commission Ruling Ref. No.1030028503

09 July 2015 Financial Supervisory Commission Ruling Ref. No.1040025880

Note 2: No capitalization of share dividends in 2016, 2017 and 2018.

Unit: thousand shares

Unit: thousand shares

Type of Stock	Authorized Share Capital							Note
	Outstanding issued shares			Unissued Shares	Shares convertible from corporate bonds	Shares convertible from stock warrants	Total	
	Listed	Non-Listed	Total					
Common Stock	5,352,875	-	5,352,875	487,125	150,000	10,000	6,000,000	-

1.2 Shelf Registration: None

1.3 Composition of Shareholders

Book closure date: 29 April 2019

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Security Trust Funds	Foreign Institutions & Foreign Persons	Total
Number	18	51	260	90,284	40	760	91,413
Number of shares owned	99,072,000	654,033,992	2,638,807,113	706,693,011	28,713,071	1,225,556,040	5,352,875,227
% holdings	1.85%	12.22%	49.30%	13.20%	0.54%	22.89%	100.00%

1.4 Distribution Profile of Share Ownership

Book closure date: 29 April 2019

Shareholder Ownership	Number of shareholders	Number of shares owned	%
1 ~ 999	47,609	10,683,004	0.20%
1,000 ~ 5,000	29,694	64,707,661	1.21%
5,001 ~ 10,000	6,373	45,390,173	0.85%
10,001 ~ 15,000	2,580	31,079,758	0.58%
15,001 ~ 20,000	1,223	21,721,100	0.41%
20,001 ~ 30,000	1,171	28,538,040	0.53%
30,001 ~ 40,000	586	20,236,572	0.38%
40,001 ~ 50,000	361	16,321,070	0.30%
50,001 ~ 100,000	689	48,841,606	0.91%
100,001 ~ 200,000	384	54,353,860	1.02%
200,001 ~ 400,000	271	74,932,976	1.40%
400,001 ~ 600,000	87	43,083,875	0.80%
600,001 ~ 800,000	59	41,599,368	0.78%
800,001 ~ 1,000,000	31	28,028,857	0.52%
Over 1,000,001	295	4,823,357,307	90.11%
Total	91,413	5,352,875,227	100.00%

1.5 Preferred Shares: None

1.6 Major Shareholders

Book closure date: 29 April 2019

Shareholders	Total shares owned	Ownership %
Asia Cement Corporation	1,272,277,085	23.77%
Oriental Institute of Technology	257,651,603	4.81%
Far Eastern Medical Foundation	193,310,445	3.61%
Far Eastern Memorial Foundation	183,141,383	3.42%
Yuan Ze University	146,570,213	2.74%
Nan Shan Life Insurance Corporation	139,310,753	2.60%
Cathay Life Insurance Corporation	106,132,632	1.98%
Douglas Tong Hsu	91,748,698	1.71%
China Life Insurance Corporation	84,668,634	1.58%
Der Ching Investment Co., Ltd.	82,820,887	1.55%

Capital Overview

1.7 Net Worth, Earnings, Dividends, and Market Price Per Common Share

Items		Year	2018	2017	From Jan 1 2019 to Mar 31 2019
Market price per share	Highest		37.40	28.10	31.60
	Lowest		23.85	23.60	27.70
	Average		29.65	25.28	29.93
Net worth per share	Before distribution		38.02	36.31	38.81
	After distribution		(Note 3)	35.11	(Note 3)
Earnings per share	Weighted average shares (thousand shares)		5,352,875	5,352,875	5,352,875
	Adjusted earnings per share (Note 1)		2.41	1.61	0.40
Dividends per share (Note 2)	Cash dividend		1.8	1.2	Not applicable
	Stock dividend	From retained earnings	-	-	
		From capital surplus	-	-	
	Accumulated undistributed dividend		-	-	
Return on Investment	Price / Earnings ratio (Note 4)		12.30	15.70	18.71
	Price / Dividend ratio (Note 5)		16.47	21.07	Not applicable
	Cash Dividend yield (Note 6)		6.07	4.75	

Note 1 : The adjusted EPS is calculated based on the number of shares held by associates are deducted as treasury stock.

Note 2 : Distribution of profit generated from the preceding year.

Note 3 : To be resolved by Year 2019 Shareholders' Meeting.

Note 4 : Price/Earnings ratio = Average closing share price of the period/ Earnings per share.

Note 5 : Price/Dividend ratio = Average closing share price of the period / Cash dividend per share.

Note 6 : Cash dividend yield = Cash dividend per share / average closing share price of that year.

1.8 Dividend Policy and its Execution Results

1.8.1 Dividend policy under the Articles of Incorporation: Apart from paying all its income taxes in the case where there are profits for the current year, making up for accumulated losses in past years, and deducting legal reserve and special reserve required by law, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years. The distribution of shareholders' dividend shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, which is not less than 50% of the final surplus of after-tax profit in same year to withhold accumulated losses, legal reserve and special reserve, and the cash dividend is not less than 10% of the shareholders' dividend distributed in the same year.

For example, the cash dividend payout ratios over the past three years are not less than 50% of the final surplus of after-tax profit in same year to withhold accumulated losses, legal reserve and special reserve and either not less than 10% of the shareholders' dividend distributed in the same year, which are in compliance with the Articles of Incorporation.

Unit: NT\$/share

Year	EPS after Income Tax	Cash Dividend from Retained Earnings(A)	Stock Dividend from Capital Surplus (B)	Total Dividend (A+B=C)
2016	1.26	0.8	-	0.8
2017	1.61	1.2	-	1.2
2018	2.41	1.8	-	1.8

Note: The Company paid all in cash dividend in recent 3 years

- 1.8.2 Proposed distribution of 2018 profits to be approved at the Shareholders' Meeting: Cash dividend of NT\$ 1.8 per share is proposed to be distributed.

1.9 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2019 Annual General Shareholders' Meeting: Not applicable.

1.10 Employees' Compensation and Directors' Remuneration

- 1.10.1 Description regarding employees' compensation and Directors' remuneration in the Articles of Incorporation: According to the Company Act and the Article 26 in the Articles of Incorporation, 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

- 1.10.2 The discrepancy, if there is any, between the total amount of estimated employees' compensation, Directors' remuneration, stock dividends and total amount actually being paid: Treated as the changes at the accounting estimate, and such changes are adjusted in the year that annual general shareholders' meeting resolved.

- 1.10.3 Proposed employees' compensation and Directors' remuneration:

The 2018 employees' compensation and Directors' remuneration was resolved in the 4th meeting on 22 March 2019 by the 23rd term Board of Directors, and will be submitted to the 2019 shareholders' meeting. The amounts and forms are listed below:

- a. Employees' compensation: NT\$ 414,416,161 in cash
 - b. Directors' remuneration: NT\$ 225,812,120 in cash
 - c. Regarding the amount of employees' compensation and Directors' remuneration in cash or in shares, the discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: None
 - d. Proposed employees' compensation in shares as percentage of net income and total employees' compensation: Not applicable
- 1.10.4 The discrepancy, if there is any, between the total amount being actually paid as employees' compensation, remuneration for Directors and Supervisors for 2017 (including number of shares, dollar amount, and share price) and the amount of such compensation and remuneration being recognized should be stated, and the reason for such discrepancy:
- a. Employees' compensation: Resolved amount is NT\$ 276,277,440. The dollar amount actually being paid is NT\$ 276,277,440.
 - b. Remuneration for Directors: Resolved amount is NT\$ 151,590,789. The dollar amount actually being paid is NT\$ 106,650,000.

The difference between the resolved amount and the amount actually being paid will be paid in the following years.

1.11 Share Buyback by the Company:

The Company did not buy back share during year 2018 until 29 April 2019.

Capital Overview

2. Corporate Bonds

Book closure date: 29 April 2019

Corporate Bond Type		1 st Unsecured Bond 2014	2 nd Unsecured Bond 2014	3 rd Unsecured Bond 2014	1 st Unsecured Bond 2015
Issue Date		21 Aug 2014	4 Dec 2014	6 Feb 2015	25 May 2015
Face value		NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing		OTC	OTC	OTC	OTC
Offering rate		Par	Par	Par	Par
Total amount		NT\$ 3,200,000,000	NT\$ 2,200,000,000	NT\$ 2,600,000,000	NT\$ 8,000,000,000
Coupon rate		1.47%	1.47%	1.38%	1.39%
Maturity		5 years Maturity date: 21 Aug 2019	5 years Maturity date: 4 Dec 2019	5 years Maturity date: 6 Feb 2020	5 years Maturity date: 25 May 2020
Guarantor		-	-	-	-
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		-	-	-	-
Legal counsel		N.C. Liao	N.C. Liao	N.C. Liao	N.C. Liao
CPA		Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Jing-Bin Shih Shu-Chieh Huang
Repayment		50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount		NT\$ 1,600,000,000	NT\$ 1,100,000,000	NT\$ 1,300,000,000	NT\$ 8,000,000,000
Redemption or early repayment clause		None	None	None	None
Covenant applicable		None	None	None	None
Credit rating		N.A.	N.A.	N.A.	N.A.
Other rights of bond holders	None	None	None	None	None
	None	None	None	None	None
Dilution and other effects on existing shareholders		None	None	None	None
Custodian		None	None	None	None

Corporate Bond Type	2 nd Unsecured Bond 2015	3 rd Unsecured Bond 2015	1 st Unsecured Bond 2016 (Tranche A)	1 st Unsecured Bond 2016 (Tranche B)
Issue Date	2 Oct 2015	16 Nov 2015	29 Apr 2016	29 Apr 2016
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 5,200,000,000	NT\$ 2,800,000,000	NT\$ 6,000,000,000	NT\$ 2,000,000,000
Coupon rate	1.28%	1.25%	0.88%	0.00% (IRR: 0.95%)
Maturity	5 years Maturity date: 2 Oct 2020	5 years Maturity date: 16 Nov 2020	5 years Maturity date: 29 Apr 2021	5 years Maturity date: 29 Apr 2021
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	Masterlink Securities Corporation	Masterlink Securities Corporation
Legal counsel	N.C. Liao	N.C. Liao	N.C. Liao	N.C. Liao
CPA	Jing-Bin Shih Shu-Chieh Huang	Jing-Bin Shih Shu-Chieh Huang	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo
Repayment	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. These bonds will be redeemed at 104.8411% of the face value on the maturity date.
Outstanding amount	NT\$ 5,200,000,000	NT\$ 2,800,000,000	NT\$ 6,000,000,000	NT\$ 2,000,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	N.A.	N.A.	N.A.	N.A.
Other rights of bond holders	Amount converted in, exchanged, or subscribed			
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

Capital Overview

Corporate Bond Type		2 nd Unsecured Bond 2016	1 st Unsecured Bond 2017	2 nd Unsecured Bond 2017	1 st Unsecured Bond 2018	2 nd Unsecured Bond 2018
Issue Date		20 Sep 2016	17 May 2017	8 January 2018	18 May 2018	18 July 2018
Face value		NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing		OTC	OTC	OTC	OTC	OTC
Offering rate		Par	Par	Par	Par	Par
Total amount		NT\$ 3,800,000,000	NT\$ 5,000,000,000	NT\$ 3,000,000,000	NT\$ 6,000,000,000	NT\$ 8,000,000,000
Coupon rate		0.72%	1.15%	0.95%	0.92%	0.90%
Maturity		5 years Maturity date: 20 Sep 2021	5 years Maturity date: 17 May 2022	5 years Maturity date: 8 January 2023	5 years Maturity date: 18 May 2023	5 years Maturity date: 18 July 2023
Guarantor		-	-	-	-	-
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		KGI Securities Co. LTD.	Masterlink Securities Corporation	KGI Securities Co. LTD.	Yuanta Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Legal counsel		N.C. Liao	N.C. Liao	N.C. Liao	N.C. Liao	N.C. Liao
CPA		Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo
Repayment		These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount		NT\$ 3,800,000,000	NT\$ 5,000,000,000	NT\$ 3,000,000,000	NT\$ 6,000,000,000	NT\$ 8,000,000,000
Redemption or early repayment clause		None	None	None	None	None
Covenant applicable		None	None	None	None	None
Credit rating		N.A.	N.A.	N.A.	N.A.	N.A.
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None	None	None
	Conversion rights	None	None	None	None	None
Dilution and other effects on existing shareholders		None	None	None	None	None
Custodian		None	None	None	None	None

3. Preferred Shares

None

4. Issuance of Overseas Depository Receipts

Book closure date: 29 April 2019

Item		Content	
Date of issuance		25 Oct 1999 & 19 Nov 1999	
Place of issuance		Listed in Luxembourg Stock Exchange Traded in Asia, Europe, and US.	
Total amount of issuance		US\$ 202,631,674	
Unit price of issuance		US\$ 14	
Total number of units issued		14,473,691 units	
Source of underlying securities		New shares of capital increase, and original shares owned by Asia Cement Corp. and Far Eastern Department Stores Ltd.	
Amount of securities		Common Stock 144,736,910 shares	
Rights and obligations of subscribers		Same as common stock shareholders	
Trustee		None	
Depository bank		The Bank of New York Mellon	
Custodian bank		Far Eastern International Bank	
Number of outstanding shares		5,942.90 Units	
Bearers of related charges incurred during issuance and holding period		Charges of GDR issuance shall be borne by sellers on a pro rata basis.	
Major terms of Depositary Agreement and Custodian Agreement		Voting rights can be exercised only if the owners hold at least 51% of the depository receipts outstanding vote at the same manner in respect of one or more resolutions to be proposed at the Shareholders' Meeting.	
Unit market price	High	Low	Average
2018	USD8.10	USD7.71	USD7.89
29 April 2019	USD8.10	USD8.10	USD8.10

5. Employee Stock Options

None

6. Employee Restricted Stock Options

None

7. Share Issued for Merger or Acquisition

None

8. Fund Utilization Plans and Status

Uncompleted bond issues, private placement of securities, completed bond issues or private placement of securities in recent 3 years whose return of investment has not emerged: None

Operational Highlights

V. Operational Highlights

1. Business Activities

1.1 Business Scope

Far Eastern New Century and its subsidiaries have diversified businesses ranging from petrochemical, polyester, textile, telecommunication, property development, investments, & others. Please refer to page 1 of "Letter to Shareholders" for more business information.

1.1.1 Sales Breakdown of Main Business Segments

Unit: NT\$ thousands

Business Segment \ Year	2018		2017	
	Amount	% of sales	Amount	% of sales
Petrochemical	47,512,303	18	30,426,217	13
Polyester	71,643,348	27	61,969,712	26
Textile	35,905,608	14	34,054,363	14
Telecommunication	86,634,971	33	92,069,681	39
Property	9,030,994	3	7,942,856	3
Investment & Others	11,888,973	5	11,039,050	5

1.1.2 Current Products and Services Provided by the Company and Subsidiaries

- Pure Terephthalate Acid (PTA)
- Polyester chip, polyester staple fiber, polyester filament, solid-state polymer, drawn textured yarn, high denier industrial yarn, PET bottle preforms, PET bottles, PET sheets, and heat shrinkable PET films
- Cotton yarn, CVC yarn, polyester yarn, OE yarn and functional yarn
- Cotton fabrics, cotton blended fabrics, yarn-dyed fabrics, polyester fabrics, knitted fabrics and industrial fabrics
- Business suits from Hart Schaffner Mark(H.S.M), John Henry; shirts from Manhattan; beddings from Tonia Nicole, Charisma, La Mode; undergarments from FET, Active, Paul Simon, and men's undergarments from Punto Blanco
- Wireless telecommunication services, fixed line communication services, new economy, professional telecommunication integrated services, cloud services and information security services.
- Shopping malls, residential buildings, public infrastructure, civil engineering and construction of roads, bridges, subways and electrical routing
- SavDerm wound care products, NuROs[®] bone graft substitutes, and Next Fill dental materials

1.1.3 Products and Services Planned to be Developed and Launched by the Company and Subsidiaries

- Functional fibers, fabrics made of specialty materials, waterproof and moisture-permeable films, bio-degradable plastic materials, high gas barrier plastic materials, functional bio-medical wound dressing and environmental friendly heat shrinkable PET films.
- Internet of vehicles, smart road lights, smart parking, smart building, environment/air pollution detection, battery power monitoring, asset tracking, and personal positioning (wearing device management). FriDay, including mobile entertainment, mobile payment, e-commerce, and personal AI assistant.
- Construct high quality official building for lease and residential products for sale, mass rapid transit (MRT), and expressways.

1.2 Business Environment

1.2.1 Current Industry Situation and Prospects

Production Business

1.2.1.1 Petrochemical Business - Pure Terephthalate Acid (PTA)

In 2018, the global PTA output was 68.79 million tons (Source: Wood Mackenzie), 5.74 million tons or 9% up from 2017. The output growth was 4 percentage points higher than the year before, the highest since 2011. The consumptions of two major PTA applications—Polyester fibers and PET resins increased 10% and 6% to 41.58 million tons and 20.28 million tons respectively. In 2018, the global production capacity for PTA was 86.25 million tons, an increase of 5.75 million tons or 7% from the year before.

PTA prices rose along with oil in 2018, with spot prices in Asia shooting over US\$1,000 per ton. Outdated production lines were phased out, and meanwhile, the expansion of downstream polyester production capacities increased the demand for PTA. These two factors combined tipped the balance of supply and demand in the favor of PTA manufacturers and contributed to a marked improvement from 2017. The production output increased faster than the capacity was expanded, raising the capacity utilization rate to 80% globally in 2018, 2 percentage points up from the previous year and the highest since 2013.

China, India, South Korea, Taiwan and United States are among the top five PTA producing countries that generated a total of 57.07 million tons in 2018, accounting for more than 80% of the global market. In 2018, China's PTA output increased 13% to 40.52 million tons, making up nearly 60% of the world's total. With newly added capacities, Taiwan's PTA production grew a significant 29% to 3.44 million tons in 2018. It not only overtook the US, which produced 2.91 million tons, and became the world's fourth largest PTA production base, but also closed the difference between itself and the third largest—South Korea to 1.06 million tons. In terms of PTA capacity utilization rate, the world's top five producers in order are the U.S. 91%, India 89%, to be followed by China, South Korea and Taiwan all above 75%.

1.2.1.2 Polyester Business

In 2018, the global polyester output came to 79.32 million tons (Source: Wood Mackenzie) with an annual growth rate of 9%, four percentage points up from the year before. The global capacity grew 6% to 98.23 million tons, the capacity utilization rate increasing to 81%, the highest since 2013. The top five polyester producing countries are China, India, the United States, South Korea and Taiwan, making up 81% of the global output. China is the world's largest polyester-producing country, contributing nearly 60% to the global production. 2018 saw an increase in polyester production in all of the world's top five countries. China's polyester production increased 13% to 46.76 million tons, 6 percentage points up from the year before, mainly because the global economy was rebounding and the Chinese government imposed a ban on the imports of plastic waste of daily life. The demand for virgin polyester rose greatly, and bumped up its capacity utilization rate to 86%. India's polyester output in 2018 rose 7% to 7.33 million tons, contributing to almost 10% of the global output. The polyester output in the U.S. in 2018 was up 2% to 3.93 million tons, and up 1% to 3.05 million tons in South Korea. Taiwan's polyester production in 2018 reached the highest since 2005, increasing 6% to 2.99 million tons and accounting for 4% of the global output.

Polyester is mostly used to produce PET and polyester fibers which include filaments and stable fibers. In 2018, PET accounted for approximately 30% and polyester fibers 70% of the global output.

■ PET resins

In 2018, global PET production amounted to 23.92 million tons (Source: Wood Mackenzie) at a growth of 7%. With its global capacity increasing at the same rate of 7%, the capacity utilization rate remained unchanged at 79%. The world's five leading PET producing countries in order are China, the United States, India, Taiwan and Mexico, making up more than 60% of the global output.

China's production increased 12% to 7.80 million tons in 2018, accounting for 33% of the whole, while the United States saw a slight rise of 1% in output to 2.89 million tons from the year before. Without any new capacity additions, its capacity utilization rate increased by one percentage point to 94%, standing above 90% for the third straight year, which left the other leading countries trailing behind. Taiwan's PET output in 2018 reached 1.16 million tons at a growth rate of 7%. Its capacity utilization rate was up 5 percentage points from the year before and stood at 76%.

With diverse downstream applications, PET resins can generally be divided into food-grade and industrial-grade PET resins. Food-grade PET is primarily used to produce bottles. It can also be used to produce packaging for fresh food, frozen food and microwavable food. Industry-grade PET is chiefly used in various industries to produce seat belts, air bags, tire cord fabrics, conveyor belts, packaging for electronics, geotextile, medical supplies, and fish nets.

■ Polyester fibers

The global output of polyester fibers grew 7%, the highest since 2012, to 55.40 million tons (Source: Wood Mackenzie) in 2018. Polyester fibers can be divided into filaments that account for around 70% and staple fibers that make up around 30%.

In 2018, the global output of filaments increased 8% to 38.25 million tons. The top five producing countries are China, India, South Korea, Taiwan and the United States, contributing in total more than 90% of the global production. China accounted for as much as 76%, India 9%, South Korea, Taiwan and the U.S. each 2%. In 2018, China experienced an output growth of 10%, coming to 29.12 million tons. Its capacity grew 6% up to 38.78 million tons. While the growth of production volume increased by two percentage points from the previous year, the rate of capacity expansion slowed by 11 percentage points. The capacity utilization rate went up to 75%.

In 2018, the output of staple fibers grew 3% to 17.15 million tons. China accounted for 59% of the total, followed by India's 9%. China's output of staple fibers grew 3% to 10.20 million tons; its capacity increased 2% to 15.37 million tons. The capacity utilization rate remained the same as the previous year at 66%.

Operational Highlights

1.2.1.3 Textile Business

■ Spun yarn

In 2017/2018 crop year, the world's production of cotton increased 16% or 3.71 million tons from the previous year to 26.93 million tons (Source: the U.S. Department of Agriculture), mainly because of an increase of 13% in planted areas to 33.57 million hectares. An increase in production resulting from the expansion in planted areas was seen in all the world's top three cotton-producing countries, namely, India, China and the United States. As the world's largest cotton producer for three consecutive years, India's production increased 7% to 6.31 million tons. China's cotton production increased significantly by 21% to 5.99 million tons in 2017/2018 crop year because the cotton reserves kept declining as the Chinese government continued to implement policies aimed at reducing cotton stocks. Meanwhile, China's rising domestic demand for cotton also spurred cotton farmers to expand production. The United States' production stood at 4.56 million tons in 2017/2018 crop year, up 0.82 million tons from the year before.

In the same crop year, the global cotton consumption amounted to 26.69 million tons, 6% up from the year before. The inventories stood at 17.65 million tons. As the world's largest cotton consumer, China consumed as much as 8.93 million tons in 2017/2018 crop year, up 7% from the previous year. As consumption outstripped production, the inventories dropped 17% to 8.28 million tons.

Trade tensions between the U.S. and China rendered 2018 a tumultuous year for cotton prices. In June, international cotton prices rose to the highest in six years, up 20% from earlier in the year, but fell more than 20% from the peak at the end of the year. The high uncertainty in price trends has increased the difficulty in raw material procurement for yarn spinning plants.

■ Industrial yarn

The global demand for industrial polyester yarn went up 5% to 2.12 million tons in 2018 (source: Wood Mackenzie and market survey). Demands mainly came from three regions, China, Europe and the Americas, accounting for 56%, 15% and 12% respectively of the whole. The global capacity utilization rate for industrial polyester yarn was 75%, down 1 percentage point from the previous year. In 2018, China's production capacity for industrial polyester yarn amounted to 2.30 million tons, taking up more than 80% of the world's total. While China's capacity outstripped domestic demand, Europe and Americas had insufficient capacities, and therefore the global trade of industrial polyester yarn was mainly exports from China to Europe and Americas.

Industrial polyester yarn is applied to a wide range of industries, applications including seat belts, air bags, advertising canvas, waterproof fabrics, webbing slings, safety nets, architecture, etc.

■ Knitted fabrics and apparel

China is the largest exporter of textile and apparel in the world. In 2018, its export of textile and apparel increased 3.5%, 1.8 percentage points faster than the year before, to \$276.7 billion (Source: China's customs authority), mainly thanks to the robust growth of 8.1% in the export of textile. The export of apparel, on the other hand, edged up merely 0.3% due to the migration of manufacturing bases to Southeast Asia.

Vietnam's importance in international trade has been growing over time. It has participated in the ASEAN Free Trade Area (AFTA) and CPTPP, and its FTA with EU is scheduled to enter into force in 2019, which has, in combination with advantages in labor cost, become a new destination for textile investments. Vietnam's export of textile and apparel grew 16.5%, 5.7 percentage points faster than the year before, to \$34.5 billion in 2018 (Source: Vietnam's customs authority and General Statistics Office). It maintained a two-digit growth for two consecutive years. Its top three export destinations in 2018 were the U.S. (\$13.7 billion, up 11.7%), EU (\$4.1 billion, up 9.9%) and Japan (\$3.9 billion, up 22.4%), which in total accounted for 63%.

1.2.1.4 Telecommunication Business

■ Consumer business

According to National Communication Commission (NCC) statistics, total mobile subscribers in Taiwan reached 29.22 million by the end of 2018. According to the report issued by Taiwan Network Information Center (TWNIC), Taiwan's mobile internet usage rate surpassed 70% in 2018. Furthermore, close to 97% of the respondents chose mobile phones as the most frequently used internet devices, which drove people's lives towards digital mobility. Also, the applications of IoT, smart home and AI personal assistant have become popular and the industry developments are booming. The reliance of those services on internet is increasing and cross-region mobile internet services are turning into a necessity.

■ Enterprise business

Affected by trends of ICT integration and digital convergence, the market of corporate sector has shifted from traditional telecommunications services to ICT integration, providing customers with applications which integrated telecommunication services, mobile commerce, cloud platform, big data analysis and IoT. We aim to build one-stop services and solutions that are more diverse, intelligent, flexible and in line with industrial features.

1.2.1.5 Property Business

The global real estate market presented opportunities amid heightened uncertainty in 2018, and overall registered a moderate increase. Asset-based investments have become more preferable due to the ongoing US-China trade war, American tax reform, Fed interest increases, worldwide adoption of restrictive monetary policies, and underperforming financial market. According to Cushman & Wakefield's 2018 report, even though fund repatriation to the source country or region was rather noticeable in North America and the Greater China area, global real estate investment increased slightly to US\$1.75 billion from the previous year. Africa, Australia and the Asia-Pacific region emerged as popular destinations for property investment. However, major international gateway cities, such as London, Tokyo, Hong Kong, Shanghai and Frankfurt remained top choices for investors. As economies around the world were gradually recovering, the global real estate market also experienced growth in investment in 2018. However, residential and commercial property prices in most urban areas seemed to have flattened out, which led to a decline in return on investment. Besides, a strategic shift was observed in demand for industrial property to emerging markets across regions.

In Taiwan, transactions in housing and land markets grew from NT\$2.57 trillion in 2017 to NT\$2.6 trillion in 2018—the highest in four years, as overseas Taiwanese businesses returned home, life insurance companies and real estate developers engaged in land reserve investment, and the central bank kept interest rates low. Rise was recorded in transactions of industrial land, and growth was also seen in price and volume of residential and commercial real estate. The annual land transaction amounted to NT\$825.2 billion. In the housing market, transactions took place primarily in metropolitan areas. The nationwide number of ownership transfers increased 4.1% over the past year to approximately 278,000 units, 213,000 of which were completed in the six special municipalities. A mild recovery was observed in the real estate market over the past year.

1.2.1.6 Investment & Others Business

Starting from the third quarter in 2018, the global economy and financial markets were influenced by the US-China trade tensions and the strong U.S. dollar due to the Federal Reserve raising interest rates, and etc. The Taiwan domestic economic outlook turned more conservative since the second half in 2018. According to the report provided by the Directorate General of Budget, Accounting and Statistics in February, 2019, Taiwan's economy grew at the rate of 2.63% in 2018 with the CPI growth rate being 1.35%. The report estimates that Taiwan's economic growth rate in 2019 at 2.27% and CPI growth rate as 0.73%. In 2019, the global economy would slow down due to the increasing uncertainties such as the continuity of the US-China trade disputes, the rise of trade protectionism and other political risks. Given the economic changes down the road and Taiwan's moderate growth and inflation, it is expected that Central Bank of R.O.C. (Taiwan) will continue to adopt expansionary monetary policy to facilitate economic growth. In the face of the ever-changing economic climate in the country and around the globe, the Company will assess and review our long-term investment equity and strengthen management of risks such as interest and exchange rates. More importantly, we will make diverse investments, seek joint ventures and explore new fields for investment in order to pursue best performance for the Company and create maximum value for our shareholders.

1.2.2 The Supply Chain Analysis

Originally, the textile industry serves the purpose of providing the necessities of daily life. Today, this industry serves a greater purpose by infusing fashion, technology, and art, to cater to demands beyond our basic clothing needs. In the upstream of the supply chain lies polyester polymers which consume chemicals derived from crude oil. Moving down to the mid-stream, there are spinning, weaving, fabricating, dyeing and finishing production processes. And further down are the apparel, and home furnishings end products. Please refer to pages 78-79 for a summary of the upstream, mid-stream, and downstream linkages of our company's industry.

Operational Highlights

1.2.3 Industry Trends and Competition

1.2.3.1 Petrochemical Business – PTA

In 2019, the global PTA production is expected to grow 4% from the year before to 71.72 million tons (Source: Wood Mackenzie). As old equipment was phased out and new additional capacity is limited, the global PTA capacity utilization rate is estimated to increase five percentage points from 2018 to 85% in 2019, the highest since 2012. The future looks bright for the industry.

In recent years, China's PTA industry has been undergoing restructuring, sobering the market into rational competition. Its PTA industry registered a compound annual growth rate (CAGR) of 4% in capacity over 2016-2019, far below than the CAGR of 24% over 2011-2015, the peak period of capacity expansion. Capacity expansion was effectively brought under control.

The Company has PTA production lines in both Taiwan and China, and will establish an integrated PTA/PET plant in Texas, U.S.

1.2.3.2 Polyester Business

■ PET resins

The downstream applications PET resins are widespread in all aspects of life. The demand is expected to grow continuously as the global population continues to grow and emerging economies are developing. In 2019, the global PET output is estimated to grow 6% to 25.38 million tons (Source: Wood Mackenzie). The capacity is projected to grow 4% to 31.59 million tons. More than 60% of the new additional capacity is mainly from China. The global capacity utilization rate of PET resin is expected to reach 80%, with that of China at 79%, the U.S. and India both above 90%. Taiwan's capacity utilization rate might also stand above 80%, up seven percentage points from the year before.

In order to meet the rapidly growing demand in the market, the Company has been scaling up the PET production. The newly-established facility with an additional annual capacity of 400,000 tons in Vietnam started to operate last year. Another 360,000 tons have been added to the total capacity through the acquisition of M&G in West Virginia, U.S. The newly added capacities in Vietnam and the U.S. have brought FENC's total capacity over two million tons, putting it in the world's top three producers.

To expand its business of food-grade PET, the Company has introduced high-quality and highly-functional products and focused on the development of eco-friendly PET materials. The annual capacity of recycled PET, from recycled post-consumer PET bottles, is well over 200,000 tons, making us the world's second largest supplier. Multiple expansion plans are underway to reinforce our dominance in the market.

As for industry-grade PET, having identified a promising prospect in the industries of automotive materials and infrastructure development and also the growing demand for medical supplies in aging societies, the Company has accelerated the development of differentiating products, including automotive materials, and industry-grade PET resins for industrial and medical usages to maximize profits.

■ Polyester fibers

In 2019, the global production of polyester is expected to increase 3%, four percentage points lower than the year before, to 57.27 million tons (Source: Wood Mackenzie). It is projected that the output of polyester staple fibers will increase by 4% to 17.78 million tons and polyester filaments will grow by 3% to 39.49 million tons.

As the world's second largest producer of polyester staple fibers for non-textile purposes, FENC has launched high value-added products which can be widely applied in such areas as health care, sanitary materials, building materials, sports, vehicles and household goods, and have earned trust from global brands in these industries. The Company is also one of Taiwan's major providers of polyester filaments. Our products include POY and DTY, covering functional fibers that sustain cool feeling, moisture absorption generating heat, moisture absorption wicking sweat, flame-retardant and UV-Cut effect.

As going green becomes a global priority, FENC's TOPGREEN®, polyester fiber made from recycled PET bottles, has been designated by Nike as the material to produce sportswear for the countries Nike sponsors in international athletic events. The Company also partnered with Adidas in a joint project to turn ocean plastic waste into eco-friendly yarn. Its sales have been expanding over time. In addition, our nylon 6,6 products (for apparel usage) lead in the Asia Pacific and the Company has also been focusing on the development of nylon fiber made of recycled materials. Our product lines of recycled materials have all been certified internationally.

The Company has been expanding the facilities for the production of filaments and staple fibers in Vietnam. In the future, along with the existing production sites in Taiwan and China, they will enable us to leverage production and sales networks across the globe.

1.2.3.3 Textile Business

■ Spun yarn

According to U.S. Department of Agriculture, in the 2018/2019 crop year, the global production of cotton was 25.79 million tons, a decrease of 1.14 million tons from the previous crop year mainly because of the shrinking planted areas in India and the United States, which respectively produced 440,000 tons and 550,000 tons less. In the 2018/2019 crop year, the global demand for cotton is estimated to increase 1% to 26.92 million tons with cotton inventories slightly dropping by 1.21 million tons to 16.44 million tons. China's cotton inventory has dwindled by 1.23 million tons to 7.05 million tons.

The Chinese government replaced its temporary cotton reserve policy with target price management in 2014. China's cotton stocks continue to decline as policies are in place to drive reserves down. The reserve consumption ratio in the 2018/2019 crop year is projected to drop to 0.8, a significant decrease from the peak of 1.93 in 2014/2015. As the shift takes place for the better in the landscape of supply and demand, it is hopeful that cotton prices will gradually become determined by the market.

The Company's yarn spinning plants focus on the production of differentiating products and keep the stock levels of cotton at a moderate level. We will continue to keep tabs on changes in the cotton markets and respond accordingly and adequately to optimize our competitiveness.

■ Industrial yarn

Global demand for industrial polyester yarn is expected to grow 3% in 2019 to 2.18 million tons (Source: Wood Mackenzie and market survey), but global capacity utilization rate will decline to below 70% as Chinese producers expand capacities at full throttle. Products of regular specifications are expected to be embroiled in a "red-ocean" competition.

The Company's industrial yarn business mainly produces differentiating products with the focus on the industry of automotive fibers, such as safety-enhancing yarns for safety belts and air bags. We have also undertaken downstream integration to build unified production lines for products, such as tire cord fabrics and industrial fabrics. The Company is now a leading supplier of automotive materials. Meanwhile, we have also invested in the production of high value-added nylon 6,6, to secure a comprehensive supply of feedstocks for industrial textile and thus further our competitive advantage.

■ Knitted fabrics and apparel

Advanced countries, such as the United States, the European Union and Japan, are the world's major consumer markets for textile and apparels. Driven by the growing demand in the developed economies, the industry is expected to expand. China is the world's largest apparel exporter, taking up more than 30% of the market share in both the EU and the U.S. However, it has been losing ground in recent years mainly because many apparel factories have opted to migrate outward as labor cost continues to rise.

The Company's knitted fabrics and apparel segment has vigorously adjusted its strategies and operations, initiating multiple capacity-expanding projects in Vietnam. Phase I of the expansion of our dyeing & finishing plant is complete and has begun production, with phase II underway. New apparel production sites have also started production one after another. In the future, we will take advantage of our vertical integration to maximize profits.

1.2.3.4 Telecommunication Business

■ Consumer business

While gearing up for the next mobile era, FET has not only collaborated with the telecom-equipment giant, Ericsson, to establish the first 5G Lab in Taiwan, but has also completed several advanced 5G technology testing to drive the 5G and IoT development in Taiwan. We aim to provide the fastest network speed by employing the quad-band TDD and FDD technologies. Along with our innovative IoT applications and quality mobile services, we will be consumers' preferred partner in the digital life. Welcome to the future of 5G roll-out.

The competition in digital service is intense. Through big data analysis, FET understands users' spending behaviors, favorites and life styles, and provides contents and services tailored to personal preferences. Also, FET introduces technologies such as IoT and AI, launches relevant products, and brings the latest digital life experience to consumers. The Company also leverages advantages of having telecommunication as its core business in offering products and services with competitive prices and diversity.

Operational Highlights

The telecom market in Taiwan continues to be dominated by three large and two small players. As the two small operators unceasingly offer competitive rate plans to acquire customers, competition intensifies.

Digital services market in Taiwan has attracted not only local but also international players to join, for example, Netflix and Shopee. The friDay service leverages the advantage of telecommunication business, improves its own capabilities and carries out integrated marketing to become consumers' best digital partner.

■ Enterprise business

The Market Intelligence & Consulting Institute (MIC) indicates that in 2019, the global ICT industry will focus on 5G, IoT, AI, and block chain developments, which encompass peripheral applications such as edge computing, ASIC, FWA, sensing elements, and smart devices.

In the enterprise user market, Chunghwa Telecom, with its fixed network services and economies of scale, continues to be our primary competitor and industry leader. In addition to continuously improving the 4G network development and investing in the 5G and IoT technology research, the Enterprise and Carrier BU takes on a more aggressive approach in developing intelligence applications and solutions to fulfill the needs of various industries and government departments. Those applications and solutions cover sectors of smart city, smart transportation/Internet of Vehicle, smart medical treatment/healthcare, smart manufacturing and smart retail. We aim to differentiate ourselves from competitors in the enterprise market with strong innovation skills and integration ability plus flexible services.

1.2.3.5 Property Business

By utilizing our group's synergies and resources, we will exploit new business opportunities to accelerate our land development plan and further diversify our existing businesses. Recently, our priority is to develop both the high technology oriented Banqiao Tpark and the leisure oriented Ilan Spa Resort projects. By doing so, we will gradually unlock the hidden land value.

1.2.3.6 Investment & Others Business

Leveraging the Company's resources, we have invested in other businesses, such as cement and retail markets. Investments in these listed companies, which are all top performers in their own right, generate consistent incomes for FENC. Asia Cement Corporation (ACC) had a significant growth in earnings mainly from its remarkable performance in China. It has managed to strengthen its foothold in the industry by both growing organically and expanding via acquisition, thereby extending its reach from central China to north China and making it to the Top 5 in China. In the retail segment, Far Eastern Department Stores Ltd. (FEDS) is actively pursuing transformation, introducing shopping centers of new concepts to consumers. Its three shopping malls of the City series boosted the Group's market share in the sector of department stores. It has also managed to capitalize on the trend of "Online to Offline" as e-commerce continues to develop towards full bloom.

1.3 Technology Innovation and R&D Overview

1.3.1 R&D Expense in Recent Years

R&D expenses in 2018 & 2017 were NT\$836.704 million and NT\$813.263 million, respectively.

1.3.2 Successful Technology or Products from the Development

1.3.2.1 Production Business(Petrochemical, Polyester & Textile Business)

Lubricants for APET sheet; Shrinkage polyester film for PE bottle; Aramid dipping fabric with high adhesive property; High adhesive low melt bonding fiber; Low stiffness tire cord; Antiseptic Acne Dressing (Ultra Thin); Nucleating agents for CPET sheet; Low shrinkage force polyester shrinkable film; Flame retardant fiber; Gum dipping canvas for NBR conveyer belt with high-adhesion stability; High-adhesion canvas for inflatable boat; Collagen Wound Dressing; Silicone Scar-care Dressing

1.3.2.2 Telecommunication Business

friDay Video; friDay Omusic; friDay Wallet; friDay Shopping; Bobee; Smart Speaker; FET Cloud Email Service – upgrade version; Far EastOne Securities 4-in-1 Real time Exchange Platform; IPLC Submarine Cable Investment and Installation; Smart Owner; FET O365; Cloud services; FET VoWiFi Business WIFI; NB IoT applications; Information security services; friDay Photobook

1.3.2.3 Property Business

Implement the latest construction technology, which will reduce construction time, enhance construction quality, while reducing construction costs.

1.4 Long-term and Near-term Business Plans

1.4.1 Near-term Business Plan

1.4.1.1 **Expand Business Operation**

FENC aspires to be a global leader in the industry. The Company has established a comprehensive supply chain for its polyester business in Taiwan and China. It has been expanding the production sites in Vietnam and adding petrochemical and polyester plants in the U.S. To increase its capacities, it has expanded not only organically but also through acquisitions. It has adopted multi-pronged approaches to building the momentum for growth to maintain its leadership in the industry.

1.4.1.2 **Grow on a Solid Customer Base**

The Company has been a major supplier for world-class brands. We have forged stable partnerships in the supply chain through collaboration in multiple aspects, including R&D, production and sales. Meanwhile, the Company has been alert to market conditions in different regions around the world, and formulated sales strategies accordingly. Geographic diversity in production locations has allowed us to bring our competitiveness to an even higher level.

1.4.1.3 **Build a Supply Chain of Smart manufacturing**

FENC has initiated many smart projects in recent years. Advanced technologies and concepts, including automation, digitization, cloud computing, and big data, have been applied to a broad range of tasks, from production and sale analysis, preventive maintenance of machinery, quality prediction, customer profiling to energy efficiency management, to build a supply chain of smart manufacturing that consolidates petrochemical, polyester and textile businesses and reap the benefits of vertical integration.

1.4.2 Long-term Business Plan

1.4.2.1 **Strengthen Research and Development**

The Company has outstanding R&D capabilities. We not only have developed the world's first 100% Bio-PET bottles and shirts, but are also the first one in the industry to use permanent water repellent fiber free of PFC in our textile business. Currently, the Company's R&D center consists of four divisions, namely, Polyester Material, Fiber & Textile, New Material as well as Biotech & Energy and houses a total of over 200 R&D experts. In the future, we will continue to invest in research and development to maintain our competitiveness for the long term.

1.4.2.2 **Materialize Green Business Opportunities**

Aligning itself with the green trend, FENC has committed to expanding its green product lines, which have been infused with the concepts of recycle, replace and reduce. It will continue to increase its capacity of recycled PET to realize the environmental vision of Bottle to Bottle or Bottle to Fiber. It is now doubling up on the R&D of FENC® TopGreen® rTex to make new apparels with recycled textile, which will enhance the momentum of the circular economy.

1.4.2.3 **Consolidate Global Operations**

In the era of new economy, timely response to customers' needs is essential to corporate success. The rise of protectionism around the globe has triggered tectonic shifts in manufacturing bases. Against the backdrop of ever-changing industrial landscapes, the Company has adopted the strategy of global deployment, infusing solid industrial know-hows into local operations. It has also accelerated the consolidation of the production-sales and management systems in various geographic locations. Business operations of all sorts are interconnected in digital networks. We are thus able to reap the benefits of global deployment in production and sales.

Operational Highlights

2. Overview of Market, Production, and Sales Market Analysis

2.1 Market Analysis

2.1.1 Sales Regions of the Company's Main Products (Services)

The major sales regions and the percentage sales of the production business (petrochemical, polyester, and textile): Asia (74%), America (15%), Europe (6%), and others (5%).

2.1.2 Domestic Market Share of Major Products (KPI Value)

Items \ Products	Polyester Polymer		Polyester Staple Fiber		Polyester Filament	
	Production	Sales	Production	Sales	Production	Sales
FENC (tons)	894,105	43,404	230,595	219,804	56,490	34,008
Taiwan (tons)	3,244,597	1,463,316	518,330	491,293	826,504	561,243
Market Share(%)	27.6%	3.0%	44.5%	44.7%	6.8%	6.1%

Source: Department of Statistics, Ministry of Economic Affairs & FENC

Note: Polyester polymer manufactured by the Company is mainly for internal downstream usage.

2018 Market share of mobile subscribers by carriers: Chunghwa Telecom at 35.5%, Taiwan Mobile at 28%, Far EasTone at 26.8%, Taiwan Star Telecom (VIBO) and Asia Pacific Telecom, combined at 9.7%.

2.1.3 Future Supply/Demand Situation and the Prospects of the Market

2.1.3.1 Petrochemical, Polyester & Textile Business

Since it started to operate in Taiwan in 1949, the Company has positioned itself as an organization that grows roots deep in Taiwan, branching into China and blossoms around the world. It has expanded steadily and enjoyed solid growth in the polyester industry. Having established a network of production and sales facilities around Asia, including Taiwan, China, Japan, Vietnam and Malaysia, it went further to acquire production sites in the U.S. in 2018. It has upgraded itself from a regional company to a global enterprise as it spanned its operations to the American continent, ready to deliver world-class performance.

In 2019, the global economic growth rate is estimated at 3.3% (Source: IMF). Despite the decrease of 0.3 percentage points from the year before, the world economy is expected to grow above the average of the past five years. Overall, oil prices will gain support from OPEC's increased cuts in production. China's unreasonable expansion in the PTA industry has come to a halt; besides, the Chinese government plans to lower the rate of value-added tax (VAT) for manufacturers. The combination of these two factors is expected to boost the dynamism of the business world. It is forecast that in 2019, the polyester's output will increase 4% (Source: Wood Mackenzie) from the year before to 82.78 million tons, with its capacity utilization rate being 81%, which will hover at the peak of recent years. The prospect of the industry is promising.

FENC has been established for seven decades. Building on its solid foundation of industrial experiences and innovative thinking, the Company has matured into a leader in the polyester industry that continues to stride ahead on the path of steady growth. Its vitality will spill over to the industry and speed up transformation in the era of new economy, and will also truly translate into competitiveness essential to sustainable growth.

2.1.3.2 Telecommunication Business

As the market matures, operators usually place the focus on value-added services and heavy users. Take leading international mobile operator, Vodafone, for example – with market growth slowing, its focus shifts from general consumers to enterprise customers. FET proactively collaborates with enterprise application service providers of various industries to actively promote enterprise ICT integration services, cloud applications and IoT applications. The demand for mobile digital services is growing every day, and the market competition is heating up. International players also take parts in mobile video/music streaming services and e-commerce markets in Taiwan, indicating the robust development in Taiwan's digital service market.

2.1.3.3 Property Business

The government has not undertaken any major change in political and economic strategies, with policies still focused on attracting investment and invigorating the economy. Therefore, the real estate market is expected to fare similarly in 2019 to last year, remaining reasonable and stable in price and volume. However, demand for land and commercial property will be more dynamic than residential real estate. In addition, as the population ages and urban housing becomes old, demand for senior-friendly housing and urban renewal will continue to grow. Real estate investment confidence is expected to increase, and more

development and construction projects will be underway, as the government has adopted effective measures to shore up the housing market, which include regulation amendment, establishment of designated authorities for the implementation of social housing, urban renewal and redevelopment of dilapidated housing, and introduction of the refined system of actual price registration. In addition, the budget for the second phase of the Forward-looking Infrastructure Development Program is to be implemented this year, which will inject momentum into public construction and the real estate market. While the M1B money supply has been growing year by year, the economy has not shown much growth and the housing-income ratio has been high in urban areas. Under the current market climate, home buyers are more likely to hold out as sellers have to lower their requests to close a deal. Institutional investors, on the other hand, might take advantage of the timing to increase investment. A consolidation is expected in the real estate market. Residential / commercial property near the metro system or in highly-accessible locations on a street network is less susceptible to price volatility. Differentiation will arise as a major trend in the real estate market with more housing projects designed to be energy-efficient, smart-control ready, security and safety-guaranteed, and user-friendly.

2.1.4 Competitive Advantages, Disadvantages, and the Company's Measures to Counteract Negative Factors

A. Competitive advantages

- (1) Know-how acquired over seven decades
- (2) Diversified and differentiated product lines
- (3) Innovation supported by strong R&D capabilities
- (4) Vertical integration

B. Positive factors

- (1) Expanding downstream applications of polyester
- (2) Pronounced trend of green products
- (3) Benefits derived from FTAs signed by Vietnam
- (4) Rising demand for functional textile

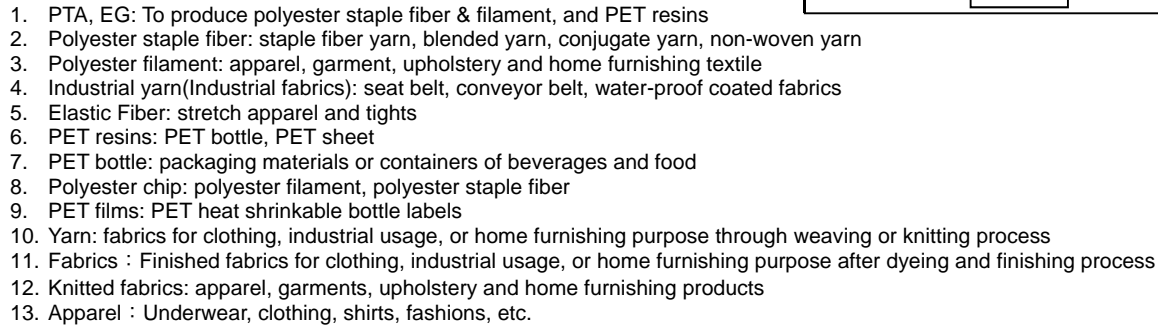
C. Negative factors

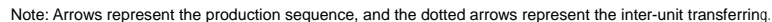
- (1) Consumer confidence dented by rising trade protectionism
- (2) Rising Labor costs
- (3) Taiwan's limited progress towards completion of FTAs
- (4) Geopolitical risks

D. Company's measures to counteract negative factors

- (1) Transforming and upgrading products; increasing the proportion of internal use and differentiated products
- (2) Ramping up the production of green products and R&D capabilities
- (3) Taking orders that require our vertical integration to fully deliver the synergy of supply chains
- (4) Accelerating digital transformation to optimize operational efficiency
- (5) Deploying operations around the world to circumvent trade barriers

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Operational Highlights

2.3 Sources of Major Raw Materials

Item	PTA, EG	Cotton, Polyester Staple Fibers	Fabrics	Finished fabrics	Remarks
Major sources	Internally supplied, Saudi Arabia	The United States, internally supplied	Internally supplied	The United States, internally supplied	Supplies of major raw materials are stable and sufficient.

2.4 Major Suppliers or Customers Who Account for above 10% (inclusive) of Purchases / or Revenues in Recent Two Years

2.4.1 Suppliers Who Account for above 10% (Inclusive) of Purchases in Recent Two Years: None

2.4.2 Customers Who Account for above 10% (Inclusive) of Revenues in Recent Two Years: None

2.5 Volume and Value of the Production in Recent Two Years

Unit: NT\$ thousands

Main Products \ Year			2018			2017		
			Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Petro-chemical	PTA	MT	1,990,000	1,735,867	44,682,266	1,580,000	1,441,927	30,180,251
Polyester	Polyester Chip	MT	1,959,600	1,532,760	52,308,179	2,071,600	1,592,938	46,717,349
	PET Resin(Note)	MT	1,489,967	1,288,232	45,518,584	1,360,400	1,201,003	35,599,256
	PET Bottle Preform	Thousand pieces	2,580,000	1,981,551	2,483,302	3,780,000	2,303,680	2,111,790
	PET Sheet	MT	145,200	93,390	4,123,911	132,480	102,262	3,841,160
	Polyester Staple Fiber	MT	451,008	341,256	14,990,637	494,400	338,891	13,415,242
	PET Film	MT	20,160	17,274	1,069,091	20,160	11,906	742,201
	Partially Oriented Yarn	MT	97,260	79,962	4,195,016	91,864	80,279	3,754,642
	Drawn Textured Yarn	MT	52,440	42,794	3,037,457	51,000	40,272	2,580,336
Textile	Yarn	Bales	390,733	350,710	5,579,221	513,398	387,919	6,177,370
	Knitted Fabrics	MT	30,600	23,204	9,533,607	25,140	19,801	6,106,732
	Industrial Fabrics	MT	21,600	18,923	1,834,555	21,360	19,208	1,513,201
	Industrial Yarn	MT	143,600	126,748	7,708,647	123,600	109,246	5,969,787
	Apparel	Thousand dozens	6,981	5,303	8,738,589	6,015	5,897	6,453,825

Note 1: Including recycled PET

Note 2: PTA, PET resins and knitted fabrics include the 2018 new capacity on a pro-rata basis.

2.6 Sales Volume and Revenue in Recent Two Years

Unit: NT\$ thousands

Main Products			2018				2017			
			Domestic sales		Export sales		Domestic sales		Export sales	
			Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue
Petro-chemical	PTA	MT	1,466,039	37,949,426	275,734	7,584,224	1,383,509	27,976,271	21,501	442,829
Polyester	Polyester Chip (Note1)	MT	84,806	3,223,440	29,058	1,118,777	103,498	3,183,885	17,298	610,635
	PET Resin (Note2)	MT	394,851	15,311,582	680,297	26,776,464	321,651	9,770,594	669,918	22,158,648
	PET Bottle Preform	Thousand pieces	1,167,034	1,476,142	600,957	920,889	1,453,546	1,712,539	565,646	788,961
	PET Sheet	MT	58,246	2,753,870	35,578	1,719,905	62,915	2,539,259	39,347	1,726,466
	Polyester Staple Fiber	MT	124,468	6,448,915	213,742	11,468,822	122,030	5,842,810	214,009	10,094,121
	PET Film	MT	11,636	619,617	11,904	905,735	11,897	705,019	7,325	521,484
	Partially Oriented Yarn	MT	30,298	1,599,614	10,147	538,519	32,743	1,652,133	11,346	553,614
	Drawn Textured Yarn	MT	33,882	2,511,188	11,478	963,783	31,195	2,066,134	7,631	569,096
Textile	Yarn	Bales	216,256	4,085,788	159,140	2,003,114	235,439	4,449,695	170,836	2,253,153
	Knitted Fabrics	MT	10,461	2,425,179	26,084	7,028,722	10,239	2,382,489	23,398	6,659,738
	Industrial Fabrics	MT	6,053	675,403	14,221	1,693,342	5,766	601,135	14,667	1,539,074
	Industrial Yarn	MT	30,899	1,922,817	61,854	4,199,405	25,879	1,329,933	62,065	3,450,449
	Apparel	Thousand dozens	584	1,393,224	6,659	8,334,946	400	894,807	5,363	7,159,316

Note1: Mainly due to internal consumption

Note2: Including recycled PET

3. Information about Employees

Year		2018	2017	Mar 31, 2019
Number of employees		33,241	31,670	33,636
Average age		35	35	35
Average years of service		6.8	6.8	6.7
Breakdown of educational level (Note)	Ph.D	0.2%	0.2%	0.2%
	Master	6.0%	6.4%	5.9%
	Bachelor	41.3%	43.1%	40.5%
	High school and below	52.5%	50.3%	53.4%

Note: Foreign Labors in Taiwan are not included in this statistics.

Operational Highlights

4. Expenses on Environmental Protection

4.1 Loss or Penalty Due to Pollution in Recent Two Years

Loss/Penalty \ Year	2018	2017	From Jan 1, 2019 to Mar 31, 2019
Pollution Event	Air & water pollution	Air pollution	Air & water pollution
Penalty or Regulatory Authority	Environmental Protection Administration	Environmental Protection Administration	Environmental Protection Administration
Damage Claim or Other Claims	NT\$0.568 million	NT\$0.10 million	NT\$0.280 million
Other Losses	None	None	None

4.2 Specific Measures to Conserve the Environment

4.2.1 Planned Specific Measures

A. Contents of planed purchase for anti-pollution equipment or other expenses:

The Company has planned to invest NT\$15.1 million to improve the air pollution control equipment and wastewater treatment equipment.

B. Expected improvement

- (1) The Company will be in compliance with the relevant regulations and reduce the emission of polluted waste, in order to achieve a goal of environmental conservation.
- (2) Complying with the ISO requirements, the Company will continuously make efforts to protect the environment and ensure the safety at the working environment.
- (3) Improve the efficiency of the equipment to reduce air pollution.
- (4) Upgrade equipment to lower the cost of waste water treatment.

C. Expected impact after the improvement

Enhance the image of the Company.

4.2.2 Any Measures the Company is Able to Take but Unwilling to Take: None

5. Employees

5.1 Current Agreements with Employee and Employee Welfare

5.1.1 Employee Welfare Procedures

The Company has an employee welfare committee that, in compliance with laws and regulations, appropriates welfare funds, and manages various welfare activities for employees. The said activities include, but are not limited to, employee outings and hiking trips. The Company also organizes a volunteer club, a gymnastics club, a yoga club, a badminton club, a softball club, a bowling club, a table tennis club, a basketball club, all of which are held on regular basis. Additionally, the Company provides free health checkups, child education scholarships, holiday bonuses for birthdays, weddings, funerals, child births, and traditional festival holidays for its employees.

5.1.2 Advanced Training:

Employee training has always been one of the top priorities in the Company's agenda. Since the Company relocated to Taiwan in 1949, it has been providing employees various educational training courses each year. In March 1973, the Company established an occupational training center, in advance of the promulgation of Occupational Training Act implemented by the central government. To enhance overall personnel quality, cultivate professional management talents and satisfy requirements of organizational operations, the education center was re-organized and expanded into the Human Resources Development Center in February 2008.

The establishment of the Human Resources Development Center (the Center) evidenced the company's emphasis on the cultivation of talents. In addition to providing management trainees with business administration and plant management related training courses at the initial stage, the Company later also proactively offers professional courses, and cultivates various professional talents as required to correspond with rapid business expansions in polyester fiber, textile, printing and dyeing, as well as apparel divisions.

Confronted by a turbulent global economy, "lifelong learning" is the key to maintaining and reinforcing both individuals and Far Eastern Group's competitiveness. Besides continuously offering various professional courses, the Company provides long-term training development at all levels in line with the training requirements. The high-level management has to focus on "strategizing", whilst the focus for the mid-level managers is "planning" and that for the entry-level supervisors is "execution". Besides, innovation is the core competency expected by all employees and also the mutual mindset shared throughout the company. Furthermore, in order to reduce the communication gap with employees from various departments, in collaboration with Yuan Ze University, the Company has jointly developed 13 series of customized management competency courses, which incorporate the values of the Far Eastern Group. In 2014, the Center planned a total of 23 lessons on 13 series of competency courses and continuously makes progress with training assessment in order to build up a well competent institutional system.

To build an evolving talent pool to cultivate team leaders over the next five to ten years, head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments of candidates for their mode of thinking, ability to work with others, and resilience potential. A list of candidates is then presented to Far Eastern Talent Selection Committee for review, after which the committee then submits the list to the Vice Chairman or Chairman for approval.

This process best serves to provide the training and the experience required to handle a "Senior Vice President" position. To cover both theoretical and practical applications, the course uses a case-study method. The Center retains well-known university professors to teach theoretical foundations and applications, and invites industry experts to share their insightful practical experiences. The objectives are to cultivate supervisors' decision-making, problem-resolution, and thinking abilities, build a company talent echelon, and establish a talent pool in response to developmental needs in the future

In 2018, the Company conducted 117 training sessions with 2,568 participants, totaling hours of 23,572

5.1.3 Pension and Retirement Plan:

The pension fund, and all other employee retirement related affairs, is managed in compliance with the Labor Standards Act. "The Supervisory Committee of Employees' Pension Fund" has been established to review and supervise the management of employee pensions. The pension fund is appropriated to the pension fund trust account in custody of Bank of Taiwan to assure the interest of current and retired employees. In addition, pension funds are appropriated monthly to individual pension accounts for those who are qualified or voluntarily choose the new pension fund system in accordance with the "Labor Pension Act".

We handle retirement issue according to related laws and regulations. In Taiwan, FENC established Employee Retirement Fund Committee in 1980 and allocate fund for retirement pension. We opened account for employee retirement fund at Central Trust in 1984 and established Supervisory Committee of Employees' Retirement Fund. The Committee which employees exceed half of its members meets quarterly. It supervises whether each company has abided by regulation to handle retirement issue and whether there is enough money in the fund. Tower Watson is in charge of retirement pension actuary and allocation. The Ministry of Labor launched new system for retirement pension in July 2005. FENC consulted all employees on transition of retirement system. For new recruits and those chose the new scheme, 6% of full salary will be allocated into employee's individual retirement pension account. For those opted old scheme, they will receive pension accumulated from years of working in the company at retirement. The retirement scheme covers 100% of permanent employees.

5.1.4 The Agreement Between Labor and Management and Various Procedures Regarding Protection of Employees' Rights:

All regulations and procedures regarding labor and management relationship are implemented in good condition pursuant to related laws.

Operational Highlights

5.1.5 Working Environment and Employee Safety Protection Procedures:

In order to create a healthy and comfortable work environment and continue to reduce occupational hazards, the Company has formulated occupational safety and health policies as the highest guiding principle in safety and health management at FENC.

Safety at work is of paramount importance to the Company. Legal compliance, continued improvement, all-out participation, risk management and public disclosure are our commitments to safety and health at FENC. We have spared no efforts to strengthen our capabilities in this regard and incorporated safety and health into our corporate culture.

A. With labor and management participated to establish a safety and health working environment:

The key to the successful occupational safety and health management is to fully incorporate each employee well participated. Each of our operational sites has a committee that holds quarterly meetings, develops policies, coordinates efforts and oversees the management of safety and health at work. Additionally, through the operation of the Safety and Health Committee, Management and labor representatives participated in health and safety meeting to address the feasible alternatives to better facilitate a safety and health working environment.

B. Occupational safety and health management:

In order to strengthen the occupational safety and health management and to mitigate the risk of related operation, the Company has obtained Occupational Health and Safety Assessment Series (OHSAS 18001:2007) and Taiwan Occupational Safety and Health Management (TOSHMS) certifications among production sites. Each year the third party certification institution reviews and audits the production sites, thus validating the certifications.

C. Work environment sustainability:

In accordance with the procurement policies of Taiwan Occupational Safety and Health Management (TOSHMS), the Company's procurement of machinery, tools, equipment, material and feedstock met the related safety and health criteria on checking, discharging, delivery, storing and installing.

In addition, to better understand our employees' work environment and assess their exposure, the Company's commissions certified work environment monitoring institutes for different production bases to follow the monitoring plans. Based on the monitoring results, the Company has carried out construction improvement and adopted better management or control methods to ensure employees' health and safety at work.

D. Employee health sustainability:

In addition to the professional health and nursing staff stationed at all operational bases, the Company hired medical specialists to provide health guidance and hold a professional consultation across all production sites. The medical specialists also perform special examination on employees whose health may be impaired by specific chemical substances at work and provide analysis and recommendation based on the type and severity of the hazard.

E. Disaster response drills:

In order to respond to emergencies effectively, various drills are conducted annually in response to different types of disasters at all operational sites. The drills can better prepare our employees to handle contingencies and provide opportunities to examine their response and their familiarity with different tools and equipment. Our goal is to prevent or reduce casualties, minimize property damage and environmental impact as well as protect employees in the plant areas and those who living in the neighborhood.

F. Safety and health personnel training:

In order to familiarize everyone with laws and regulations concerning occupational safety and health and the Company's related measures, FENC provides training courses on safety and health periodically. Additionally, in order to have contractors safely work on each production site, the Company conducted differentiated safety and health training regarding difference operational functions.

5.2 Loss Occurs Due to Labor Issues in the Latest Years Till the Publishing Of This Annual Report: None

6. Important Contracts and Agreements

Type	Company	Counter Party	Duration Period	Major Contents	Covenants
Technology Cooperation	FENC	Institute for Information Industry	2016.09~2019.08	The A+ Industrial Innovation R&D Program—Development of bio-polyester technology	None
			2017.04~2022.03	Development of Bio-polyester technology	
	DDIM	Far Eastern International Bank	2009.09~Present	FEDirect HGI IC card agreement	No marketing for HGI card holders without prior approval of the parties.
		Citibank Taiwan	2016.05~2021.04	Co-Branded card agreement	Both parties shall not provide their cardholders' information to others for the promotional activities
Long-Term Supply Contract	FENC	SABIC	2011.01~Present	EG supply agreement	Automatically extended by one year when expiration
	OPTC	A to H (total eight companies)	2018.01~Present	PX supply agreement	None
	Yuan Hsin Digital Payment	Kaohsiung Rapid Transit Corp.	2016.07~2037.01	HappyCash for open trading	
	Far EastTone	Ericsson Taiwan	1996.12~Present	Purchase for 4G cell site, mobile phone system and network equipment, software, installation, system construction and technical service	Confidential Clause
		XunWei Tech	2014.3~Present	Frame agreement For 3.5G RAN Acquisition and technical support	
		Apple Asia LLC	2010.01~Present 2010.09~Present	Procurement agreement for iPhone Wireless Service License for Apple's iPad Product	
		Taiwan International Standard Electronics	2014.08~Present	Procurement agreement for telecommunication equipment	
	NCIC	Taiwan International Standard Electronics	2013.01~Present	Procurement agreement for network equipment, software, installation, system implementation and technical services	
Construction Agreement	Far Eastern General Contractor	Central District Project Office, Department of Rapid Transit System, Taipei City Government	2017.06~2020.09	IJG031 Taichung MRT-Wenxin Wuri Beitun Line (G03 station) and the construction of entrance and administration building in co-constructed area	
		Freeway Bureau, MOTC	2017.12~2021.07	National Freeway No.4 Taichung Circle Line, Fengyuan Tamzi sub-section, C711 Fengshi and C714 Tamzi Interchange construction	
Long-Term Borrowing Contract	OPTC	Taiwan Cooperative Bank	2015.01~2020.01	Syndicated loan agreement	None
		Mega International Commercial Bank	2017.07~2022.07	Syndicated loan agreement	
	Far Eastern Construction	Hua Nan Bank	2011.03~2031.04	Bank loan agreement	
	FENC	First Commercial Bank	2018.11~2020.05	Bank loan agreement	
		The Bank of Taiwan	2018.08~2022.02	Bank loan agreement	
		MUFG bank	2018.03~2021.03	Bank loan agreement	
		Mizuho bank	2018.06~2021.06	Bank loan agreement	

VI. Financial Information

1. Five-Year Financial Summary

1.1. Condensed Balance Sheets & Statements of Comprehensive Income

1.1.1 Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Year		Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014 (Note 2)	Mar 31, 2019 (Note 3)
Item							
Current assets		129,188,871	100,053,197	107,539,316	113,653,244	98,075,086	124,740,043
Property, plant and equipment		164,557,019	152,732,987	148,316,398	148,141,804	139,055,972	162,465,042
Intangible assets		57,997,019	60,311,664	56,965,287	50,482,700	53,017,159	58,326,483
Other assets		213,846,511	203,668,432	200,639,157	206,487,374	206,456,073	229,289,085
Total assets		565,589,420	516,766,280	513,460,158	518,765,122	496,604,290	574,820,653
Current liabilities	Before distribution	128,880,103	101,640,620	107,183,432	94,848,512	88,076,648	124,350,710
	After distribution	(Note 4)	108,064,070	111,465,732	100,201,387	95,423,731	(Note 4)
Non-current liabilities		168,979,880	159,586,567	154,084,074	163,519,607	145,043,331	173,863,293
Total liabilities	Before distribution	297,859,983	261,227,187	261,267,506	258,368,119	233,119,979	298,214,003
	After distribution	(Note 4)	267,650,637	265,549,806	263,720,994	240,467,062	(Note 4)
Common stock		53,528,751	53,528,751	53,528,751	53,528,751	52,479,168	53,528,751
Capital surplus	Before distribution	2,908,631	2,859,569	2,859,588	2,807,683	3,666,948	3,255,083
	After distribution					2,617,365	
Retained earnings	Before distribution	149,192,149	141,693,400	137,393,384	136,939,498	136,703,865	150,919,240
	After distribution	(Note 4)	135,269,950	133,111,084	131,586,623	130,406,365	(Note 4)
Other equity		(2,069,331)	(3,696,270)	(2,870,205)	4,000,696	6,841,068	61,211
Treasury stocks		(25,063)	(25,063)	(25,063)	(25,063)	(25,063)	(25,063)
Total equity attributable to owners of the Company	Before distribution	203,535,137	194,360,387	190,886,455	197,251,565	199,665,986	207,739,222
	After distribution	(Note 4)	187,936,937	186,604,155	191,898,690	192,318,903	(Note 4)
Non-controlling interests		64,194,300	61,178,706	61,306,197	63,145,438	63,818,325	68,867,428
Total equity	Before distribution	267,729,437	255,539,093	252,192,652	260,397,003	263,484,311	276,606,650
	After distribution	(Note 4)	249,115,643	247,910,352	255,044,128	256,137,228	(Note 4)

Note 1: Taiwan-IFRSs (2013 version) are adopted from 2014 to 2018 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The financial data of Mar 31, 2019 has been reviewed by the independent auditor.

Note 4: The distribution of 2018 earnings is subject to the approval at the upcoming 2019 Annual General Shareholders' Meeting.

1.1.2 Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands, except earnings per share

Item \ Year	2018	2017	2016	2015	2014 (Note 2)	For the three months ended Mar 31, 2019 (Note 3)
Operating revenues	228,661,933	217,846,948	215,855,921	217,948,202	235,506,639	61,919,917
Gross profit	44,400,112	49,698,205	51,171,122	50,483,282	47,732,093	10,873,732
Operating income	14,783,942	15,434,269	14,536,809	14,513,528	11,692,935	3,435,341
Nonoperating income (expenses)	6,271,188	1,458,022	1,423,301	5,187,145	9,724,794	684,787
Income before income tax	21,055,130	16,892,291	15,960,110	19,700,673	21,417,729	4,120,128
Net income	18,391,602	14,201,337	12,702,690	14,686,369	17,007,972	3,441,689
Other comprehensive income, net	905,869	(97,661)	(7,941,876)	(4,630,229)	2,395,139	2,200,434
Total comprehensive income	19,297,471	14,103,676	4,760,814	10,056,140	19,403,111	5,642,123
Net income attributable to owner of the Company	12,028,294	8,066,136	6,307,786	8,034,691	10,853,091	2,015,787
Net income attributable to non-controlling interests	6,363,308	6,135,201	6,394,904	6,651,678	6,154,881	1,425,902
Total comprehensive income attributable to owner of the Company	12,883,387	7,808,712	(1,049,835)	3,712,786	12,866,915	4,143,368
Total comprehensive income attributable to non-controlling interests	6,414,084	6,294,964	5,810,649	6,343,354	6,536,196	1,498,755
EPS (NT\$/share, Note 4)	2.41	1.61	1.26	1.61	2.17	0.40

Note 1: Taiwan-IFRSs (2013 version) are adopted from 2014 to 2018 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The financial data of Mar 31, 2019 has been reviewed by the independent auditor.

Note 4: The EPS is calculated based on the number of weighted average outstanding shares after deducting treasury stocks holding by subsidiaries and after the adjustment of the capitalizing of the stock dividends

1.1.3 Condensed Balance Sheets (Stand-alone)

Unit: NT\$ thousands

Item \ Year	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014 (Note 2)
Current assets	31,423,092	23,622,633	27,827,747	32,296,066	30,708,530
Property, plant and equipment	24,507,928	24,216,996	24,509,217	24,340,572	24,198,238
Intangible assets	17,087	20,427	24,499	20,622	21,607
Other assets	261,082,047	238,260,228	233,408,485	238,510,353	238,447,416
Total assets	317,030,154	286,120,284	285,769,948	295,167,613	293,375,791
Current liabilities	Before distribution	23,339,671	15,560,934	19,840,968	20,970,190
	After distribution	(Note 3)	21,984,384	24,123,268	26,323,065
Non-current liabilities	90,155,346	76,198,963	75,042,525	76,945,858	74,499,614
Total liabilities	Before distribution	113,495,017	91,759,897	94,883,493	97,916,048
	After distribution	(Note 3)	98,183,347	99,165,793	103,268,923
Common stock	53,528,751	53,528,751	53,528,751	53,528,751	52,479,168
Capital surplus	Before distribution	2,908,631	2,859,569	2,807,683	3,666,948
	After distribution				2,617,365
Retained earnings	Before distribution	149,192,149	141,693,400	137,393,384	136,939,498
	After distribution	(Note 3)	135,269,950	133,111,084	131,586,623
Other equity	(2,069,331)	(3,696,270)	(2,870,205)	4,000,696	6,841,068
Treasury stocks	(25,063)	(25,063)	(25,063)	(25,063)	(25,063)
Total equity attributable to owners of the Company	Before distribution	203,535,137	194,360,387	190,886,455	197,251,565
	After distribution	(Note 3)	187,936,937	186,604,155	191,898,690

Note 1: Taiwan-IFRSs (2013 version) are adopted from 2014 to 2018 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The distribution of 2018 earnings is subject to the approval at the upcoming 2019 Annual General Shareholders' Meeting.

Financial Information

1.1.4 Condensed Statements of Comprehensive Income (Stand-alone)

Unit: NT\$ thousands, except earnings per share

Item \ Year	2018	2017	2016	2015	2014 (Note 2)
Operating revenues	54,063,801	45,216,423	44,749,437	46,849,529	58,108,474
Gross profit	5,197,053	3,706,024	4,113,602	4,276,616	4,671,699
Loss from operations	260,263	(1,258,899)	(866,363)	(453,304)	(149,605)
Nonoperating income (expenses)	12,458,314	9,375,660	6,858,197	8,709,062	11,107,696
Income before income tax	12,718,577	8,116,761	5,991,834	8,255,758	10,958,091
Net income	12,028,294	8,066,136	6,307,786	8,034,691	10,853,091
Other comprehensive income, net	855,093	(257,424)	(7,357,621)	(4,321,905)	2,013,824
Total comprehensive income	12,883,387	7,808,712	(1,049,835)	3,712,786	12,866,915
EPS (NT\$/share, Note 3)	2.41	1.61	1.26	1.61	2.17

Note 1: Taiwan-IFRSs (2013 version) are adopted from 2014 to 2018 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The EPS is calculated based on the number of weighted average outstanding shares after deducting treasury stocks holding by subsidiaries and after the adjustment of the capitalizing of the stock dividends

1.2. Names and Opinions of Independent Auditors in Recent Five Years

Year	Name of CPA	Auditing Opinion	
		Consolidated	Stand-alone
2018	Jing-Bin Shih & Cheng-Hung Kuo	Unmodified unqualified opinion	Unmodified unqualified opinion
2017	Jing-Bin Shih & Cheng-Hung Kuo	Unmodified unqualified opinion	Unmodified unqualified opinion
2016	Jing-Bin Shih & Cheng-Hung Kuo	Unmodified unqualified opinion	Unmodified unqualified opinion
2015	Jing-Bin Shih & Cheng-Hung Kuo	Modified unqualified opinion	Modified unqualified opinion
2014	Jing-Bin Shih & Shu-Chieh Huang	Modified unqualified opinion	Modified unqualified opinion

2. Financial Ratio Analysis for Recent Five Years

2.1 Financial Ratio Analysis

2.1.1 Financial Ratio Analysis (Consolidated)

Item		Year	2018	2017	2016	2015	2014	March 31 2019
Financial structure	Ratio of liabilities to assets (%)		52.7	50.6	50.9	49.8	46.9	51.9
	Ratio of long-term capital to property, plant and equipment (%)		226.4	231.7	232.6	243.5	247.9	234.9
Liquidity analysis	Current ratio (%)		100.2	98.4	100.3	119.8	111.4	100.3
	Quick ratio (%)		69.9	68.9	76.5	90.5	81.4	69.9
	Interest coverage ratio (times)		8.8	7.5	7.4	9.0	12.1	6.1
Operating ability	Receivables turnover(times)		8.3	8.6	9.0	8.5	8.5	8.4
	Average collection period (days)		43.9	42.3	40.7	43.0	43.0	43.6
	Inventory turnover (times)		6.1	6.9	7.1	7.2	8.1	6.2
	Average sales days (days)		60.0	52.8	51.7	50.7	45.1	58.8
	Payables turnover (times)		9.8	9.2	10.2	11.5	12.1	11.1
	Property, plant and equipment turnover (times)		1.4	1.4	1.5	1.5	1.8	1.5
	Total assets turnover (times)		0.4	0.4	0.4	0.4	0.5	0.4
Profitability analysis	Return on total assets (%)		3.9	3.3	2.9	3.4	3.9	3.0
	Return on equity attributable to owners of the Company (%)		6.1	4.2	3.3	4.0	5.5	3.9
	Ratio to paid-in capital (%)	Operating profit	27.6	28.8	27.2	27.1	22.3	25.7
		Pre-tax income	39.3	31.6	29.8	36.8	40.8	30.8
	Ratio of net income to sales (%)		8.0	6.5	5.9	6.7	7.2	5.6
	EPS (NT\$/share) (Note)		2.41	1.61	1.26	1.61	2.17	0.40
Cash flow	Cash flow ratio (%)		14.6	29.3	32.3	35.9	30.7	30.1
	Cash flow adequacy ratio (%)		70.5	76.4	77.8	70.0	78.5	70.5
	Cash reinvestment ratio (%)		2.0	8.3	10.4	8.5	5.7	9.9
Leverage	Operating leverage		3.7	3.8	4.2	4.1	5.0	4.0
	Financial leverage		1.2	1.2	1.2	1.2	1.2	1.3

Analysis of variations exceeding 20% of the numbers in previous year for 2017 and 2018:

(1) Ratios of profitability analysis increased (e.g. Return on equity attributable to owners of the Company, pre-tax income, ratio of net income to sales & EPS): mainly due to the net income increased in 2018.

(2) Cash flow decreased (e.g. cash flow ratio & cash reinvestment ratio): mainly due to the 2018 cash flows from operating activities decreased.

Note: The EPS is calculated based on the number of weighted average outstanding shares after deducting treasury stocks holding by subsidiaries and after the adjustment of the capitalizing of the stock dividends

Financial Information

2.1.2 Financial Ratio Analysis (Stand-alone)

Year			2018	2017	2016	2015	2014
Item							
Financial structure	Ratio of liabilities to assets (%)		35.8	32.1	33.2	33.2	31.9
	Ratio of long-term capital to property, plant and equipment (%)		1,198.4	1,177.2	1,085.0	1,126.5	1,133.0
Liquidity analysis	Current ratio (%)		134.6	151.8	140.3	154.0	159.9
	Quick ratio (%)		105.8	111.5	108.5	123.2	125.1
	Interest coverage ratio (times)		15.0	11.0	7.2	9.1	12.8
Operating ability	Receivables turnover(times)		7.7	6.4	6.3	5.9	6.6
	Average collection period (days)		47.6	56.8	57.8	61.9	55.3
	Inventory turnover (times)		7.6	6.7	6.5	6.6	8.2
	Average sales days (days)		47.8	54.4	56.5	55.1	44.7
	Payables turnover (times)		15.6	13.0	13.6	13.9	12.7
	Property, plant and equipment turnover (times)		2.2	1.9	1.8	1.9	2.4
	Total assets turnover (times)		0.2	0.2	0.2	0.2	0.2
Profitability analysis	Return on total assets (%)		4.3	3.1	2.5	3.0	4.0
	Return on shareholders' equity (%)		6.1	4.2	3.3	4.0	5.5
	Ratio to paid-in capital (%)	Operating profit	0.5	(2.4)	(1.6)	(0.8)	(0.3)
		Pre-tax income	23.8	15.2	11.2	15.4	20.9
	Ratio of net income to sales (%)		22.3	17.8	14.1	17.1	18.7
	EPS (NT\$/share, Note)		2.41	1.61	1.26	1.61	2.17
Cash flow	Cash flow ratio (%)		39.4	41.2	39.7	47.9	45.6
	Cash flow adequacy ratio (%)		98.0	98.1	83.5	72.0	69.2
	Cash reinvestment ratio (%)		1.0	0.8	1.0	1.3	0.1
Leverage	Operating leverage		30.5	—	—	—	—
	Financial leverage		—	—	—	—	—
Analysis of variations exceeding 20% of the numbers in previous year for 2017 and 2018:							
(1) Payables turnover ratio increased: mainly due to the 2018 costs of goods sold increased.							
(2) Interest coverage ratio increased: mainly due to the 2018 pre-tax income increased.							
(3) Ratios of profitability analysis increased (e.g. return on total assets, return on shareholders' equity, operating profit, pre-tax income, ratio of net income to sales and EPS): mainly due to the 2018 pre-tax income increased.							
(4) Ratio on operating leverage increased: mainly due to the 2018 operating profit increased.							

Note: The EPS is calculated based on the number of weighted average outstanding shares after deducting treasury stocks holding by subsidiaries and after the adjustment of the capitalizing of the stock dividends

The formula used for the calculation of numbers in the table:**1. Financial structure**

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to fixed assets ratio = (Total shareholders' equity + Long-term liabilities) / Net fixed assets

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

3. Operating ability

- (1) Receivables turnover(including accounts and notes receivable) = Net sales / Average accounts receivable (including accounts and notes receivable)
- (2) Average collection days = 365/ Accounts receivable turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Average sales days = 365 / Inventory turnover
- (5) Payables turnover(including accounts and notes payable) = Costs of goods sold / Average accounts payable (including accounts and notes payable)
- (6) Fixed assets turnover ratio = Net sales / Net fixed assets
- (7) Total assets turnover ratio = Net sales / Total assets

4. Profitability analysis

- (1) Return on total assets =[Net income +Interest expenses×(1-Tax rate)] / Average total assets
- (2) Return on shareholders' equity =Net income / Average shareholders' equity
- (3) Net income to sales ratio = Net income / Net sales
- (4) Earnings per share = (Net income - Preferred stock dividend) / Weighted-average number of outstanding shares

5. Cash flow

- (1) Cash flow ratio = Cash flows from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term Investment + Other assets + Working capital)

6. Leverage

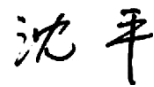
- (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income-Interest expenses)

3. The Audit Committee's Review Report

The Audit Committee's Review Report

To the 2019 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2018 which had been audited by Deloitte & Touche, and found them in order.



The Convener of the Audit Committee: Bing Shen

10 May 2019

4. Impact of the Financial Distress Occurred to the Company and Affiliates in Recent Years until the Annual Report Being Published

None

5. Financial Report (Consolidated)

(The full copy can be downloaded at <http://mops.twse.com.tw/>)

2018 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

The Board of Directors and Shareholders
Far Eastern New Century Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The description of the key audit matters of the consolidated financial statements for the year ended in December 31, 2018 are as follows:

Fair Value Evaluation of Investment Property

Financial Information

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

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

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

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

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

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

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

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

1. We obtained an understanding of the Group's asset impairment evaluation processes and of the design and implementation of the related controls.
2. We obtained the Group's asset impairment evaluation reports for each cash-generating unit.
3. We evaluated the reasonableness of the Group's identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments, including the appropriateness of the classification of the cash-generating units, cash flow forecasts and discount rates used.

Recognition Mobile of Telecommunications Service Revenue

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

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

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

1. We obtained an understanding of the Group's recognition of mobile telecommunications service revenue and the design and implementation of the related controls.
2. We reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the billing system.
3. We performed dialing tests to verify the accuracy and completeness of the traffic data and information 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 of the amounts.

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

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as

Financial Information

management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

Notice to Readers

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

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 35,342,560	6	\$ 25,464,223	5
Financial assets at fair value through profit or loss - current	6,075,604	1	4,209,638	1
Financial assets at fair value through other comprehensive income - current	75,346	-	-	-
Available-for-sale financial assets - current	-	-	331,362	-
Derivative financial assets for hedging - current	-	-	1,700	-
Financial assets at amortized cost - current	2,090,355	-	-	-
Financial assets for hedging - current	1,868	-	-	-
Contact assets - current	5,828,641	1	-	-
Debt investments with no active market - current	-	-	2,044,153	-
Notes and accounts receivable, net	29,347,392	5	25,709,039	5
Amounts due from customers for construction contracts	-	-	1,591,619	-
Other receivables	2,507,639	1	4,585,596	1
Current tax assets	25,338	-	63,544	-
Inventories	34,072,652	6	26,582,952	5
Prepayments	5,082,995	1	3,420,983	1
Other financial assets - current	5,746,927	1	4,329,504	1
Refundable deposits - current	65,377	-	31,009	-
Other current assets	<u>2,926,177</u>	<u>1</u>	<u>1,687,875</u>	<u>-</u>
Total current assets	<u>129,188,871</u>	<u>23</u>	<u>100,053,197</u>	<u>19</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,014,802	-	-	-
Available-for-sale financial assets - non-current	-	-	339,122	-
Derivative financial assets for hedging - non-current	-	-	35,544	-
Financial assets measured at cost - non-current	-	-	1,178,179	-
Financial assets at amortized cost - non-current	431,290	-	-	-
Financial assets for hedging - non-current	65,356	-	-	-
Investments accounted for using the equity method	66,378,437	12	61,532,483	12
Contract assets - non-current	1,535,757	-	-	-
Property, plant and equipment	164,557,019	29	152,732,987	30
Investment properties	124,816,527	22	124,148,885	24
Concessions	41,136,801	7	44,561,464	9
Goodwill	11,862,742	2	11,865,515	2
Other intangible assets	4,997,476	1	3,884,685	1
Deferred tax assets	3,318,140	1	2,204,959	1
Prepayments for equipment	1,406,581	-	1,632,368	-
Refundable deposits - non-current	1,130,010	-	861,274	-
Long-term other receivables	524,861	-	1,312,111	-
Incremental costs of obtaining a contract - non-current	1,802,163	1	-	-
Other financial assets - non-current	2,718,063	1	3,050,829	1
Long-term prepayments for lease	7,247,623	1	6,830,254	1
Other non-current assets	<u>456,901</u>	<u>-</u>	<u>542,424</u>	<u>-</u>
Total non-current assets	<u>436,400,549</u>	<u>77</u>	<u>416,713,083</u>	<u>81</u>
TOTAL	<u>\$ 565,589,420</u>	<u>100</u>	<u>\$ 516,766,280</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$ 47,833,445	8	\$ 30,944,587	6
Short-term bills payable	6,717,712	1	7,643,775	2
Financial liabilities at fair value through profit or loss - current	6,848	-	12,987	-
Contract liabilities - current	4,647,210	1	-	-
Notes and accounts payable	16,805,506	3	19,913,510	4
Notes and accounts payable to related parties	365,517	-	339,718	-
Amounts due to customers for construction contracts	-	-	63,549	-
Payables to suppliers of machinery and equipment	7,534,766	1	2,212,726	-
Other payables	16,752,125	3	14,363,744	3
Current tax liabilities	3,615,154	1	2,202,099	-
Provisions - current	293,364	-	282,035	-
Guarantee deposits received - current	230,984	-	291,998	-
Receipts in advance	-	-	1,201,255	-
Unearned revenue	-	-	2,972,547	1
Current portion of long-term liabilities	20,640,059	4	16,689,480	3
Other current liabilities	<u>3,437,413</u>	<u>1</u>	<u>2,506,610</u>	<u>1</u>
Total current liabilities	<u>128,880,103</u>	<u>23</u>	<u>101,640,620</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Contract liabilities - non-current	208,272	-	-	-
Bonds payable	78,903,315	14	71,711,418	14
Long-term borrowings	68,719,309	12	66,540,553	13
Provisions - non-current	911,333	-	887,441	-
Deferred tax liabilities	17,552,448	3	16,874,470	3
Net defined benefit liabilities - non-current	1,868,362	1	2,603,463	1
Guarantee deposits received- non-current	555,712	-	506,167	-
Deferred credit-gains on related-party transactions	123,081	-	123,637	-
Other non-current liabilities	<u>138,048</u>	<u>-</u>	<u>339,418</u>	<u>-</u>
Total non-current liabilities	<u>168,979,880</u>	<u>30</u>	<u>159,586,567</u>	<u>31</u>
Total liabilities	<u>297,859,983</u>	<u>53</u>	<u>261,227,187</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common shares	<u>53,528,751</u>	<u>9</u>	<u>53,528,751</u>	<u>10</u>
Capital surplus	<u>2,908,631</u>	<u>1</u>	<u>2,859,569</u>	<u>1</u>
Retained earnings				
Legal reserve	16,752,421	3	15,945,807	3
Special reserve	114,443,170	20	112,928,355	22
Unappropriated earnings	<u>17,996,558</u>	<u>3</u>	<u>12,819,238</u>	<u>2</u>
Total retained earnings	<u>149,192,149</u>	<u>26</u>	<u>141,693,400</u>	<u>27</u>
Other equity	<u>(2,069,331)</u>	<u>-</u>	<u>(3,696,270)</u>	<u>(1)</u>
Treasury shares	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>
Total equity attributable to owners of the Company	203,535,137	36	194,360,387	37
NON-CONTROLLING INTERESTS	<u>64,194,300</u>	<u>11</u>	<u>61,178,706</u>	<u>12</u>
Total equity	<u>267,729,437</u>	<u>47</u>	<u>255,539,093</u>	<u>49</u>
TOTAL	<u>\$ 565,589,420</u>	<u>100</u>	<u>\$ 516,766,280</u>	<u>100</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$159,436,994	70	\$136,468,217	63
Telecommunications service revenue	50,580,903	22	63,590,599	29
Gain on disposal of investments, net	-	-	1,647,132	1
Construction revenue	6,358,851	3	4,976,080	2
Other operating revenue	12,285,185	5	11,164,920	5
Total operating revenue	<u>228,661,933</u>	<u>100</u>	<u>217,846,948</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	146,690,946	64	130,959,088	60
Cost of telecommunications services	26,148,722	12	26,310,617	12
Loss on disposal of investments, net	16,319	-	-	-
Construction costs	6,135,849	3	4,761,021	2
Other operating costs	5,269,985	2	6,118,017	3
Total operating costs	<u>184,261,821</u>	<u>81</u>	<u>168,148,743</u>	<u>77</u>
GROSS PROFIT	<u>44,400,112</u>	<u>19</u>	<u>49,698,205</u>	<u>23</u>
REALIZED CONSTRUCTION INCOME	<u>556</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing	16,793,326	7	22,326,374	10
General and administrative	11,778,207	5	11,124,854	5
Research and development	836,704	1	813,263	1
Expected credit loss	208,489	-	-	-
Total operating expenses	<u>29,616,726</u>	<u>13</u>	<u>34,264,491</u>	<u>16</u>
OPERATING INCOME	<u>14,783,942</u>	<u>6</u>	<u>15,434,269</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	6,224,158	3	4,114,335	2
Interest income	301,957	-	486,339	-
Other income - other	1,428,288	-	1,377,315	1
Gain on disposal of investment properties	12,619	-	2,605	-
Exchange gain (loss), net	566,309	-	(185,372)	-
(Loss) gain on financial (liabilities) assets at fair value through profit or loss, net	(247,749)	-	167,143	-
Gain on change in fair value of investment properties	646,390	-	1,040,128	-
Interest expense	(2,689,232)	-	(2,605,876)	(1)
Other expenses	(959,360)	(1)	(882,744)	(1)
Gain (loss) on disposal of property, plant and equipment	1,547,167	1	(756,824)	-
Gain on disposal of concessions	-	-	5	-
Loss on disposal of intangible assets	(4,774)	-	(64)	-
Impairment loss	(554,585)	-	(1,298,968)	(1)
Total non-operating income and expenses	<u>6,271,188</u>	<u>3</u>	<u>1,458,022</u>	<u>-</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2018		2017	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	21,055,130	9	16,892,291	7
INCOME TAX EXPENSE	<u>(2,663,528)</u>	<u>(1)</u>	<u>(2,690,954)</u>	<u>(1)</u>
NET INCOME	<u>18,391,602</u>	<u>8</u>	<u>14,201,337</u>	<u>6</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	328,504	-	577,628	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	34,423	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	1,049,676	-	6,828	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>71,214</u>	<u>-</u>	<u>(8,987)</u>	<u>-</u>
	<u>1,483,817</u>	<u>-</u>	<u>575,469</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(625,668)	-	(1,071,916)	(1)
Unrealized loss on available-for-sale financial assets	-	-	(1,018,683)	-
Cash flow hedges	-	-	231,609	-
Gain on hedging instruments	29,812	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>17,908</u>	<u>-</u>	<u>1,185,860</u>	<u>1</u>
	<u>(577,948)</u>	<u>-</u>	<u>(673,130)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>905,869</u>	<u>-</u>	<u>(97,661)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,297,471</u>	<u>8</u>	<u>\$ 14,103,676</u>	<u>6</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,028,294	5	\$ 8,066,136	4
Non-controlling interests	<u>6,363,308</u>	<u>3</u>	<u>6,135,201</u>	<u>3</u>
	<u>\$ 18,391,602</u>	<u>8</u>	<u>\$ 14,201,337</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,883,387	5	\$ 7,808,712	3
Non-controlling interests	<u>6,414,084</u>	<u>3</u>	<u>6,294,964</u>	<u>3</u>
	<u>\$ 19,297,471</u>	<u>8</u>	<u>\$ 14,103,676</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	\$ 2.41		\$ 1.61	
Diluted	\$ 2.40		\$ 1.61	

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

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to					
	Common Shares	Capital Surplus	Legal Reserve	Retained Earnings Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations
BALANCE AT JANUARY 1, 2017	\$ 53,528,751	\$ 2,859,588	\$ 15,315,028	\$ 110,292,892	\$ 11,785,464	\$ (1,577,812)
Appropriation of the 2016 earnings	-	-	630,779	-	(630,779)	-
Legal reserve	-	-	-	2,662,006	(2,662,006)	-
Special reserve	-	-	-	-	(4,282,300)	-
Cash dividends - NT\$0.8 per share	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136	-
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641	(1,499,559)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777	(1,499,559)
Change in associates accounted for using the equity method	-	(650)	-	-	(22,116)	-
Disposal of investments in associates	-	-	-	-	(2,367)	-
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(6,899)	-
Change in ownership interest of subsidiaries	-	8	-	-	(21,079)	-
Increase in non-controlling interests	-	-	-	-	-	-
Cash capital reduction by subsidiaries	-	-	-	-	-	-
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	623	-	-	-	-
Reversal of special reserve	-	-	-	(26,543)	26,543	-
BALANCE AT DECEMBER 31, 2017	53,528,751	2,859,569	15,945,807	112,928,355	12,819,238	(3,077,371)
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233	-
BALANCE AT JANUARY 1, 2018, AS RESTATED	53,528,751	2,859,569	15,945,807	112,928,355	15,886,471	(3,077,371)
Appropriation of the 2017 earnings	-	-	806,614	-	(806,614)	-
Legal reserve	-	-	-	1,520,493	(1,520,493)	-
Special reserve	-	-	-	-	(6,423,450)	-
Cash dividends - NT\$1.2 per share	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294	-
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985	(512,530)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279	(512,530)
Change in associates accounted for using the equity method	-	48,127	-	-	(2,541)	-
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(17,440)	-
Change in ownership interest of subsidiaries	-	-	-	-	(12,954)	-
Increase in non-controlling interests	-	-	-	-	-	-
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-	-
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)	-
Cash capital reduction by subsidiaries	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,678)	5,678	-
BALANCE AT DECEMBER 31, 2018	<u>\$ 53,528,751</u>	<u>\$ 2,908,631</u>	<u>\$ 16,752,421</u>	<u>\$ 114,443,170</u>	<u>\$ 17,996,558</u>	<u>\$ (3,589,901)</u>

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

Owners of the Company		Other Equity						
Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Unrealized Revaluation Increments	Treasury Shares	Total Equity Attributable to Owners of the Company	Noncontrolling Interests	Total Equity
\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (25,063)	\$190,886,455	\$ 61,306,197	\$252,192,652
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(4,282,300)	-	(4,282,300)
-	-	-	-	-	-	-	(7,783,681)	(7,783,681)
-	-	-	-	-	-	8,066,136	6,135,201	14,201,337
<u>590,338</u>	<u>-</u>	<u>83,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,424)</u>	<u>159,763</u>	<u>(97,661)</u>
<u>590,338</u>	<u>-</u>	<u>83,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,808,712</u>	<u>6,294,964</u>	<u>14,103,676</u>
-	-	-	-	-	-	(22,766)	(233)	(22,999)
-	-	-	-	-	-	(2,367)	(1)	(2,368)
-	-	-	-	-	-	(6,899)	(13,129)	(20,028)
-	-	-	-	-	-	(21,071)	158,817	137,746
-	-	-	-	-	-	-	1,215,787	1,215,787
-	-	-	-	-	-	-	(15)	(15)
-	-	-	-	-	-	623	-	623
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,357,319)	-	35,642	-	702,778	(25,063)	194,360,387	61,178,706	255,539,093
<u>1,357,319</u>	<u>(1,725,866)</u>	<u>(35,642)</u>	<u>35,642</u>	<u>-</u>	<u>-</u>	<u>2,698,686</u>	<u>3,926,063</u>	<u>6,624,749</u>
-	(1,725,866)	-	35,642	702,778	(25,063)	197,059,073	65,104,769	262,163,842
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(6,423,450)	-	(6,423,450)
-	-	-	-	-	-	-	(7,760,337)	(7,760,337)
-	-	-	-	-	-	12,028,294	6,363,308	18,391,602
<u>-</u>	<u>938,400</u>	<u>-</u>	<u>10,238</u>	<u>-</u>	<u>-</u>	<u>855,093</u>	<u>50,776</u>	<u>905,869</u>
<u>-</u>	<u>938,400</u>	<u>-</u>	<u>10,238</u>	<u>-</u>	<u>-</u>	<u>12,883,387</u>	<u>6,414,084</u>	<u>19,297,471</u>
-	-	-	-	-	-	45,586	33	45,619
-	-	-	-	-	-	(17,440)	(153,820)	(171,260)
-	-	-	-	-	-	(12,954)	12,556	(398)
-	-	-	-	-	-	-	577,375	577,375
-	-	-	-	-	-	935	-	935
-	1,559,378	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(360)	(360)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 771,912</u>	<u>\$ -</u>	<u>\$ 45,880</u>	<u>\$ 702,778</u>	<u>\$ (25,063)</u>	<u>\$203,535,137</u>	<u>\$ 64,194,300</u>	<u>\$267,729,437</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 21,055,130	\$ 16,892,291
Adjustments for:		
Expected credit loss	208,489	-
Allowance for doubtful accounts	-	487,155
Depreciation	16,283,336	15,851,009
Amortization	4,820,588	4,661,631
Interest expense	2,689,232	2,605,876
Interest income	(301,957)	(486,339)
Dividend income	(44,694)	(259,126)
Share of the profit of associates	(6,224,158)	(4,114,335)
(Gain) loss on disposal of property, plant and equipment	(1,547,167)	756,824
Gain on disposal of investment properties	(12,619)	(2,605)
Loss on disposal of intangible assets	4,774	64
Gain on disposal of concessions	-	(5)
Gain on disposal of investments	-	(1,654,107)
Impairment loss	554,585	1,298,968
Write-down of inventories	634,862	124,714
Realized gain on the transactions with associates	(556)	(555)
Gain on change in fair value of investment properties	(646,390)	(1,040,128)
Deferred loss on derivative assets for hedging	-	30,605
Net changes in operating assets and liabilities		
Financial assets held for trading - current	-	(373,679)
Financial assets at fair value through profit or loss	(1,619,878)	-
Financial assets for hedging	(168)	-
Contract assets	528,662	-
Notes and accounts receivable	(4,128,134)	(1,418,981)
Amounts due from customers for construction contracts	-	(388,995)
Other receivables	(53,510)	285,408
Inventories	(8,338,426)	(4,604,358)
Prepayments	(1,646,548)	(9,264)
Other current assets	(1,238,302)	34,799
Incremental cost of obtaining a contract	(235,973)	-
Financial liabilities held for trading	-	9,566
Financial liabilities at fair value through profit or loss	(6,139)	-
Contract liabilities	(146,239)	-
Notes and accounts payable	(2,377,897)	4,002,590
Notes and accounts payable to related parties	25,799	(79,033)
Amounts due to customers for construction contracts	-	62,121
Other payables	2,287,719	(160,333)
Provisions	8,611	39,059
Receipts in advance	-	26,692
Other current liabilities	930,803	(38,121)
Net defined benefit liabilities	(408,121)	(429,429)
Unearned revenue	-	386,824

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively starting from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 25,464,223	\$ 25,464,223	c)
Derivatives	Hedging instruments	Hedging instruments	37,244	37,244	e)
	Held for trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	26,216	26,216	a)
Equity securities	Held for trading	Mandatorily at FVTPL	418,496	418,496	a)
	Available for sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	1,602,575	1,576,077	b)
Mutual funds	Available for sale	Mandatorily at FVTPL	246,088	246,088	a)
	Held for trading	Mandatorily at FVTPL	3,764,926	3,764,926	a)
Time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost	2,044,153	2,044,153	c)
Notes receivable, accounts receivables and other receivables	Loans and receivables	Amortized cost	30,294,635	30,283,964	c)
Refundable deposits	Loans and receivables	Amortized cost	892,283	892,283	c)
Long-term receivables	Loans and receivables	Amortized cost	1,312,111	1,312,111	c)
Others financial assets	Loans and receivables	Amortized cost	7,380,333	7,380,333	c)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Non-controlling Interests Effect on January 1, 2018	Remark
Financial assets at FVTPL	\$ 4,209,638	\$ -	\$ -	\$ 4,209,638	\$ -	\$ -	\$ -	a)
Add: Reclassification from available-for-sale (IAS 39)	-	246,088	-	246,088	8,008	(8,008)	-	a)
Financial assets at FVTPL	<u>4,209,638</u>	<u>246,088</u>	<u>-</u>	<u>4,455,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Financial assets at FVTOCI - equity instruments	-	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	424,396	-	424,396	-	-	-	b)
Add: Reclassification and remeasurement from financial assets measured at cost (IAS 39)	-	1,178,179	(26,498)	1,151,681	252,132	(266,207)	(12,423)	b)
Financial assets at FVTOCI - equity instruments	<u>-</u>	<u>1,602,575</u>	<u>(26,498)</u>	<u>1,576,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Amortized cost	-	-	-	-	-	-	-	
Add: Reclassification and remeasurement from loans and receivables (IAS 39)	-	67,387,738	(10,671)	67,377,067	(10,650)	-	(21)	c)
Amortized cost	<u>-</u>	<u>67,387,738</u>	<u>(10,671)</u>	<u>67,377,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>\$ 4,209,638</u>	<u>\$ 69,236,401</u>	<u>\$ (37,169)</u>	<u>\$ 73,408,870</u>	<u>\$ 249,490</u>	<u>\$ (274,215)</u>	<u>\$ (12,444)</u>	

- a) Investments previously classified as financial assets held for trading - equity instruments and derivative financial assets not for hedging under IAS 39 have been designated as at financial assets at FVTPL under IFRS 9.

Mutual funds previously classified as financial assets held for trading and available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of \$8,008 thousand was reclassified to retained earnings.

- b) The Group elected to designate all its investments in equity securities previously classified as available-for-sale and measured at cost under IAS 39 as at FVTOCI under IFRS 9.

Investments in shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, a decrease of \$26,498 thousand, \$14,075 thousand, and \$12,423 thousand were recognized in financial assets at FVTOCI, other equity - unrealized gain (loss) on financial assets at FVTOCI, and non-controlling interests on January 1, 2018.

The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$252,132 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$252,132 thousand in retained earnings on January 1, 2018.

- c) Debt investments (time deposits with original maturity of more than 3 months) previously classified as loans and receivables with no active market and measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

Cash and cash equivalents, notes receivables, account receivables, other receivables, refundable deposits, long-term receivables and other financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9. As a result of retrospective application, the adjustments comprised an increase in the loss allowance of \$10,671 thousand, a decrease in retained earnings of \$10,650 thousand, and a decrease in non-controlling interests of \$21 thousand on January 1, 2018.

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Non-controlling Interests Effect on January 1, 2018	Remark
Investments accounted for using the equity method	\$ 61,532,483	\$ 297,645	\$ 61,830,128	\$ 391,077	\$ (94,332)	\$ 900	(d)

- d) As a result of retrospective application of affiliates, the adjustments comprised an increase in the investments accounted for using the equity method of \$297,645 thousand, an increase in retained earnings of \$391,077 thousand, a decrease in other equity - unrealized gain on financial assets at FVTOCI of \$94,332 thousand and an increase in non-controlling interests of \$900 thousand.

Classification, measurement and impairment of financial liabilities

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial liabilities and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial liabilities as at January 1, 2018.

Financial Liabilities	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Derivatives	Held <input type="checkbox"/> for <input type="checkbox"/> trading	Mandatorily at FVTPL	\$ 12,987	\$ 12,987	*

- * Investments previously classified as financial liabilities held for trading - derivative financial liabilities not for hedging under IAS 39 have been designated as at financial liabilities at FVTPL under IFRS 9.

Hedge accounting

Under the Group's previous hedge accounting policy of IAS 39, the foreign exchange swap contracts and the interest rate swap contracts were designated as a fair value hedging instrument for the foreign currency risk and a cash flow hedging instruments for the exposure of floating interest rate risk for loans, the related changes in fair value were recognized directly in profit or loss for foreign exchange swap contracts, and recognized directly in other equities for the interest rate swap contracts, and reclassified the deferred amounts which recognized in equity to profit or loss when recognizing the profit or loss of interest expenses in floating rates. Furthermore, due to the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, all derivative and non-derivative financial assets and financial liabilities which are designated as hedging instruments are presented as financial assets and financial liabilities for hedging starting from January 1, 2018.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

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

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

Under IFRS 15, the Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Prior to the application of IFRS 15, the Group enters into transactions that involve the bundling of the service of air time with goods, resulting in the recognition of the revenue for service and goods based on the allocation of the total consideration received from customers using the relative fair values, and the sales of goods are limited to the amount for which customers pay.

Incremental costs of obtaining a contract are recognized as assets to the extent that the Group expects to recover those costs. Such assets are amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. Prior to the application of IFRS 15, related costs were recognized as expenses immediately.

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

Under IFRS 15, the Group obtains control of the specified goods or services before they are transferred to the customers and, therefore, is acting as a principal in the transaction. Prior to the application of IFRS 15, the Group determined whether it was a principal or an agent based on its exposure to the significant risks and rewards of the goods or services and considered itself a principal in the transaction.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract was recognized as amount due from (to) customer for construction contract under IAS 11/receivable was recognized. Deferred revenue was reduced when revenue was recognized for the contract under IAS 18/receivable and deferred revenue were recognized when revenue was recognized for the contract under IAS 18.

If a contract with a customer becomes onerous, the Group recognizes impairment of related inventories or provisions for onerous contracts. Prior to the application of IFRS 15, expected loss on construction contract was recognized and adjusted to amounts due from (to) customers for construction contracts.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

For all contract modifications that occurred on or before December 31, 2017, the Group did not apply the requirements in IFRS 15 individually to each of the modifications, and identified the performance obligations, determined and allocated transaction price in the manner that reflected the aggregate effect of all modifications that occurred before December 31, 2017. This reduced the complexity and cost of retrospective application, and resulted in financial information that closely aligns with the financial information that would be available under IFRS 15 without the expedient.

Impact on assets, liabilities and equity for current period

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>Current assets</u>			
Amounts due from customers for construction contracts	\$ 1,591,619	\$ (1,591,619)	\$ -
Contract assets - current	-	6,031,158	6,031,158
Notes and accounts receivables, net	25,709,039	(406,259)	25,302,780
			(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>Non-current assets</u>			
Contract assets - non-current	\$ -	\$ 1,997,827	\$ 1,997,827
Incremental costs of obtaining a contract - non-current	-	1,566,190	1,566,190
Total effect on assets	516,766,280	7,597,297	524,363,577
<u>Current liabilities</u>			
Contract liabilities - current	-	4,815,955	4,815,955
Notes and accounts payable (include related parties)	20,253,228	(730,107)	19,523,121
Amounts due to customers for construction contracts	63,549	(63,549)	-
Current tax liabilities	2,202,099	1,357,917	3,560,016
Receipts in advance	1,201,255	(1,201,255)	-
Unearned revenue	2,972,547	(2,972,547)	-
Provisions - current	282,035	26,610	308,645
<u>Non-current liabilities</u>			
Deferred revenue - non-current	185,766	(185,766)	-
Contract liabilities - non-current	-	185,766	185,766
Total effect on liabilities	261,227,187	1,233,024	262,460,211
<u>Equity</u>			
Retained earnings	141,693,400	2,426,666	144,120,066
Non-controlling interests	61,178,706	3,937,607	65,116,313
Total effect on equity	255,539,093	6,364,273	261,903,366
			(Concluded)

The impact of applying the pervious standards (IAS 11 “Construction Contracts” and IAS 18 “Revenue”) as of December 31, 2018 is summarized below:

Impact on assets, liabilities and equity for the current year

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

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

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

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

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

Except for the reclassification in assets, there is no significant impact on the Company’s liabilities and equity items, comprehensive profit and loss items, and cash flow items in the current year of the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

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

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

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

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

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

1) IFRS 16 “Leases”

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

Definition of a lease

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

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

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

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

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

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

The Group expects to apply the following practical expedients:

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

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Anticipated impact on assets, liabilities and equity

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

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

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

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group’s financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group’s financial position and financial performance and will disclose these other impacts when the assessment is completed.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

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

e. Business combinations

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

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

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

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

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

i. Joint operations

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

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

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

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

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

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

j. Property, plant and equipment

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

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

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

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

k. Investment properties

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

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

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

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

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

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

l. Goodwill

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

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

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

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

m. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

n. Assets related to contract costs

When a sales contract is obtained, commission and subsidies paid to dealers under sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are amortized in a manner which is consistent with the recognition of telecommunication service revenue. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of such assets, which the Group otherwise would have recognized, is expected to be one year or less.

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

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

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

p. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily measured as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 37.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments with no active market, account receivables at amortized cost and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 37.

The financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets and contract assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for account receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. For the financial instruments and contract assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

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

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. From 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability.

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

q. Hedge accounting

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

1) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

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

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

r. Provisions

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

1) Decommissioning, restoration and similar liabilities

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

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

2) Onerous contracts

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

3) Warranties

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

s. Revenue recognition

2018

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

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

1) Revenue from sale of goods

Revenue from sale of goods comes from sales of petrochemical, chemical fiber, textile goods, mobile telecommunication devices and related accessories. Sales of goods are recognized as revenue when the goods are shipped or delivered because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. For internet sales of general goods, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

A bundle sale contract consists of the rendering of air time services and sales of goods. The rendering of services and sales of goods are accounted for as distinct performance obligations. The Group allocates the transaction price to each performance obligation identified in a bundle sale contract on a relative stand-alone selling price basis.

Under the Group's Customer Loyalty Programme, the Group offers award credits when customers purchase goods. The award credits provide a material right to customers. Transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

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

For the contracts to sell properties in the course of ordinary activities, fixed transaction price is received in instalment and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

2) Revenue from rendering of services

Revenue from rendering of services comes from telecommunication services, value-added services and enterprise project services.

Usage revenue from fixed network services, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

Other telecommunication revenue is recognized as follows: (a) monthly fees are recognized as income when services are rendered at the amount allocated from the transaction price of the related contracts on a relative stand-alone selling price basis, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers.

As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's performance. Consequently, related revenue is recognized when services are rendered. The effort of technical personnel is required to perform enterprise project services, and therefore, the Group measures progress on the basis of costs incurred relative to the total expected costs. The Group recognizes revenue over time based on the progress of the project. Payments for enterprise project services are made at several time points specified in the service contract. A contract asset is recognized over the period in which the enterprise project services are performed and is reclassified to accounts receivable when each milestone payment is due.

3) Construction contract revenue

The Group recognizes revenue over time as it is constructed in progress. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to account receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payment retained by the customer as specified in the contract is intended to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance.

4) Service concession revenue

The terms of operation of freeway electric toll collection system concession arrangement require the Group to construct and operate freeway electric toll collection system public infrastructure. The Group recognizes construction revenue and contract assets over time with reference to the stand-alone selling price of the construction services. The contract assets are transferred to intangible assets - concession when the construction is complete. During the operation phase, the Group recognizes revenue when the public uses the freeway electric toll collection system and obtains benefit.

2017

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

1) Sale of goods

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

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

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

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

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

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

2) Rendering of services

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

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

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

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

As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's performance. Consequently, related revenue is recognized when services are rendered. The effort of technical personnel is required to perform enterprise project services, and therefore, the Group measures progress on the basis of costs incurred relative to the total expected costs. The Group recognizes revenue over time based on the progress of the project. Payments for enterprise project services are made at several time points specified in the service contract. A contract asset is recognized over the period in which the enterprise project services are performed and is reclassified to accounts receivable when each milestone payment is due.

3) Handling service revenue

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

4) Dividend and interest income

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

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

5) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

t. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

3) Leasehold land for own use

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

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

u. Borrowing costs

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

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

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

v. Government grants

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

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

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

w. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

x. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

b. Impairment of goodwill

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

c. Fair value measurements and valuation processes of investment properties

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

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

d. Useful lives of Property, Plant and Equipment

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. During the current period, management determined that the useful lives of certain items of equipment should be extended, due to stable product quality and equipment performance. Furthermore, it is not necessary to have a significant replacement for the major production equipment.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is an (decrease) increased consolidated depreciation expense for the year ended December 31, 2018, and for the next 3 years, by the following amounts:

Year ended 2018	\$ (207,049)
Year ended 2019	(137,170)
Year ended 2020	72,467
Year ended 2021	72,467

6. CASH AND CASH EQUIVALENTS

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

The Group's members individually contracted and fully authorized an "other related party", Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to \$155,755 thousand and \$88,231 thousand as of December 31, 2018 and 2017, respectively.

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

a. Cotton futures contracts

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

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

b. Forward exchange contracts

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

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

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2018</u>			
Sell	USD/NTD	2019.1.7-2019.2.20	USD27,680/NTD850,613
Sell	EUR/USD	2019.2.25-2019.2.26	EUR3,000/USD3,441
Buy	USD/JPY	2019.1.4-2019.2.20	USD13,000/JPY1,459,230
Buy	USD/RMB	2019.2.26-2019.3.27	USD5,000/RMB34,429
Buy	USD/NTD	2019.1.2-2019.2.1	USD6,350/NTD194,798
Sell	USD/JPY	2019.1.28-2019.3.26	USD4,200/JPY469,371
Sell	SGD/MYR	2019.1.28-2019.2.26	SGD400/MYR1,213

December 31, 2017

Buy	USD/NTD	2018.01.02-2018.02.26	USD48,750/NTD1,459,740
Sell	EUR/USD	2018.01.29-2018.02.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.01.26-2018.02.26	USD6,000/JPY676,010
Buy	USD/RMB	2018.02.26	USD2,000/RMB13,240
Sell	USD/RMB	2018.01.24-2018.01.28	USD12,000/RMB79,623
Sell	USD/JPY	2018.01.26-2018.04.27	USD5,960/JPY665,211
Sell	USD/NTD	2018.01.18-2018.01.31	USD8,000/NTD237,716

c. Option contracts

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

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

d. Combined foreign exchange options

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

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

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

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

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

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

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at cost under IAS 39. Refer to Note 3, Note 11 and Note 12 for information relating to their reclassification and comparative information for 2017.

Kaohsiung Rapid Transit Corporation, the entity in which the Group invested, is the BOT Concession Company under the BOT concession contract that it entered into with the Kaohsiung City Government. When the concession period expires (concession expires in October 2037), the assets shall be transferred to the Kaohsiung City Government and the BOT Concession Company will be eliminated.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

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

- a. The interest rates for time deposits with original maturity of more than 3 months were from 0.22% to 3.10% at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 13 for information relating to their reclassification and comparative information for 2017.

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

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

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

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

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

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

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

12. FINANCIAL ASSETS MEASURED AT COST - 2107

**December 31,
2017**

Non-current

Domestic unlisted common stock	\$ 931,400
Overseas unlisted common stock	<u>246,779</u>
	<u>\$ 1,178,179</u>

Categorized by measurement type

Available-for-sale	<u>\$ 1,178,179</u>
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The Group's management believed that the fair value of the unlisted common stock above which were held by the Group cannot be reliably measured as the range of reasonable fair value estimate is significant. Therefore, they were measured at cost less impairment at the end of reporting period.

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

13. DEBT INVESTMENTS WITH NO ACTIVE MARKET

**December 31,
2017**

Current

Time deposits with original maturities of more than 3 months	<u>\$ 2,044,153</u>
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As of December 31, 2017, the range of market interest rates of the time deposits with original maturity of more than 3 months was 0.07%-3.15%.

14. NOTES AND ACCOUNTS RECEIVABLE

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

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

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

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

In 2018

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group recognizes 100% of an allowance for doubtful accounts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables.

December 31, 2018

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

The above aging schedule was based on the invoice date.

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

	For the Year Ended December 31, 2018
Balance at January 1, 2018 per IAS 39	\$ 1,414,582
Adjustment on initial application of IFRS 9	<u>10,671</u>
Balance at January 1, 2018 per IFRS 9	1,425,253
Add: Bad debt recovered	250,027
Add: Impairment losses recognized on receivables	72,564
Less: Amounts written off	(637,534)
Foreign exchange gains and losses	<u>(107)</u>
Balance at December 31, 2018	<u>\$ 1,110,203</u>

In 2017

The Group applied the same credit policy in 2018 and 2017. When deciding the recoverability of accounts receivable, the Group considers any changes in the credit quality from the date credit was initially granted up to the end of the reporting period. Allowance for doubtful accounts is recognized against accounts receivable on the basis of estimated irrecoverable amounts determined by reference to past defaults by the respective counterparties and an analysis of their current financial positions.

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

The aging of receivables was as follows:

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

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

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

Sale of Overdue Accounts Receivable

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

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

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

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

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

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

16. INVENTORIES

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

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

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

17. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

(Continued)

Investor	No.	Investee	Nature of Activities	Proportion of Ownership	
				December 31	
				2018	2017
Yuan Ding Investment Co., Ltd.	16	Fu Kwok Knitting & Garment Co., Ltd. (Note 6)	Garment production	100.00	100.00
	17	Far Eastern Textile Ltd.	Textile production	100.00	100.00
	18	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection service	66.33	66.33
	19	Yuan Hsin Digital Payment Co., Ltd.	Digital payment	65.01	65.01
	20	Malaysia Garment Manufactures Pte. Ltd.	Clothing production and investment	50.92	50.92
	21	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00
	22	Far Eastern Apparel (Holding) Ltd. (FEAH)	Investment	100.00	100.00
	23	Far Eastern Fibertech Ltd.	Nylon production	100.00	100.00
	24	Far Eastern Apparel Co., Ltd.	Sale of textile, garments, and clothing	100.00	100.00
	25	Oriental Resources Development Co., Ltd. (Note 8)	Production and wholesale of medical supplies; waste recycling and re-processing	100.00	70.00
Far Eastern Investment (Holding) Ltd. (FEIH)	26	Yuan Faun Co., Ltd.	Consulting	100.00	100.00
	27	FETG Investment Autilles N.V.	Investment	100.00	100.00
	28	PET Far Eastern (M) Sdn. Bhd.	Bottle production	100.00	100.00
	29	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	30	Worldwide Polychem (HK) Ltd. (WWPI)	Foreign trade	100.00	100.00
	31	Far Eastern Polytex (Vietnam) Ltd.	Chemical fiber and textile production	100.00	100.00
	32	Far Eastern New Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
Far Eastern Polychem Industries Ltd. (FEPI)	33	Magna View Sdn. Bhd.	Investment	100.00	100.00
	34	APG Polytech USA Holdings, Inc. (Note 10)	Investment	100.00	-
	35	Far Eastern Industries (Shanghai) Ltd.	Chemical fiber production	100.00	100.00
	36	Far Eastern Industries (Yangzhou) Ltd.	Production and sales of polyester products	100.00	100.00
Far Eastern Construction Co., Ltd.	37	Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Recycled PET production and sales	90.00	90.00
	38	Far Eastern General Contractor Inc.	Construction	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	39	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00
	40	Far Eastern Innovation Apparel (Suzhou) Co., Ltd. (Note 3)	Dyeing and finishing	100.00	-
FETG Investment Antilles N.V. Yuan Faun Co., Ltd.	41	Waldorf Services B.V. (Note 11)	Investment	100.00	100.00
	42	Yuan Cheng Human Resources Consultant Corporation	Personnel recruitment	55.19	55.19
Yuan Tong Investment Co., Ltd.	43	Sino Belgium (Holding) Ltd.	Investment	90.88	90.88
Far Eastern Electronic Toll Collection Co., Ltd.	44	FETC International Co., Ltd	Human services and equipment procurement and product sales agency services	100.00	100.00
Far Eastern Apparel (Suzhou) Co., Ltd.	45	Suzhou An Ho Apparel Ltd.	Garment production	100.00	100.00
PET Far Eastern (Holding) Ltd. (PETH)	46	Oriental Petrochemical (Shanghai) Corporation	PTA production and sale	61.35	61.35
Oriental Textile (Holding) Ltd. (OTTI)	47	Far Eastern Industries (Wuxi) Ltd.	Fiber and textile production	100.00	100.00
	48	Oriental Industries (Suzhou) Ltd.	Production and sales of polyester resins and industrial fabrics	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	49	Far Eastern Industries (Suzhou) Ltd.	Production and sales of polyester products	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	50	Wuhan Far Eastern New Material Ltd.	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	100.00	100.00
	51	Far Eastern Apparel (Suzhou) Ltd.	Garment production	100.00	100.00
Far Eastern New Century (China) Investment Co., Ltd.	52	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00
	53	Far Eastern New Century (China) Investment Co., Ltd.	Investment	100.00	100.00
	54	Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00
	55	Yuan Ding Enterprise (Shanghai) Limited	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses	100.00	100.00
	56	Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	100.00	100.00
Sino Belgium (Holding) Ltd.	57	Martens Beers Trading (Shanghai) Ltd.	Beer sale	100.00	100.00
Oriental Petrochemical (Shanghai) Corporation	58	Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	100.00	100.00

(Continued)

Investor	No.	Investee	Nature of Activities	Proportion of Ownership	
				December 31	
				2018	2017
Yuan Ding Co., Ltd.	59	Ding Ding Hotel Co., Ltd. (Note 4)	Hotel	99.26	99.26
	60	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00
	61	Far Eastern Technical Consultants Co., Ltd.	Real estate development business consulting and management	100.00	100.00
	62	FET Consulting Engineers Co., Ltd.	Corporate management consulting, pipe & cable installment and replacement	100.00	100.00
FET Consulting Engineers Co., Ltd.	63	Ding Ding Integrated Marketing Services Co., Ltd.	Market research and general advertisement	80.00	80.00
	64	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00
YDT Technology International Co., Ltd.	65	YDC (Virgin Islands) Ltd.	Investment	100.00	100.00
YDC (Virgin Islands) Ltd.	66	Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products	100.00	100.00
DDIM (Virgin Islands) Ltd.	67	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00
Malaysia Garment Manufactures Pte. Ltd.	68	PT Malaysia Garment Bintan (PTMG)	Clothing production	99.00	99.00
APG Polytech USA Holdings, Inc.	69	APG Polytech, LLC (Note 10)	Chemical fiber production	100.00	-
Far EasTone Telecommunications Co., Ltd.	70	New Century InfoComm Tech Co., Ltd.	Types I and II telecommunications services	100.00	100.00
	71	ARCOA Communication Co., Ltd.	Sale of communications products and office equipment	61.63	61.63
	72	KGEx.com Co., Ltd.	Type II telecommunications services	99.99	99.99
	73	Yuan Cing Co., Ltd.	Call center services	100.00	100.00
	74	Far Eastern Info Service Holding Ltd. (FEIS)	Investment	100.00	100.00
	75	O-music Co., Ltd.	Electronic information providing services	50.00	50.00
	76	Q-Ware Communication Corporation (Note 9)	Type II telecommunications services	-	81.46
	77	Yuanshi Digital Technology Co., Ltd.	Electronic information providing services	93.62	93.62
ARCOA Communication Co., Ltd.	78	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00
New Century InfoComm Tech Co., Ltd.	79	New Diligent Co., Ltd.	Investment	100.00	100.00
	80	Information Security Service Digital United Inc.	Security and monitoring service via Internet	100.00	100.00
Digital United (Cayman) Ltd.	81	Digital United (Cayman) Ltd.	Investment	100.00	100.00
	82	Prime EcoPower (Note 5)	Energy technology services	100.00	-
	83	Digital United Information Technology (Shanghai) Ltd.	Design and research of computer system	100.00	100.00
New Diligent Co., Ltd.	84	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00
	85	Far East New Diligent Company Ltd.	Investment	100.00	100.00
	86	New Diligent Hong Kong Co., Ltd.	Investment	100.00	100.00
Far Eastern New Diligent Company Ltd.	87	Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00
	88	Far Eastern New Century Information Technology (Beijing) Limited (Note 7)	Electronic information providing services	-	90.52
DataExpress Infotech Co., Ltd.	89	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00
	90	Home Master Technology Ltd.	Sale of communications products	100.00	100.00

(Concluded)

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

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

Note 3: On July 16, 2018, the Group established Far Eastern Innovation Apparel (Suzhou) Co., Ltd., for US\$35,000 thousand.

- Note 4: From the shareholders resolution on June 28, 2017, Ding Ding Hotel Co., Ltd. issued 100,000 thousand new common stock on October 13, 2017 at a par value of \$10. The Group subscribed for additional new shares at a different percentage from its existing ownership percentage, which increased its continuing interest from 80.99% to 99.26%.
- Note 5: From the board of directors resolution on August 1, 2018, the Group established Prime EcoPower.
- Note 6: On December 30, 2017, the Group acquired additional new shares of Fu Kwok Knitting & Garment Co., Ltd. from non-controlling interests, which increased its continuing interest from 99.99% to 100%.
- Note 7: The subsidiary was dissolved on February 9, 2018 which approved by local government.
- Note 8: On March 2, 2018, the Group acquired shares of Oriental Resources Development Co., Ltd. from non-controlling interests, which increased its continuing interest from 70% to 100%. Refer to Note 34.
- Note 9: In order to simplify Far EasTone Telecommunications Co., Ltd.'s investment structure and further integrate the wireless network services and mobile virtual network services, Far EasTone Telecommunications Co., Ltd.'s board of directors resolved on May 4, 2018 to proceed a cash merger with Q-ware Communications Corporation. Far EasTone Telecommunications Co., Ltd became the surviving company and Q-ware Communications Corporation merged into Far EasTone Telecommunications Co., Ltd. The record date of the merger was set on June 30, 2018. Refer to Note 34
- Note 10: Based on the board of directors' resolution on February 26, 2018, the Group established APG Polytech USA Holdings, Inc. (the former name was FE Polytech USA Holdings, Inc., changed its name to APG Polytech USA Holdings, Inc. on April 25, 2018) with the amount of US\$30,000 thousand, and then APG Polytech USA Holdings, Inc. established a new company, APG Polytech, LLC (the former name was FE Polytech, LLC, changed its name to APG Polytech, LLC on March 23, 2018), and the shareholding percentage were both 100%.
- Note 11: Based on the resolution in shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. FETG Investment Antilles N.V will be responsible for the subsequent obligations.

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

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2018	2017	2018	2017
Far EasTone	<u>\$ 5,832,657</u>	<u>\$ 6,696,619</u>	<u>\$ 45,962,913</u>	<u>\$ 43,735,717</u>

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

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

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

a. Material associates

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

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

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

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

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

Asia Cement Corporation

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

b. Aggregate information of associates that are not individually material

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

On August 18, 2017, the Group has significant influence on Far Eastern International Bank (Note 11). Therefore, starting from August 18, 2017, the investment in Far Eastern International Bank was recognized as investments accounted for using the equity method.

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

On March 21, 2018, the Group formed a joint venture with Indorama Ventures Holdings LP and Alpek S.A.B. de C.V. to establish a new associate, Corpus Christi Polymers LLC. Each company contributed one third of the required capital. As of December 31, 2018, the Group has invested \$12,771,291 thousand (or US\$56,467 thousand). On December 31, 2018, Corpus Christi Polymers LLC acquired M&G Chemicals' PTA and PET plants and other assets in Texas, USA, and the acquisition was approved by the US Federal Trade Commission. The investment in Corpus Christi Polymers LLC met the requirement of joint operation. Therefore, the consolidation began based on the proportion. Refer to Note19 for related information.

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

19. JOINT OPERATIONS

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

a. Acquisition of interest in a joint operation

On March 21, 2018, the Group formed a joint venture with Indorama Ventures Holdings LP and Alpek S.A.B. de C.V. to establish a new associate, Corpus Christi Polymers LLC. On December 21, 2018, Corpus Christi Polymers LLC acquired M&G Chemicals' PTA and PET plants and other assets in Texas, USA, and the acquisition was approved by the US Federal Trade Commission. As of December 30, 2018, Corpus Christi Polymers LLC has not begun operation

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

Current assets:

Cash	\$ 495,955
Accounts receivable	108,526
Inventories	7,278
Prepayments	143
Other financial assets - current	<u>2,914,834</u>
	<u>3,526,736</u>

Non-current assets:

Property, plant and equipment	11,670,495
Intangible assets	<u>694,239</u>
	<u>12,364,734</u>

Total assets \$ 15,891,470

Current liabilities

Payables to suppliers of machinery and equipment	\$ 3,119,600
Other payables	<u>573</u>
	<u>3,120,173</u>

Total assets, net \$ 12,771,297

20. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

		<u>December 31</u>							
		<u>2018</u>	<u>2017</u>						
<u>Carrying amount</u>									
Property, plant and equipment		\$ 164,557,019	\$ 152,732,987						
Prepayments for equipment		<u>1,406,581</u>	<u>1,632,368</u>						
		<u>\$ 165,963,600</u>	<u>\$ 154,365,355</u>						
	Land	Buildings	Machinery and Equipment	Telecommunications Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2018	\$ 20,127,035	\$ 32,995,127	\$ 119,938,249	\$ 85,270,255	\$ 14,905,752	\$ 4,671,413	\$ 21,131,983	\$ 43,660,793	\$ 342,700,607
Additions	136,847	81,157	605,568	67,171	22,120	18,158	331,198	28,599,205	29,861,424
Disposals	(21,619)	(682,774)	(4,910,308)	(8,906,155)	(642,584)	(127,442)	(1,005,915)	(21,572)	(16,318,369)
Reclassification	63,951	3,061,407	28,067,657	4,275,197	722,629	141,528	1,708,287	(37,808,057)	232,599
Effect of exchange rate difference	13,799	(87,913)	(712,018)	-	4,210	-	(43,100)	310,218	(514,804)
Balance at December 31, 2018	<u>\$ 20,320,013</u>	<u>\$ 35,367,004</u>	<u>\$ 142,989,148</u>	<u>\$ 80,706,468</u>	<u>\$ 15,012,127</u>	<u>\$ 4,703,657</u>	<u>\$ 22,122,453</u>	<u>\$ 34,740,587</u>	<u>\$ 355,961,457</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2018	\$ (95,894)	\$ (15,343,593)	\$ (86,288,802)	\$ (54,007,064)	\$ (12,673,745)	\$ (3,863,838)	\$ (15,868,911)	\$ (193,405)	\$ (188,335,252)
Disposals	-	293,671	4,265,813	8,512,689	642,222	110,307	955,479	-	14,780,181
Impairment loss	-	(87,563)	(480,313)	-	-	-	(794)	-	(568,670)
Depreciation expense	-	(883,104)	(4,071,705)	(8,431,397)	(1,181,387)	(305,674)	(1,410,069)	-	(16,283,336)
Reclassification	-	(89,198)	(157,609)	176,436	(176,613)	(23,971)	(5,107)	193,405	(82,657)
Effect of exchange rate differences	-	46,279	420,743	-	(184)	-	25,039	-	491,877
Balance at December 31, 2018	<u>\$ (95,894)</u>	<u>\$ (16,063,508)</u>	<u>\$ (86,311,873)</u>	<u>\$ (53,749,336)</u>	<u>\$ (13,389,707)</u>	<u>\$ (4,083,176)</u>	<u>\$ (16,304,363)</u>	<u>\$ -</u>	<u>\$ (189,997,857)</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Telecommunications Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2017	\$ 18,445,818	\$ 31,531,905	\$ 119,190,973	\$ 127,805,053	\$ 15,295,038	\$ 4,662,292	\$ 20,917,820	\$ 33,727,717	\$ 371,576,616
Additions	2,360	275,896	273,516	64,491	70,216	16,786	313,580	21,710,112	22,726,957
Disposals	(3,500)	(165,465)	(1,211,443)	(47,991,698)	(1,417,444)	(120,291)	(733,818)	(726,392)	(52,370,051)
Reclassification	1,683,853	1,124,603	2,178,318	5,392,410	959,624	112,633	710,009	(10,786,840)	1,374,610
Effect of exchange rate difference	(1,496)	(145,004)	(493,115)	(1)	(1,682)	(7)	(75,608)	(263,804)	(980,717)
Balance at December 31, 2017	<u>\$ 20,127,035</u>	<u>\$ 32,621,935</u>	<u>\$ 119,938,249</u>	<u>\$ 85,270,255</u>	<u>\$ 14,905,752</u>	<u>\$ 4,671,413</u>	<u>\$ 21,131,983</u>	<u>\$ 43,660,793</u>	<u>\$ 342,327,415</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2017	\$ (96,557)	\$ (14,181,156)	\$ (82,531,268)	\$ (93,211,884)	\$ (12,825,382)	\$ (3,575,769)	\$ (15,158,386)	\$ (66,856)	\$ (222,020,450)
Disposals	663	61,732	1,092,880	47,236,584	1,415,413	83,294	632,070	-	50,522,636
Impairment loss	-	(42,052)	(1,088,369)	-	-	-	(10,524)	(126,549)	(1,267,494)
Depreciation expense	-	(846,346)	(3,997,105)	(7,990,753)	(1,293,375)	(380,498)	(1,342,932)	-	(15,851,009)
Reclassification	-	(1,927)	41,312	(41,013)	29,440	9,128	(23,087)	-	13,853
Effect of exchange rate differences	-	39,348	193,748	2	159	7	33,948	-	267,212
Balance at December 31, 2017	<u>\$ (95,894)</u>	<u>\$ (14,970,401)</u>	<u>\$ (86,288,802)</u>	<u>\$ (54,007,064)</u>	<u>\$ (12,673,745)</u>	<u>\$ (3,863,838)</u>	<u>\$ (15,868,911)</u>	<u>\$ (193,405)</u>	<u>\$ (188,335,252)</u>

(Concluded)

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

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

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

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

21. INVESTMENT PROPERTIES

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

	Completed Investment Properties
Balance at January 1, 2018	\$ 124,148,885
Additions	17,204
Disposals	(6,608)
Reclassification	187,204
Recognized in profit (gain arising from the change in fair value of investment property)	472,047
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(2,205)</u>
Balance at December 31, 2018	<u>\$ 124,816,527</u>
Balance at January 1, 2017	\$ 124,758,539
Additions	1,895
Disposals	(6,965)
Reclassification	(1,628,073)
Recognized in profit (gain arising from the change in fair value of investment property)	1,040,128
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(16,639)</u>
Balance at December 31, 2017	<u>\$ 124,148,885</u>

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

The construction of a building (Mega City) located in the Banqiao district, Xin Ban section was completed in 2011, and the building was leased to Far Eastern Department Stores Co., Ltd. (FEDS) as its department store space. A portion of the rental income generated from the operating lease was recognized over the lease term on a straight-line basis and the rest of the income was recognized as a percentage of FEDS's gross operating income. The lease of FEDS will expire in December 2026. The construction of Banqiao Zhong Ben commercial building (Mega Tower) was completed in the six months ended June 30, 2015 and recognized as inventories (available-for-sale - buildings and land). For the year ended December 31, 2018, a portion of the floors which had been rented out to others were reclassified from inventories to investment properties at their fair value of \$316,919 thousand and a gain on the transfers from inventories to investment properties amounting to \$174,343 thousand (recognized as gain on change in fair value of investment properties) was recognized, and a portion of the floors which had been rented out to the Group were reclassified from inventories to property, plant and equipment at their carrying amount of \$71,288 thousand.

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

The fair value of investment properties were as follows:

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

The fair value of the investment properties as of December 31, 2018 and 2017 were based on the valuations carried out at January 18, 2019 and February 23, 2018, respectively, by independent qualified professional valuers, Mr. Chia-ho Tsai and Ms. Chun-Chun Hu, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

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

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

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

Part of the investment properties had been leased out under operating leases. The rental income generated for the years ended December 31, 2018 and 2017 were \$1,014,585 thousand and \$1,050,359 thousand, respectively.

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

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

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

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

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

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

22. GOODWILL

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

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

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

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

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

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

23. CONCESSIONS AND OTHER INTANGIBLE ASSETS

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

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

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

Concessions	17.75 years
Computer software	10 years
Others	16 years

24. BORROWINGS

a. Short-term borrowings

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

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

b. Short-term bills payable

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

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

c. Long-term borrowings

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

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

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

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

	Credit Line	Maturity Period	Interest Rate	Repayment
A	\$ 1,600,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.4% then divided by 0.946%	No revolving credit but batch employed available within 5 years; No repayment in the first 5 years; quarterly repayments of \$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	\$ 1,000,000 thousand	5 years after approve of the credit	Reference interest rate plus 0.69544% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
D	\$ 2,740,000 thousand	7 years after signing the contract	Reference interest rate plus 0.804%	No revolving credit but be partly draw down available within March 30, 2021; credit will be paid every 6 months from March 30, 2021 after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
	<u>\$ 5,340,000</u> <u>thousand</u>			

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

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

On July 19, 2017, a FENC's subsidiary, Oriental Petrochemicals (Taiwan) Corporation (OPTC), received a five-year syndicated loan in a total amount of \$16,800,000 thousand from multiple banks and Mega International Commercial Bank as the leading bank. During the contract period, OPTC needs to maintain its liability ratio within a certain range, which is calculated based on the recent audited non-consolidated financial statements. If OPTC fails to meet the requirement, it should readjust the liability ratio to the required range in 5 months from June 1 next year. Otherwise, starting from November 1, OPTC has to pay extra 0.125% interest of the outstanding amounts until the day before the liability ratio has met the range requirement. The repayment method of this credit is divided into two lines. Line A: The first period is 2 years after the first drawdown date, and then every half of a year is a period. It is divided into seven installments. The repayment amount from the first period to the sixth period is 5% of the loan amount, and the full amount will be repaid on the expiration date. Line B: The loan can be revolve within the credit amount, and the first period of decreasing date is 48 days after the first drawdown date, and then every 6 months is a period, the credit will decrease 500,000 thousand each in the first two period, and the full amount will be repaid on the expiration date.

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

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

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

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathy United Bank were accounted for under other financial assets - non-current (Note 35). The terms of loans A and B further included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathy United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral. As of December 31, 2018 and 2017, the amount of operating assets with pledged rights was \$3,756,000 (refer to Note 39). ETC had already repaid the credit line A \$600,000 thousand in advance in December 2017 and are expected to change the repayment date of the credit amount from February 2021 to February 2019.

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

25. BONDS PAYABLE

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

Bonds

Period	Maturity	Annual Rate (%)	Issued Amount	December 31		Repayment
				2018	2017	
				Outstanding Balance	Outstanding Balance	
<u>Company</u>						
Unsecured bonds						
102-3	2013.12.23-2018.12.23	1.45	2,800,000	\$ -	\$ 2,800,000	(Note 2)
103-1	2014.08.21-2019.08.21	1.47	3,200,000	1,600,000	3,200,000	(Note 1)
103-2	2014.12.04-2019.12.04	1.47	2,200,000	1,100,000	2,200,000	(Note 1)
103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	2,600,000	(Note 1)
104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	8,000,000	(Note 1)
104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	5,200,000	(Note 1)
104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	2,800,000	(Note 2)
105-1-A	2016.04.29-2021.04.29	0.88	6,000,000	6,000,000	6,000,000	(Note 1)
105-1-B	2016.04.29-2021.04.29	-	2,000,000	2,000,000	2,000,000	(Note 4)
105-2	2016.09.20-2021.09.20	0.72	3,800,000	3,800,000	3,800,000	(Note 2)
106-1	2017.05.17-2022.05.17	1.15	5,000,000	5,000,000	5,000,000	(Note 1)
106-2	2018.01.08-2023.01.08	0.95	3,000,000	3,000,000	-	(Note 2)
107-1	2018.05.18-2023.05.18	0.92	6,000,000	6,000,000	-	(Note 1)
107-2	2018.07.18-2023.07.18	0.90	8,000,000	8,000,000	-	(Note 1)
<u>Subsidiary Yuan Ding Investment</u>						
Unsecured bonds						
103-1	2014.05.26-2019.05.26	1.35	3,000,000	1,500,000	3,000,000	(Note 1)
104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	3,000,000	(Note 1)
104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	2,000,000	(Note 1)
105-1	2016.05.30-2021.05.30	0.90	3,800,000	3,800,000	3,800,000	(Note 1)
106-1	2017.06.30-2022.06.30	1.15	3,000,000	3,000,000	3,000,000	(Note 2)
107-1	2018.06.29-2023.06.29	0.92	3,000,000	3,000,000	-	(Note 2)
<u>Subsidiary Far EastOne</u>						
Unsecured bonds						
102-4	2013.06.27-2020.06.27	1.33	5,000,000	2,500,000	5,000,000	(Note 3)
102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	-	4,000,000	(Note 2)
102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	3,200,000	3,200,000	(Note 2)
105-1	2017.01.05-2022.01.05	1.17	5,200,000	5,200,000	5,200,000	(Note 2)
106-1	2017.04.26-2022.04.26	1.17	4,500,000	4,500,000	4,500,000	(Note 2)
106-2	2017.09.04-2023.09.04	1.17	2,000,000	2,000,000	2,000,000	(Note 2)
106-3-A	2017.12.20-2022.06.20	0.95	1,500,000	1,500,000	1,500,000	(Note 2)
106-3-B	2017.12.20-2024.12.20	1.09	1,500,000	1,500,000	1,500,000	(Note 2)
107-1-A	2018.05.07-2023.05.07	0.85	1,500,000	1,500,000	-	(Note 2)
107-2-B	2018.05.07-2025.05.07	1.01	3,500,000	3,500,000	-	(Note 2)
Total outstanding balance				<u>\$ 96,800,000</u>	<u>\$ 85,300,000</u>	

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

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

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

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

26. PROVISIONS

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

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

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

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

Movements in net defined benefit liabilities were as follows:

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

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

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

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

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

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

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

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

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

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

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

December 31, 2018			
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 725,367	\$ -	\$ 725,367
Inventories - construction and real estate	2,247,032	2,263,479	4,510,511
Contract assets - current	416,317	1,650,154	2,066,471
Other financial assets - current	34,125	837,784	871,909
Refundable deposits - current	2,128	14,160	16,288
<u>Liabilities</u>			
Notes and accounts payable	1,732,271	-	1,732,271
Notes and accounts payable to related parties	177,470	-	177,470
Contract liabilities - current	125,293	889,276	1,014,569
Provisions - current	1,319	122,306	123,625
December 31, 2017			
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 438,890	\$ 332,149	\$ 771,039
Inventories - construction and real estate	1,996,228	2,591,597	4,587,825
Amounts due from customers for construction contracts	268,901	1,322,718	1,591,619
Other financial assets - current	212,112	1,076,509	1,288,621
Refundable deposits - current	-	12,861	12,861
<u>Liabilities</u>			
Notes and accounts payable	1,648,369	730,107	2,378,476
Notes and accounts payable to related parties	90,323	-	90,323
Amounts due to customers for construction contracts	454	63,095	63,549
Provisions - current	1,200	53,299	54,499
Advance real estate receipts	56,975	-	56,975

29. EQUITY

a. Share capital

1) Common stock

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

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

2) Global depositary receipt

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

d. Special reserve

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

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

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

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

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

e. Other equity items

The changes in other equity items were as follows:

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

(Continued)

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

(Concluded)

f. Non-controlling interests

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

g. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2018</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 21,745</u>
<u>December 31, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</u>

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

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

30. REVENUE

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

a. Description of customer contract

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

b. Contact balances

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

For notes and accounts receivable, refer to Note 14.

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

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

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

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

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

	December 31, 2018
Non-current	
Incremental costs of obtaining a contract	<u>\$ 1,802,163</u>

The Group considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Amortization recognized in the three months and year ended December 31, 2018 is \$1,886,908 thousand.

d. Disaggregation of revenue

Refer to Note 44 for information about disaggregation of revenue.

e. Partially completed contracts

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

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

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

31. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

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

b. Depreciation and amortization

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

c. Employee benefits expense

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

d. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

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

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016. The Company offered to settle employee's compensation in cash.

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

32. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

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

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

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

In 2017, the applicable corporate income tax rate used by the Group entities in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax recognized in other comprehensive income

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

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

For the year ended December 31, 2017

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

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

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

- e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2018 comprised:

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

- f. Information about unused investment credits

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

Yuan Tong Investment Co., Ltd.

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

Yuan Ding Co., Ltd.

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

g. Income tax assessments

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

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

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

New Century InfoComm Tech Corporation

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

33. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net Income for the Year

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

Weighted Average Number of Common Stock Outstanding

Unit: In Thousand Shares

	For the Year Ended December 31	
	2018	2017
Weighted average number of common stock used in the computation of basic earnings per share	4,998,785	4,998,785
Effect of potentially dilutive common stock:		
Employees' compensation	<u>17,627</u>	<u>12,037</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>5,015,862</u>	<u>5,010,822</u>

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

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

The Company calculated basic EPS with the weighted average number of actual outstanding shares in the current period. Based on the calculation, for the years ended December 31, 2018 and 2017, the Company's basic EPS were \$2.25 and \$1.51, respectively.

34. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2018

On March 2, 2018, the Group paid \$171,260 thousand to acquire additional shares of Oriental Resources Development Co., Ltd. from an associate, Oriental Union Chemical Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 70% to 100%.

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

	Oriental Resources Development Co., Ltd.
Cash consideration paid	\$ (171,260)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>153,820</u>
Differences recognized from equity transactions	<u>\$ (17,440)</u>

Line items adjusted for equity transactions

Unappropriated earnings	<u>\$ (17,440)</u>
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In April and September 2018, the Group subscribed for additional new shares and acquired the remaining non-controlling interest of Q-ware Communications Corporation in cash respectively at a percentage different from its existing ownership percentage, increasing its continuing interest from 81.63% to 100%.

	Q-ware Communi- cations Corporation
Cash consideration paid	\$ (5,398)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>(7,556)</u>
Differences recognized from equity transactions	<u>\$ (12,954)</u>

Line items adjusted for equity transactions

Unappropriated earnings	<u>\$ (12,954)</u>
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For the year ended December 31, 2017

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

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

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

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

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

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

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

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

**Fu Kwok
Knitting &
Garment Co.,
Ltd.**

Cash consideration paid	\$ (28)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>24</u>
Differences arising from equity transactions	<u>\$ (4)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (4)</u>

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

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

35. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

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

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

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

b. The Group as lessor

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

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

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

36. CAPITAL MANAGEMENT

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

37. FINANCIAL INSTRUMENTS

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

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

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

2) Fair value hierarchy

December 31, 2018

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

December 31, 2017

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

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

1) Fair value hierarchy

December 31, 2018

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

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Open-end mutual funds - beneficial certificates	\$ 3,169,726	\$ -	\$ -	\$ 3,169,726
Oversea mutual funds benefit certificates	-	595,200	-	595,200
Listed shares	418,496	-	-	418,496
Guarantee deposits - cotton futures contracts	-	-	17,867	17,867
Forward exchange contracts	-	-	5,005	5,005
Combined exchange options	-	-	3,344	3,344
	<u>\$ 3,588,222</u>	<u>\$ 595,200</u>	<u>\$ 26,216</u>	<u>\$ 4,209,638</u>
Available-for-sale financial assets				
Domestic listed shares	\$ 424,396	\$ -	\$ -	\$ 424,396
Oversea mutual funds - beneficial certificates	-	246,088	-	246,088
	<u>\$ 424,396</u>	<u>\$ 246,088</u>	<u>\$ -</u>	<u>\$ 670,484</u>
Hedging derivative financial assets				
Fair value hedges - foreign exchange swap contracts	\$ -	\$ -	\$ 1,700	\$ 1,700
Cash flow hedges - interest rate swap contracts	-	-	35,544	35,544
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,244</u>	<u>\$ 37,244</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 12,987</u>

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

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

For the year ended December 31, 2018

	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at FVTOCI	Financial Instruments for Hedging	Total
Balance at January 1, 2018	\$ 13,229	\$ -	\$ 37,244	\$ 50,473
Adjustment on initial application of IFRS 9	-	1,151,681	-	1,151,681
Balance at January 1, 2018 after adjustment	13,229	1,151,681	37,244	1,202,154
Additions	-	229,770	-	229,770
Recognized in profit or loss				
Realized	(149,679)	-	5,406	(144,273)
Unrealized	(4,738)	-	-	(4,738)
Recognized in other comprehensive income	-	83,786	29,812	113,598
Return on the capital reduction	-	(61,500)	-	(61,500)
Settlements and effect of exchange rate differences	136,450	3,480	(5,238)	134,692
Balance at December 31, 2018	<u>\$ (4,738)</u>	<u>\$ 1,407,217</u>	<u>\$ 67,224</u>	<u>\$ 1,469,703</u>

For the year ended December 31, 2017

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

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

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

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	<p>a) Asset-based approach. Valuation is based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration.</p> <p>b) Transaction method of market approach. The approach is a valuation strategy that adopts market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.</p>
Future contracts	<p>Futures contract pricing model</p> <p>The fair values of futures contracts are determined using futures contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.</p>
Forward exchange contracts, option contracts, combined exchange options, cross-currency swap contracts, foreign exchange contracts, and interest rate swap contracts	<p>Discounted cash flow.</p> <p>Future cash flows are estimated based on observable spot exchange rates at the end of the reporting period and contract rates and discounted at a rate that reflect the credit risk and value of the currency.</p>

c. Categories of financial instruments

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

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

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

Note 3: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, financial assets at amortized- cost, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), long-term receivables from related parties, refundable deposits and other financial assets.

Note 4: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, short-term bills payable, notes and accounts payable (including those to related parties), other payables (including those to related parties), payables to suppliers of machinery and equipment, provisions, bonds payable, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were detailed in Note 42.

Sensitivity analysis

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

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

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

Hedge accounting

For the year ended December 31, 2018

The Group hedged exposure to changes in fair value by using foreign exchange swap contracts to minimize currency exposure to changes in the fair value of certain assets in foreign currencies.

The following tables summarize the information relating to the hedges of foreign currency risk:

December 31, 2018

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Fair value hedge Foreign exchange swap contracts	USD/NTD	US\$10,000 thousand	January 3, 2019- January 31, 2019	\$30.770/ \$30.825	Financial assets (liabilities) for hedging	\$ 1,868	\$ -	\$ -

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Hedge Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Amount of Fair Value Hedge Adjustments for Hedged Items That Have Ceased to Be Adjusted for Hedging Gains And Losses
	Asset	Liability	Asset	Liability		
Fair value hedge Overseas mutual funds - beneficial certificates	\$ 291,245	\$ -	\$ 7,850	\$ -	\$ -	\$ -

The Group invested in overseas mutual funds, whose fair value are exposed to the changes of net asset value and exchange rates. Thus, the Group used foreign exchange swap contracts to minimize the currency risk.

December 31, 2017

The hedging policy for foreign currency risk is the same in 2018 and 2017 which used the following hedging instruments.

**December 31,
2017**

Derivative financial assets under hedge accounting - current

Fair value hedges - foreign exchange swap contracts \$ 1,700

These contracts were negotiated in accordance with contracts on hedged items. The outstanding contracts of the Group at December 31, 2017 were as follow:

Hedging Instruments	Currency	Maturity	Notional Amount
Fair value hedge			
Foreign exchange swap contracts	USD/NTD	February 26, 2018	US\$ 10,000 thousand

The foreign exchange swap contracts were used to minimize the currency exposure to changes in the fair value for the year ended December 31, 2017. The gains related to foreign exchange swap contracts were \$1,700 thousand for the year ended December 31, 2017. The losses related to the hedged items due to the fluctuations of foreign currency exchange rates were \$1,700 thousand for the year ended December 31, 2017.

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

For the year ended December 31, 2017, gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

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

Gain on disposal of investments \$ 19,325

b) Interest rate risk

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

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

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

Sensitivity analysis

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

If interest rates had been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial assets with fixed interest rate for the years ended December 31, 2018 and 2017 would have decreased/increased by NT\$46,216 thousand and NT\$35,928 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased/decrease by \$31,783 thousand and \$32,716 thousand, respectively.

If interest rates had been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial liabilities with fixed interest rate for the years ended December 31, 2018 and 2017 would have decreased/increased by \$444,325 thousand and \$348,531 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have decreased/increased by \$102,428 thousand and \$125,089 thousand, respectively.

Hedge accounting

For the year ended December 31, 2018

The Group entered into interest rate swap contracts to mitigate the risk of changes in floating interest rates on cash flow exposure related to its outstanding variable rate debt.

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

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

December 31, 2018

Hedging Instruments	Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount		Change In Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge Interest rate swaps	NT\$31,693 thousand	February 2019	0%-4.8%	3m TIBOR+1.10% (Note)	Financial assets for hedging	\$ 65,356	\$ -	\$ -
	NT\$3,294,000 thousand	November 2025	0%-4.8%	0.60%-4.90%				

Note: The reference interest rate refers to the “Taiwan Financial Industry Disposal Fixed Rate (TIBOR)” announcement by the Republic of China Banking Association for a three-month interest rate (90 days).

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	Carrying Amount
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge Interest expense from long-term debt	\$ -	\$ 65,356	\$ -

For the year ended December 31, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness Is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flow No Longer Expected to Occur
Cash flow hedge Interest expense from long-term debt	\$ 29,812	\$ -	\$ -	\$ 5,238 Decrease in interest expense	\$ -

December 31, 2017

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

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

All interest rate swap contracts that exchange floating rate interest amounts with fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on loans occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Gains and losses of hedging instruments in 2017 reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

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

Increase in interest expense	<u>\$ 42,875</u>
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c) Other price risks

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

Sensitivity analysis

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

If equity prices had been 5% lower, the fair value of financial assets at FVTPL and fair value of financial assets at FVTOCI as of December 31, 2018 would have decreased by NT\$408,182. If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2017 would have decreased by NT\$242,695 thousand.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

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

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>December 31, 2018</u>				
Long-term borrowings	\$ 39,602,346	\$ 9,670,000	\$ 19,446,963	\$ 68,719,309
Bonds payable	<u>20,600,000</u>	<u>13,200,000</u>	<u>45,200,000</u>	<u>79,000,000</u>
	<u>\$ 60,202,346</u>	<u>\$ 22,870,000</u>	<u>\$ 64,646,963</u>	<u>\$ 147,719,309</u>
<u>December 31, 2017</u>				
Long-term borrowings	\$ 40,605,608	\$ 6,186,000	\$ 19,748,945	\$ 66,540,553
Bonds payable	<u>17,800,000</u>	<u>20,600,000</u>	<u>33,400,000</u>	<u>71,800,000</u>
	<u>\$ 58,405,608</u>	<u>\$ 26,786,000</u>	<u>\$ 53,148,945</u>	<u>\$ 138,340,553</u>

38. TRANSACTIONS WITH RELATED PARTIES

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

39. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

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

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

- c. The letters of bank guarantees issued for importing from manufacturers all amounted to \$100,000 thousand as of both December 31, 2018 and 2017.
- d. There were undelivered cotton contracts which were unable to be cancelled amounting to \$248,124 thousand and \$197,924 thousand as of December 31, 2018 and 2017, respectively.
- e. Project contracts' costs already signed by Far Eastern General Contractor Inc. (FEGC) amounted to \$45,448,684 thousand and \$38,255,654 thousand as of December 31, 2018 and 2017, respectively.
- f. Far Eastern Electronic Toll Collection Co., Ltd. (FETC) was entrusted by the Taiwan Area National Freeway Bureau (TANFB) to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Corporation (FEIB) to manage the tolls collected. The trust property for this agreement amounted to \$3,839,110 thousand and \$3,776,739 thousand as of December 31, 2018 and 2017, respectively.
- g. Endorsements and guarantees provided to related parties are shown in Table 6 (attached).

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

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

- i. The Company's subsidiary, FECC, and Far Eastern Department Store Corporation (FEDS) had jointly developed Banqiao Zhong Ben (Construction License Number: Year 2010 Letter Chang No. 00135) in line with the Directions for the Urban Land Development Application (the "Directions"). Under the Directions, for the joint developers to be entitled to larger floor area and have a building occupancy permit, they should complete the construction within four years after passing an urban design review. If this deadline is unmet, the joint developers should either donate the building or remit a certain amount to the New Taipei City Government (NTCG). Later, the NTCG claimed that the construction was not completed on time, but the joint developers disagreed with the NTCG's claim. Thus, a dispute on this issue arose. Steps have been taken to settle this dispute, and while the settlement is being negotiated, FECC had placed in the Far Eastern International Bank a negotiable certificate of deposit amounting to \$109,995 thousand as a pledge based on the NTCG's requirement. Latter, due to NTCG confiscating the certificate of deposit, FECC filed an appeal against the NTCG, and FECC has accrued related construction costs. The Ministry of the Interior dismissed the administrative appeal. FECC disagreed with the administrative appeal decision, and thus filed an administrative litigation with the Taipei High Administrative Court. As of March 22, 2019, the Taipei High Administrative Court dismissed the appeal.
- j. The Company's subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), has cooperated with government authorities to establish an electronic toll collection system based on the "Establishment and Operating Contract" with Taiwan Area National Freeway Bureau (TANFB). However, on the basis of the system usage rate and the manner of system implementation, TANFB claimed it had the right to penalize FETC for the latter's failing to achieve the requirements for the electronic toll collection (ETC) system stated in the contract. However, FETC disagreed with the bureau's interpretation of the contract terms and filed for arbitration with the Negotiation Committee. Nevertheless, both the FETC and TANFB did not agree with the Negotiation Committee's arbitration. FETC filed a lawsuit against TANFB. The contract terms were as follow:

1) Usage rate

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

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

FETC, however, could not accept the negotiation result. In September 2013, FETC filed a lawsuit against TANFB, claiming it was not liable for the penalty imposed by TANFB. On October 19, 2018, FETC won the lawsuit from the first instance that the Taipei district court confirmed the penalty \$427,500 thousand imposed by TANFB was not exist, and TANFB is responsible for the litigation expense. TANFB filed an appeal on November 19, 2018. This case is pending before the Taipei District Court. FETC has accrued a proper provision.

2) Taximeter system infrastructure

TANFB stated FETC breached the contract when FETC was unable to complete the ETC driveway infrastructure by September 21, 2012 as required in the contract. But after FETC negotiated with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to extend the construction period by four months until January 21, 2013. Thus, TANFB should reset the contract expiry date according to the agreement. However, TANFB has not reset the expiry date but instead set the date on which FETC had been informed of its violation of the contract on February 3, 2013 and obligated FETC to complete the ETC driveway infrastructure and taximeter system infrastructure by April 21, 2013. After FETC's conciliation with TANFB through the Negotiation Committee in July 2013, the Negotiation Committee suggested that TANFB recheck the construction results and determine if after four months after the original contract expiry date of September 21, 2012, FETC violated the contract. Nevertheless, TANFB did not agree with the Negotiation Committee's decision and filed a lawsuit against FETC and imposed a penalty of \$142,500 thousand on FETC. On May 20, 2016, the Taiwan Taipei District Court made a judgment that FETC should compensate TANFB with a penalty amounting to \$71,250 thousand. FETC appealed against this judgment to the Taipei High Court on May 31, 2016. FETC had completed the ETC driveway infrastructure and taximeter system infrastructure as promised and accrued a proper provision.

41. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

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

42. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 300,238	30.715 (USD:NTD)	\$ 9,221,810
USD	97,958	6.868 (USD:RMB)	3,008,780
USD	40,779	7.800 (USD:HKD)	1,252,527
USD	2,774	4.319 (USD:MYR)	<u>85,203</u>
			<u>\$ 13,568,320</u>
<u>Financial liabilities</u>			
Monetary items			
USD	149,982	30.715 (USD:NTD)	\$ 4,606,697
USD	48,050	6.868 (USD:RMB)	1,475,856
USD	61,154	7.800 (USD:HKD)	1,878,345
USD	2,774	4.319 (USD:MYR)	<u>85,203</u>
			<u>\$ 8,046,101</u>

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 296,381	29.760 (USD:NTD)	\$ 8,820,299
USD	93,996	6.519 (USD:RMB)	2,797,321
USD	62,893	7.800 (USD:HKD)	1,871,696
USD	797	4.208 (USD:MYR)	<u>23,719</u>
			<u>\$ 13,513,035</u>
<u>Financial liabilities</u>			
Monetary items			
USD	187,567	29.760 (USD:NTD)	\$ 5,581,994
USD	106,984	6.519 (USD:RMB)	3,183,844
USD	32,800	7.800 (USD:HKD)	976,128
USD	6,232	4.208 (USD:MYR)	<u>185,464</u>
			<u>\$ 9,927,430</u>

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

43. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 5 (attached)
- 2) Endorsements/guarantees provided: Table 6 (attached)
- 3) Marketable securities held: Table 7 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 8 (attached)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 9 (attached)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Table 10 (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 11 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 12 (attached)
- 9) Trading in derivative instruments: Notes 7 and 37
- 10) Intercompany relationships and significant intercompany transactions: Table 13 (attached)
- 11) Information on investees: Table 14 (attached)

b. Information on investments in mainland China

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

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

44. SEGMENT INFORMATION

Industry Information

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

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

a. Segments revenue and results

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

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

(Continued)

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

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

b. Segment total assets and liabilities

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

c. Geographical information

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

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

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

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

d. Information about major customers

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

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2018**

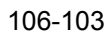


TABLE 2**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****RELATED PARTY NAMES AND CATEGORIES
DECEMBER 31, 2018**

Related Party Name	Related Party Categories
Asia Cement Corporation	Associates
Far Eastern Department Stores Co., Ltd.	Associates
Oriental Union Chemical Corporation	Associates
Everest Textile Corporation	Associates
Oriental Securities Corporation	Associates
Yu Yuan Investment Co., Ltd.	Associates
Far Eastern International Leasing Corporation	Associates
Yuan Ding Leasing Corporation	Associates
Far Eastern International Leasing Corporation	Associates
Liquid Air Far East Co., Ltd.	Associates
Kowloon Cement Corporation	Associates
Da Ju Fiber Co., Ltd.	Associates
Far Eastern Union Petrochemical (Yangzhou) Corporation	Associates
Tong Da Air Industry (Yangzhou) Co., Ltd.	Associates
Yu Ding Industry Co., Ltd.	Associates
Freudenberg Far Eastern Spunweb Co., Ltd.	Associates
Yue Ming Corporation	Associates
Pacific Liu Tong Investment Co., Ltd.	Associates
Alliance Digital Technology Co., Ltd.	Associates
Catalyst 207 SPC-SP Tranche One	Associates
Far Eastern International Bank	Other related party (the vice chairman of investee is the chairman of FENC; associate since 8/18/2017; more details in Note 11)
Everest Textile USA, LLC	Other related party (the subsidiary of FENC's associate)
Pacific Petrochemical (Holding) Ltd. (PPL)	Other related party (the subsidiary of FENC's associate)
Shanghai Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific Dept Stores (Dalian) Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific SOGO Department Stores Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Beicheng FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Quanxing Masion Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific (China) Investment Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Bai-Ding Investment Corporation	Other related party (the subsidiary of FENC's associate)
Nan Hwa Cement Corporation	Other related party (the subsidiary of FENC's associate)
Chiahui Power Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd	Other related party (the subsidiary of FENC's associate)
Der Ching Investment Corporation	Other related party (the subsidiary of FENC's associate)
Ya Tung Ready-mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)
Oriental Securities Investment Consultant Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Asia Engineering Enterprise Corporation	Other related party (the subsidiary of FENC's associate)

(Continued)

Related Party Name	Related Party Categories
Asia Cement (China) Holdings Corporation	Other related party (the subsidiary of FENC's associate)
Asia Cement (Singapore) Private Ltd.	Other related party (the subsidiary of FENC's associate)
Asia Investment Corporation	Other related party (the subsidiary of FENC's associate)
Ya Sing Ready-Mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)
Wuhan Yaxin Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Ai Mai Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuxi FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yuan Bo Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Far Eastern Leasing Corporation	Other related party (the subsidiary of FENC's associate)
Far Eastern Property Insurance Agency Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Fu Ming Transport Corporation	Other related party (the subsidiary of FENC's associate)
Fu-Da Transport Corporation	Other related party (the subsidiary of FENC's associate)
Shanghai BaiDing Business Management Consulting Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chubei New Century Shopping Mall Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Everest Textile (Shanghai) Ltd.	Other related party (the subsidiary of FENC's associate)
Nanchang Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Shanghai Yali Concrete Produce Ltd	Other related party (the subsidiary of FENC's associate)
Sichuan Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chendu Yali Cement Products Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Arizona Express Inc.	Other related party (the subsidiary of FENC's associate)
Ya-Li Precast Prestressed Concrete Industries Corporation	Other related party (the subsidiary of FENC's associate)
Sichuan Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Sichuan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Nanchang Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yangzhou Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Huanggang Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Oriental Petrochemical (YangZhou) Corporation	Other related party (the subsidiary of FENC's associate)
Ya Tung Department Store Ltd.	Other related party (the subsidiary of FENC's associate)
Sichuan Lanfeng Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Taizhou Yadong Building Material Co., Ltd.	Other related party (the subsidiary of FENC's associate)
FEDS Development Ltd.	Other related party (the subsidiary of FENC's associate)
Sony Music Entertainment Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Mitac Incorporated	Other related party (corporate director of the subsidiary)
President Chain Store Corporation (Note)	Other related party (corporate director of the subsidiary)
Universal Music Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Forward Music Co., Ltd.	Other related party (corporate director of the subsidiary)
Uni-President Enterprise Corporation (Note)	Other related party (supervisor of the subsidiary)

(Continued)

Related Party Name	Related Party Categories
HIM International Music Inc.	Other related parties (Supervisor of the subsidiary)
Telecommunication & Transportation Foundation	Other related parties (Far EasTone's donation is over one third of the foundation's fund)
Far Eastern City Super Ltd.	Other related parties (the subsidiary of FENC which accounted for using the equity method)
Yuan Ze University	Other related parties (the same chairman)
Oriental Institute of Technology	Other related parties (the same chairman)
Far Eastern Memorial Hospital	Other related parties (the same chairman)
Mr. Xu Yuanzhi Memorial Foundation	Other related parties (the same chairman)
Far Eastern Medical Foundation	Other related parties (the same chairman)
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Other related parties (the same chairman)
U-Ming Marine Transport Corporation	Other related parties (the same chairman)
SYSTEX Corporation	Other related parties (the same chairman)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
Opas Fund Segregated Portfolio Company	Other related party (related party in substance)
TECO Electric & Machinery Co., Ltd.	Other related party (related party in substance)
Kaohsiung Rapid Transit Corporation	Other related party (related party in substance)
U-Ming Marine Transport (Hong Kong) Corporation	Other related party (related party in substance)
U-Ming Marine Transport (Singapore) Private Limited	Other related party (related party in substance)
Ding&Ding Mangement Consultants Co., Ltd.	Other related party (related party in substance)
Far Eastern Polyclinic	Other related party (related party in substance)
Deutsche Far Eastern Asset Management Co., Ltd. (DFEAMC)	Other related party (related party in substance)

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

(Concluded)

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

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

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

(Continued)

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

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

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

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

Compensation of key management personnel:

	For the Year Ended December 31	
	2018	2017
Short-term benefits	\$ 479,227	\$ 391,032
Post-employment benefits	<u>2,174</u>	<u>2,680</u>
	<u>\$ 481,401</u>	<u>\$ 393,712</u>

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

(Concluded)

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

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

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

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

(Continued)

Financing to related parties

Loans to related parties (recognized as other receivables):

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

Interests income from loans to related parties:

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

Loans from related parties:

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

Interests expense from loans from related parties:

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

(Continued)

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

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

The Group had bank deposits and time deposits (recognized as cash, cash equivalents and financial assets at amortized cost - current/debt investments with no active market) in Far Eastern International Bank. In addition, the deposits included the proceeds of Far EasTone's sale of prepaid cards, sale of international calling cards, and reserve account which was deposited in Far Eastern International Bank based on the regulation from syndicated loan contract, and time deposit which is pledged in Cathay United Bank, which was recognized as other financial assets. The interest income was \$76,936 thousand and \$74,489 thousand for the years ended December 31, 2018 and 2017, respectively.

Financial assets (liabilities) at FVTPL - current

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

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

Financial assets for hedging - current

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

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

Derivative financial assets (liabilities) for hedging - current

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

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

Note:

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

(Continued)

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Far Eastern New Century Corporation	Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ 105,000	1.045	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 10,176,757	\$ 101,767,569	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note H)
1	Yuan Ding Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	400,000	400,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	1,000,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	Receivables from related parties	Yes	600,000	600,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yuan Tong Investment Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Petrochemical Corporation (Taiwan)	Receivables from related parties	Yes	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	800,000	800,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Da Ju Fiber Co., Ltd.	Receivables from related parties	Yes	1,100,000	1,050,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	1,200,000	1,200,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yu Ding Industry Co., Ltd.	Receivables from related parties	Yes	680,000	580,000	70,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Far Eastern Apparel Co., Ltd.	Receivables from related parties	Yes	350,000	350,000	110,000	1.25	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
2	Far Eastern Resources Development Co., Ltd.	Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	-	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	200,000	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
3	Far EastOne Telecommunications Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	\$ 250,000	\$ -	\$ -	1.47-1.58	2	\$ -	- For revolving fund	\$ -	-	\$ -	\$ 7,331,750	\$ 36,658,749	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
4	New Century InfoComm Tech Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	150,000	-	-	1.33	2	-	- For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Far EastOne Telecommunications Co., Ltd.	Receivables from related parties	Yes	2,500,000	2,500,000	2,500,000	0.83	1	3,052,994	-	-	-	-	3,052,994	12,187,740	Amounts allowed for ending period (Note O); Maximum amounts allowed for the period (Note H)
		Far EastOne Telecommunications Co., Ltd.	Receivables from related parties	Yes	7,500,000	7,500,000	5,000,000	0.83	2	-	- For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)
5	Yuan Ding Co., Ltd.	Ding Ding Hold Co., Ltd.	Receivables from related parties	Yes	400,000	-	-	-	2	-	- For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	151,776	-	-	2.25-2.40	2	-	- For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
6	FFI Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	Yes	180,000	-	-	0.983-1.0555	2	-	- For revolving fund	-	Promissory note	-	18,880	23,600	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
7	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	29,950	-	-	2.25-2.40	2	-	- For revolving fund	-	Promissory note	-	145,428	181,785	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
8	Far Eastern Investment (Holding) Ltd.	M&G Polymers USA, LLC	Other receivables	No	153,575	-	-	-	2	-	- For revolving fund	-	-	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		FILSYN Corporation	Other receivables	No	61,430	61,430	-	-	2	-	- For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Worldwide Pchem (HK) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Holding) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		APG Polytex, LLC	Receivables from affiliates	Yes	1,228,600	1,121,098	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	1,535,750	1,535,750	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Holding) Ltd.	Receivables from affiliates	Yes	921,450	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		PET Far Eastern (Holding) Ltd.	Receivables from affiliates	Yes	\$ 921,450	\$ -	\$ -	5.953	2	\$ -	- For revolving fund	\$ -	Promissory note	\$ -	\$ 11,156,425	\$ 33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	76,788	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		PET Far Eastern (M) Sdn. Bhd.	Receivables from affiliates	Yes	307,150	307,150	130,451	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	460,725	460,725	156,647	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note K)
		Far Eastern New Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	1,228,600	1,228,600	506,798	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,741,336	1,846,936	1,744,392	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
9	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	614,300	-	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	Yes	1,228,600	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	1,228,600	-	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
10	Oriental Textile (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	1,967,680	1,967,680	-	1.265	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	Yes	767,875	767,875	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium Beer (Suzhou) Ltd.	Receivables from affiliates	Yes	184,290	-	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	\$ 3,071,500	\$ 3,071,500	\$ 153,575	-	2	\$ -	- For revolving fund	\$ -	Promissory note	\$ -	\$ 3,941,211	\$ 11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	2,702,920	1,228,600	628,785	2.83707-5.95300	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
11	Far Eastern Polychem Industries Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,638,480	2,638,480	-	1.265	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	122,860	-	-	-	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Ishizuka Green Pet. Corporation	Receivables from affiliates	Yes	417,300	-	-	-	2	-	- For revolving fund	-	Promissory note	-	4,184,262	4,184,262	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,443,605	-	-	-	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	4,453,675	1,228,600	-	2.83707-5.95300	2	-	- For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
12	PET Far Eastern (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,101,840	2,101,840	-	1.265	2	-	- For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	- For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Petrochemical (Shanghai) Corporation	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	2,688,924	2,688,924	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
13	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	153,575	-	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	153,575	-	-	2.83707-3.50125	2	-	- For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
14	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	-	-	-	2	-	- For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	-	-	3.75-4.00	2	-	- For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Oriental Petrochemical (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	\$ 313,040	\$ 313,040	\$ -	3.68	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,109,135	\$ 1,109,135	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	2,459,600	2,459,600	1,556,998	3.40659-4.52	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
15	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	-	-	3.75-4.00	2	-	For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,252,160	1,252,160	1,087,420	3.40659-4.57	2	-	For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
16	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	860,350	1.21	2	-	For revolving fund	-	Promissory note	-	1,445,591	3,212,425	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
17	Oriental Industries (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	1.265	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,788,800	1,341,600	-	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	13	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Sino-Bedroom Beer (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,118,000	1,118,000	710,140	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
18	Far Eastern Industries (Wuxi) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	-	4.43-4.69	2	-	For revolving fund	-	Promissory note	-	2,631,450	5,847,668	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
19	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	40,248	-	-	3.5	2	-	For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	40,248	40,248	40,248	1.21	2	-	For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
20	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes	\$ 447,200 670,800	\$ 447,200 670,800	\$ 313,040 447,200	1.21 1.21	2 2	\$ - -	- For revolving fund - For revolving fund	\$ - -	Promissory note Promissory note	\$ - 956,369	\$ 956,369 2,125,264	2,125,264	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L) Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
21	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	125,019	4.62	2	-	- For revolving fund	-	Promissory note	285,308	855,924	855,924	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note D)
22	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation Oriental Petrochemical (Shanghai) Corporation Far Eastern Industries (Suzhou) Ltd. Far Eastern New Century (China) Investment Co., Ltd. Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes Yes Yes Yes	894,400 447,200 111,800 670,800	- 447,200 111,800 670,800 894,400	- - - 670,800 894,400	2.00-4.00 4.35 4.576 - 4.35	2 2 2 2 1	- - - - 5,056,097	- For revolving fund - For revolving fund - For revolving fund - For revolving fund -	- - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note	- 3,320,496 3,320,496 4,150,620 4,150,620	3,320,496 3,320,496 7,471,115 7,471,115 4,150,620	3,320,496 3,320,496 7,471,115 7,471,115 4,150,620	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G) Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
23	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	134,160	134,160	134,160	1.265-4.35	2	-	- For revolving fund	-	Promissory note	469,093	844,367	844,367	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
24	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd. Oriental Textile (Holding) Ltd. Far Eastern Polychem Industries Ltd. PET Far Eastern (Holding) Ltd. Wuhan Far Eastern New Material Ltd.	Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes Yes Yes Yes	44,720 89,440 89,440 89,440 134,160	44,720 89,440 89,440 89,440 134,160	- - - - -	- - - - 1.265-4.35	2 2 2 2 2	- - - - -	- For revolving fund - For revolving fund - For revolving fund - For revolving fund - For revolving fund	- - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note	5,942,841 5,942,841 5,942,841 5,942,841 5,942,841	8,319,977 8,319,977 8,319,977 8,319,977 8,319,977	8,319,977 8,319,977 8,319,977 8,319,977 8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M); Maximum amounts allowed for the period (Note M); Maximum amounts allowed for the period (Note N)
	Oriental Petrochemical (Shanghai) Corporation	Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	491,920	491,920	491,920	1.21-4.35	2	-	- For revolving fund	-	Promissory note	950,855	950,855	950,855	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Oriental Industries (Shuzhou) Ltd.	Other receivables - loans to related parties	Yes	\$ 1,118,000	\$ 1,118,000	\$ 89	1.21-4.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,942,841	\$ 8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Shanghai Far Eastern Petrochemical Logistic Corporation	Other receivables - loans to related parties	Yes	53,664	53,664	13,403	1.21-4.35	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Shanghai) Ltd.	Other receivables - loans to related parties	Yes	3,130,400	3,130,400	562,676	1.21-4.35	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
25	Shanghai Yuan Zi Information Technology Co., Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	44,720	-	-	2	-	For revolving fund	-	Promissory note	-	58,252	87,378	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
26	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Shuzhou) Ltd.	Other receivables - loans to related parties	Yes	313,040	313,040	-	3.6	2	-	For revolving fund	-	Promissory note	-	1,259,622	2,799,159	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	536,640	536,640	-	2.0-3.60	2	-	For revolving fund	-	Promissory note	-	559,832	559,832	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
2. For short-term financing.
- B. The limitation is 5% of the net value of the financier based on audited financial statements as of December 31, 2018.
- C. The limitation is 10% of the net value of the financier based on audited financial statements as of December 31, 2018.
- D. The limitation is 15% of the net value of the financier based on audited financial statements as of December 31, 2018.
- E. The limitation is 20% of the net value of the financier based on audited financial statements as of December 31, 2018.
- F. The limitation is 35% of the net value of the financier based on audited financial statements as of December 31, 2018.
- G. The limitation is 40% of the net value of the financier based on audited financial statements as of December 31, 2018.
- H. The limitation is 50% of the net value of the financier based on audited financial statements as of December 31, 2018.
- I. The limitation is 90% of the net value of the financier based on audited financial statements as of December 31, 2018.
- J. The limitation is 100% of the net value of the financier based on audited financial statements as of December 31, 2018.
- K. The limitation is 150% of the net value of the financier based on audited financial statements as of December 31, 2018.
- L. The limitation is 200% of the net value of the financier based on audited financial statements as of December 31, 2018.
- M. The limitation is 250% of the net value of the financier based on audited financial statements as of December 31, 2018.
- N. The limitation is 350% of the net value of the financier based on audited financial statements as of December 31, 2018.
- O. The limitation is business transaction amount.

(Concluded)

TABLE 6

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Far Eastern Investment (Holding) Ltd.	(Note A)	\$ 101,767,569	\$ 23,684,000	\$ -	\$ -	\$ -	-	\$ 203,535,137	Yes	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
1	Yuan Ding Investment Co., Ltd.	Far Eastern Investment (Holding) Ltd.	(Note C)	20,353,514	1,535,750	-	-	-	-	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	(Note A)	21,670,835	100,000	-	-	-	-	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Da Ju Fiber Co., Ltd.	(Note B)	21,670,835	280,000	268,000	176,000	-	0.62	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Ishizuka Green Pet Corporation	(Note C)	20,353,514	667,680	667,680	667,680	-	1.54	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		PET Far Eastern (Holding) Ltd.	(Note C)	20,353,514	619,100	614,300	106,881	-	1.42	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Textile (Holding) Ltd.	(Note A)	21,670,835	619,100	614,300	-	-	1.42	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Polychem Industries Ltd.	(Note C)	20,353,514	928,650	921,450	58,815	-	2.13	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		APG Polytech, LLC	(Note C)	20,353,514	5,364,420	5,344,410	2,086,326	-	12.33	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guaranteee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
		Oriental Industries (Suzhou) Ltd.	(Note A)	\$ 21,670,835	\$ 1,547,750	\$ 1,535,750	\$ 570,320	\$ -	3.54	\$ 43,341,670	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
2	Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note D)	13,566,709	5,708,448	5,708,448	3,546,448	5,708,448	2.80	27,133,417	-	Yes	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
3	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	3,877,612	2,173,000	1,773,000	1,015,000	250,000	0.87	7,755,224	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
4	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	(Note D)	23,600	230,000	-	-	-	-	47,199	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	41,033,781	154,300	77,150	77,150	-	0.56	41,033,781	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note I)
6	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A) (Note B)	101,767,569 101,767,569	1,535,750 1,191,470	1,535,750 460,725	163,228 314,829	- -	0.75 0.23	203,535,137 203,535,137	- -	- -	Yes Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K) Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
7	Far Eastern Investment (Holding) Ltd.	APG Polytech USA Holdings, Inc. APG Polytech, LLC	(Note A) (Note A)	101,767,569 101,767,569	7,166,823 2,518,811	7,166,823 2,509,416	- 878,142	- -	3.52 1.23	203,535,137 203,535,137	- -	- -	- -	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K) Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
8	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	101,767,569	503,805	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guaranteee		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 Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
9	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	\$ 101,767,569	\$ 328,020	\$ -	\$ -	\$ -	-	\$ 203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
10	Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	101,767,569	937,200	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

Notes: A. Subsidiary.

B. Equity-method investee.

C. The guarantee provider and counterparty have the same ultimate parent company.

D. Parent company.

E. The amount of the collateral/guarantees is based on 50% of the net value of the guarantor from the latest audited financial statements.

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

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

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

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

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

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

L. The ratio of accumulated endorsements/guarantees to net equity in latest financial statements is calculated in accordance with Regulations Governing Lending of Funds and Marketing of Endorsements/Guarantees by Public Companies.

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 17,937,848	22.33	\$ 25,479,859	19,900 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	241,770	4,793,720	17.06	3,795,784	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,350,914	9.17	2,095,373	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	137	1,585	0.03	1,590	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,956,963	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	135,000	1,920,818	16.83	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	85,501	1,024,918	2.62	855,011	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	42,750,905	99.40	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	667,242	102,949,679	100.00	-	
	Far Eastern Polytext (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	135	7,581,955	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	7,640,463	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	8,568,915	100.00	-	
	Kao Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	339,966	5,229,289	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	4,016	22,068,603	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	397	6,157,657	91.95	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,561,102	9,183,032	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	8,471,173	65.11	-	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,194,481	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	2,116,908	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	235,601	3,003,612	100.00	-	
Yuan Ding Investment Co., Ltd.	FE DP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	921,000	50.43	-	
	Fu Kwok Knitting & Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,000	224,804	100.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	769	8,333	10.74	-	
	Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,590	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	21,500	703,247	0.64	729,909	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	70,818	1,354,062	8.00	1,827,096	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	23,173	480,286	1.64	363,816	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	126,096	1,172,963	25.23	1,462,719	
	Far East Tone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	23,933,864	32.73	81,492,642	11,307 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,820,193	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	3,558,433	100.00	-	
	Du Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	55,563	2,031,256	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,772	177,127	100.00	-	
	Yuan Faun Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,000	155,321	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	4,745	71,368	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	388,298	46.20	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,175,613	100.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,918	547,742	100.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,987,889	35.00	-	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	446,214	20,585	29.80	-	
				185,247	2,690,905	25.96	-	51,600 thousand shares pledged or mortgaged as collateral for loans.

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018			Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)
Far Eastern Investment (Holding) Ltd.	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,127,799	12.86	\$ -
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	75,268	927,437	16.87	-
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	7,990,711	100.00	-
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	119,653	1,616,208	14.92	-
	Yu Eastern Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	98,198	632,923	18.96	-
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	1,490	22,595	1.00	-
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	107,354	647,199	5.20	-
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	116,321	1,394,151	3.56	1,163,205
	Chung Nan Textile Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	2,985	81,546	5.27	81,546
	Overseas Investment and Development Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000	6,360	1.11	6,360
	Universal Venture Capital Investment Corporation	(Note M)	Financial assets at FVTOCI - non-current	1,400	10,836	1.16	10,836
	China Investment and Development Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	1,287	9,395	0.80	9,395
	Taiwan Stock Exchange Corporation	(Note L)	Financial assets at FVTOCI - non-current	1,081	59,208	0.16	59,208
	Oriental Securities Investment Consultant Co., Ltd.	(Note I)	Financial assets at FVTOCI - non-current	1	11	-	11
	Dah Chung Bills Finance Corporation	(Note L)	Financial assets at FVTOCI - non-current	2,254	29,795	0.50	29,795
	U-Ming Marine Transport Corporation	(Note B)	Financial assets at FVTOCI - non-current	8,869	286,025	1.05	286,025
	Financial assets under asset management contracts (Note E)	-	Financial assets at FVTOCI - non-current	420	9,240	-	9,240
	China General Plastics Corporation	-	Financial assets at FVTOCI - current	135	14,175	-	14,175
	Formosa Chemicals & Fiber Corporation	-	Financial assets at FVTOCI - current	144	18,648	-	18,648
	Delta Electronics, Inc.	-	Financial assets at FVTOCI - current	120	27,060	-	27,060
	Taiwan Semiconductor Manufacturing Company, Ltd.	-	Financial assets at FVTOCI - current	235	12,385	-	12,385
	Quanta Computer Inc.	-	Financial assets at FVTOCI - current	88	20,196	-	20,196
	MediaTek Inc.	-	Financial assets at FVTOCI - current	108	6,696	-	6,696
	Chipbond Technology Corporation	-	Financial assets at FVTOCI - current	108	6,696	-	6,696
	Filesyn Corporation	(Note A)	Investments accounted for using the equity method	45,066	-	21.85	-
	FEFG Investment /Aniltes N.V.	(Note A)	Investments accounted for using the equity method	6	35,244	100.00	-
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock 5,000	226,753	50.00	-
	Preferred shares 3,000						
APG Polytech USA Holdings, Inc.	Com2B	(Note A)	Investments accounted for using the equity method	3,000	12,283	20.00	-
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	9,000	1,034,933	100.00	-
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	59,327	100.00	-
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note G)	1,659	34.00	-
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	6,788,893	100.00	-
	Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	284,701	100.00	-
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	189,390	100.00	-
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	485,716	37.92	-
	Catalyst_207 SPC	(Note A)	Investments accounted for using the equity method	(Note G)	526	34.00	-
	APG Polytech USA Holdings, Inc.	(Note A)	Investments accounted for using the equity method	-	15,365,656	100.00	-
	Catalyst_207 SPC-SP Tranche One	(Note A)	Investments accounted for using the equity method	4	122,862	25.00	-
	Far Eastern International Garments	(Note A)	Other liabilities - non-current	59	(12,652)	41.00	-
	Cemtex Apparel Inc.	(Note A)	Other liabilities - non-current	90	(11,740)	50.00	-
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at FVTOCI - current	6	233,226	-	233,226
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTOCI - current	20	614,096	-	614,096
Magna View Sdn. Bhd.	Corpus Christ Polymers LLC	(Note N)	Joint operation entity	(Note G)	12,771,297	33.33	-
	APG Polytech, LLC	(Note A)	Investments accounted for using the equity method	(Note G)	2,880,211	100.00	-
PET Far Eastern (M) Sdn. Bhd.		(Note A)	Investments accounted for using the equity method	Common stock 5,000	226,753	50.00	-
			Investments accounted for using the equity method	Preferred shares 3,000			

(Continued)

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

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Malaysia Garment Manufactures Pre. Ltd.	Filsyn Corporation PT Malaysia Garment Bintan	(Note A) (Note A)	Investments accounted for using the equity method Other liabilities - non-current	20,513 (Note G)	\$ - (45)	9.95 99.00	\$ -	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	40,818	1,094,243	1.25	3,118,464	9,800 thousand shares pledged or mortgaged as collateral for loans.
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	6,094	244,111	0.18	206,880	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	11,204	271,067	1.26	289,063	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	370	11,402	0.03	5,806	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	8,193	110,593	1.15	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	16,808	356,230	15.66	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	9,681	133,180	1.21	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,502	172,684	0.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	21,524	258,030	0.66	215,237	
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Investments accounted for using the equity method	745	13,295	55.19	-	
	Yi Tong Fiber Co., Ltd.	-	Financial assets at FVTOCI - non-current	3,154	64,496	3.56	64,496	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	4,561	54,684	0.14	45,609	
Fu Kvok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	19,988	0.02	39,728	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	100,237	2,857,287	3.08	7,658,109	27,215 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	39,619	1,242,225	2.80	622,011	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	49,705	1,727,223	5.61	1,282,399	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,108,250	0.85	970,271	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	236,738	2.24	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	35,934	408,893	11.98	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	29	-	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Other liabilities - non-current	36	(618,616)	90.88	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	43	-	-	
	Malaysia Garment Manufactures Pre. Ltd.	(Note A)	Investments accounted for using the equity method	10	166,516	13.00	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	104,726	1,254,944	3.20	1,047,258	
	Ding Shen Investment Co., Ltd.	(Note M)	Financial assets at FVTOCI - non-current	39,600	345,312	18.00	345,312	
	Bockhold N.Y. - stock	-	Financial assets at FVTOCI - non-current	1	172,304	12.51	172,304	
	Financial assets under asset management contracts (Note E)							
	Delta Electronics, Inc.	-	Financial assets at FVTPL - current	144	18,648	-	18,648	
	Taiwan Semiconductor Manufacturing Company, Ltd.	-	Financial assets at FVTPL - current	130	29,314	-	29,314	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at FVTPL - current	105	14,175	-	14,175	
	Chipbond Technology Corporation	-	Financial assets at FVTPL - current	138	6,696	-	6,696	
	MediaTek Inc.	-	Financial assets at FVTPL - current	88	20,196	-	20,196	
	China General Plastics Corporation	-	Financial assets at FVTPL - current	425	9,350	-	9,350	
	Quanta Computer Inc.	-	Financial assets at FVTPL - current	235	12,385	-	12,385	
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	55,041	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note G) (Note G)	3,155,093 2,475,596	54.72 50.00	- -	
Oriental Textile (Holding) Ltd.	Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,151,560	50.00	-	
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,923,834	100.00	-	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	5,931,621	100.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at FVTPL - current	8	264,901	-	264,901	
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTPL - current	20	614,096	-	614,096	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FEDEP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 1,606,212	100.00	\$ -	
Far Eastern Polytext (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	938,185	100.00	-	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	963,271	61.34	-	
	Far Eastern New Century (China) Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,736,289	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	3,924,119	60.00	-	
Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,053,134	12.36	-	
	Shanghai Yuan Zi Information Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	58,254	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	347,821	6.63	-	
	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	599,593	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	Other liabilities - non-current	(Note G)	(538,013)	100.00	-	
	Martens Beers (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	15,300	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	135,099	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at FVTPL - current	752	3,362	-	3,362	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at FVTPL - current	603,069	2,696,925	-	2,696,925	
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,992	242,412	100.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,393	218,651	60.00	-	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,550	58,606	91.00	-	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	9,035	17.70	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	4,995	(22,450)	4.79	-	
	FE T Consulting Engineers Co., Ltd.	(Note A)	Investments accounted for using the equity method	37,000	58,256	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	202,491	0.16	180,907	
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,164	114,968	0.13	318,091	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	129,637	1,622,820	25.02	-	11,900 thousand shares pledged or mortgaged as collateral for loans.
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	104	762	1.00	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,781	58,545	2.59	-	
	FEDS Asia Pacific Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,650	131,964	5.00	-	10,236 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	44,796	504,286	14.93	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	8,137	97,567	0.25	81,367	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,418	155,351	20.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	102,509	164,987	98.52	-	
	Far Eastern New Century Corporation	(Note D)	Financial assets at FVTPL - current	779	21,745	-	21,745	
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	17	(94)	0.02	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	15,323	116,587	15.01	-	
	DDM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	29,847	46.13	-	
	Pacific SOGO Department Stores Co., Ltd.	(Note J)	Financial assets at FVTOCI - non-current	1	35	-	35	
	DPE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	3,577	41,782	-	41,782	
Far Eastern Technical Consultants Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets at FVTOCI - non-current	480	9,139	4.00	9,139	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 34,855	53.87	\$ -	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	297	0.46	-	
	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	49,246	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	64,345	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	128	1,224	0.03	1,482	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,764	95,474	0.20	43,393	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,291	-	2,055	
	YDC (Virgin Islands) Ltd.	(Note G)	Investments accounted for using the equity method	(Note G)	42,011	82.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	2,861	34,407	0.09	28,613	
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets at FVTOCI - non-current	1	11	-	11	
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,000	149,994	100.00	-	
	Millerful No. 1 REIT	-	Financial assets at FVTOCI - non-current	30,000	301,500	-	301,500	
	Taiwan Life Insurance Co., Ltd.	-	Amortized cost financial assets	4,000	402,800	-	-	4,000 thousand shares pledged or mortgaged as collateral for loans.
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,100,000	27,069,715	100.00	-	
	ARCOA Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method	82,762	995,299	61.63	-	
	KGEX.com Co., Ltd.	(Note A)	Investments accounted for using the equity method	68,897	863,666	99.99	-	
	Yuan Shi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	90,014	(405,011)	86.41	-	
	Yuan Qing Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,000	35,243	100.00	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1	5,023	100.00	-	
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,500	10,559	50.00	-	
	Yuan Hsin Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	118,251	924,758	39.42	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	30,626	233,080	30.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,098	54,287	15.00	-	
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	6,000	-	14.40	-	Note P
	App Works Fund II Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	8,850	101,245	11.11	101,245	
	CDIB Capital Innovation Accelerator Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	9,000	90,000	11.32	90,000	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,866	216,051	70.00	-	
	THI consultants	(Note L)	Financial assets at FVTOCI - non-current	1,214	12,190	18.32	12,190	
	Web Point Co., Ltd.	-	Financial assets at FVTOCI - non-current	161	1,618	0.63	1,618	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	54,000	86,982	100.00	-	
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method	10,249	118,958	100.00	-	
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method	10,320	198,197	100.00	-	
	Yuan Shi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	(Note A)	Investments accounted for using the equity method	2,500	(11,247)	2.40	-	
	Catalyst_207 SPC-SP Tranche One	(Note A)	Other liabilities - non-current	-	-	-	-	
	Prime Ecopower Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,699	18,096	5.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note A)	Investments accounted for using the equity method	4	123,220	25.00	-	
	Opas Fund Segregated Portfolio Tranche B	(Note A)	Investments accounted for using the equity method	16,000	155,316	100.00	-	
	DPE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	13	437,363	-	437,363	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets at FVTPL - current	5	145,126	-	145,126	
	Bank Pro E-service Technology Co., Ltd.	(Note K)	Financial assets at FVTPL - current	12,877	150,409	-	150,409	
	Changing ai Inc.	(Note K)	Financial assets at FVTOCI - non-current	8,858	38,268	3.18	38,268	
		-	Financial assets at FVTOCI - non-current	450	4,500	3.33	4,500	
		-	Financial assets at FVTOCI - non-current	500	30,715	2.50	30,715	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited Far East New Diligent Company Ltd. New Diligent Hong Kong Co., Ltd.	(Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	30 (Note G) (Note G)	\$ 241 24,823 2,935	100.00 100.00 100.00	\$ - - -	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd. Home Master Technology Ltd.	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note G) (Note G)	51,751 48,731	100.00 100.00	- -	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd. TBCA Soft, Inc.	(Note A) -	Investments accounted for using the equity method Financial assets at FVTOCI - non-current	(Note G) 980	1,883 153,575	- 6.77	- 153,575	
Far East New Diligent Company Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	6,769	58.33	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	4,836	41.67	-	

Notes: A. Equity-method investee.

B. Investor and investee have the same chairman.

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

D. Parent company.

E. Financial assets under asset management contracts can be sold in the open market investee, Oriental Securities Investment Consultant Co., Ltd.

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

G. Company limited.

H. The fair value of unlisted equity investments held by the Group was not disclosed as it cannot be reliably measured.

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

J. The subsidiary of FENC's associate.

K. Related party in substance.

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

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

N. Joint operation entity.

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Amount	Price	Book Value		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Oriental Petrochemical (Taiwan) Corporation Far Eastern Investment (Holding) Ltd.	Investments accounted for using the equity method Investments accounted for using the equity method	Cash capital increase Cash capital increase	(Note A) (Note A)	1,334,427 1,700	\$ 7,492,270 8,756,578 (Note D)	226,675 2,316	\$ 2,266,745 12,618,685	- \$ -	- \$ -	\$ (575,983) 713,340	1,561,102 4,016	\$ 9,183,032 22,068,603
Far Eastern General Contractor Inc.	Paradigm Pion Money Market CTBC-Hwa-Win Money Market Fund Hua Xin Kim Fund	Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current	- - -	- - -	16,015 8,046 -	184,005 88,142 -	17,916 23,889 26,526	206,000 262,000 316,000	390,119 350,379 316,071	390,005 350,42 316,000	- 237 71	- - -	- - -
Far Eastern Investment (Holding) Ltd.	Far Eastern Polytex (Vietnam) Ltd. APG Polytech USA Holdings, Inc. Corpus Christi Polymers LLC Opas Fund Segregated Portfolio Tranche D	Investments accounted for using the equity method Investments accounted for using the equity method Joint operation entity Financial assets at FVTPL - current	Cash capital increase Cash capital increase Cash capital increase and share exchange -	(Note A) (Note A) (Note G) (Note D)	(Note B) - (Note B) -	US\$ 162,948 - - -	(Note B) - (Note B) 20	US\$ 70,000 US\$ 496,467 US\$ 56,467 US\$ 20,000	- - US\$ 56,467 (Note H) -	- - -	US\$ (11,919) US\$ 3,799 US\$ (7) (Note F)	(Note B) - - 20	US\$ 221,029 US\$ 500,266 US\$ 19,993
Far Eastern Apparel (Holding) Ltd.	Far Eastern Innovation Apparel (Shizuo) Co. Ltd. Opas Fund Segregated Portfolio Tranche D	Investments accounted for using the equity method Financial assets at FVTPL - current	Cash capital increase -	(Note A) (Note D)	(Note B) -	- -	(Note B) 12	US\$ 35,000 US\$ 12,000	- -	- -	US\$ (411) US\$ (4) (Note F)	(Note B) 12	US\$ 34,589 US\$ 11,996
Oriental Textile (Holding) Ltd.	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	20	US\$ 20,000	-	-	US\$ (7) (Note F)	20	US\$ 19,993
Yuan Ding Co., Ltd.	FET Consulting Engineers Co., Ltd.	Investments accounted for using the equity method	Cash capital reduction	(Note A)	85,000	510,638	-	-	480,000	480,000	27,618	37,000	58,256
APG Polytech USA Holdings, Inc.	APG Polytech, LLC Corpus Christi Polymers LLC	Investments accounted for using the equity method Joint operation entity	Cash capital increase Cash capital increase and share exchange	(Note A) (Note G)	(Note B) (Note B)	- -	(Note B) (Note B)	US\$ 90,000 US\$ 415,800 (Note H)	- -	- -	US\$ 3,772 -	(Note B) (Note B)	US\$ 93,772 US\$ 415,800
Far Eastern Electronic Toll Collection Co., Ltd.	Millerful No. 1 REIT Taiwan Life Insurance Co. Ltd. Subordinated perpetual bond	Financial assets at FVTOCI - non-current Amortized cost financial assets	- -	- -	- -	- -	30,000 4,000	30,000 402,800	- -	- -	1,580 (Note F)	30,000 4,000	301,500 402,800

Notes: A. Subsidiary.

B. Company limited.

C. Equity-method investee.

D. Related party in substance.

E. The beginning balance includes the adjustment on initial application of IFRS 9 amounting to \$12,663 thousand.

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

G. Joint operation entity.

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ACQUISITIONS OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**DISPOSALS OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total
Far Eastern New Century Corporation	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	\$ (645,934)	(1)	Based on contract	-	-	\$ -	-	\$ 19,386	-
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(3,073,971)	(6)	Based on contract	-	-	-	-	382,072	6
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Sale	(147,359)	-	Based on contract	-	-	-	-	20,052	-
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(1,645,313)	(3)	Based on contract	-	-	-	-	305,085	5
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Sale	(350,862)	(1)	Based on contract	-	-	-	-	26,711	-
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Sale	(292,741)	(1)	Based on contract	-	-	-	-	26,801	-
	Far Eastern Polychem Industries Ltd.	(Note A)	Sale	(127,874)	-	Based on contract	-	-	-	-	40,094	1
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Purchase	16,789,714	34	Based on contract	-	-	-	-	(1,255,077)	(40)
	Oriental Resources Development Co., Ltd.	(Note A)	Purchase	750,610	2	Based on contract	-	-	-	-	(71,591)	(2)
	Oriental Textile (Holding) Ltd.	(Note A)	Purchase	155,490	-	Based on contract	-	-	-	-	(20,297)	(1)
Oriental Petrochemical (Taiwan) Corporation	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note D)	Sale	(259,709)	-	Based on contract	-	-	-	-	132,056	2
	Everest Textile Corporation	(Note D)	Sale	(390,542)	(1)	Based on contract	-	-	-	-	40,769	1
	Oriental Union Chemical Corporation	(Note D)	Purchase	1,899,325	4	Based on contract	-	-	-	-	(58,729)	(2)
	Far Eastern New Century Corporation	(Note B)	Sale	(16,789,714)	(64)	Based on contract	-	-	-	-	1,255,077	25
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(1,316,799)	(5)	Based on contract	-	-	-	-	229,051	5
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Sale	(2,510,809)	(10)	Based on contract	-	-	-	-	1,252,792	25
	Liquid Air Far East Co., Ltd.	(Note D)	Purchase	136,966	1	Based on contract	-	-	-	-	(15,476)	(1)
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(279,940)	(91)	Based on contract	-	-	-	-	-	-
Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(750,610)	(71)	Based on contract	-	-	-	-	71,591	79
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(291,380)	(4)	Based on contract	-	-	-	-	89,290	12
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Purchase	4,242,406	53	Based on contract	-	-	-	-	(547,850)	(40)
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	388,725	5	Based on contract	-	-	-	-	(306,961)	(23)
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Purchase	865,625	11	Based on contract	-	-	-	-	(57,995)	(4)
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	2,347,741	32	Based on contract	-	-	-	-	(446,028)	(33)
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(2,547,741)	(49)	Based on contract	-	-	-	-	446,028	46
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Sale	(420,397)	(8)	Based on contract	-	-	-	-	117,180	12
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	177,793	4	Based on contract	-	-	-	-	(21,391)	(4)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	336,960	7	Based on contract	-	-	-	-	(54,510)	(10)
	Far Eastern New Century Corporation	(Note B)	Sale	(155,490)	(4)	Based on contract	-	-	-	-	20,297	2
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	106,387	2	Based on contract	-	-	-	-	(36,319)	(5)
	Oriental Industries (Suzhou) Ltd.	(Note C)	Purchase	4,093,751	98	Based on contract	-	-	-	-	(717,329)	(95)
Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(336,960)	(11)	Based on contract	-	-	-	-	54,510	16
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(106,387)	(3)	Based on contract	-	-	-	-	36,319	10
	Far Eastern New Century Corporation	(Note B)	Purchase	292,741	10	Based on contract	-	-	-	-	(26,801)	(18)
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(4,093,751)	(47)	Based on contract	-	-	-	-	717,329	49
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	2,517,762	32	Based on contract	-	-	-	-	(442,838)	(36)
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	279,940	4	Based on contract	-	-	-	-	-	-
	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(978,668)	(16)	Based on contract	-	-	-	-	223,198	31
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(370,453)	(6)	Based on contract	-	-	-	-	46,673	6
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	5,502,516	90	Based on contract	-	-	-	-	(34,495)	(29)

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern Industries (Shanghai) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	\$ 428,151	7	Based on contract	-	\$ -	-	\$ (37,487)	(32)	
	Far Eastern New Century Corporation	(Note B)	Purchase	127,574	2	Based on contract	-	-	-	(40,094)	(34)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(177,793)	(1)	Based on contract	-	-	-	21,391	1	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(5,502,516)	(19)	Based on contract	-	-	-	34,495	2	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(806,250)	(3)	Based on contract	-	-	-	276,236	16	
	Oriental Industries (Suzhou) Ltd.	(Note B)	Sale	(2,517,762)	(9)	Based on contract	-	-	-	442,838	25	
	Far Eastern New Century Corporation	(Note B)	Purchase	3,073,971	12	Based on contract	-	-	-	(382,072)	(11)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	8,376,077	31	Based on contract	-	(268,320)	(100)	(557,110)	(16)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	1,316,799	5	Based on contract	-	-	-	(229,051)	(6)	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	173,475	1	Based on contract	-	-	-	(46,405)	(1)	
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note D)	Purchase	207,544	1	Based on contract	-	-	-	-	-	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(8,376,077)	(43)	Based on contract	-	268,320	29	557,110	100	
Shanghai Far Eastern Petrochemical Logistic Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note C)	Purchase	102,948	1	Based on contract	-	-	-	(10,433)	(1)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Sale	(102,948)	(47)	Based on contract	-	-	-	10,433	23	
Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(428,151)	(28)	Based on contract	-	-	-	37,487	22	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(173,475)	(11)	Based on contract	-	-	-	46,405	27	
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	806,250	56	Based on contract	-	-	-	(276,236)	(66)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	370,453	26	Based on contract	-	-	-	(46,673)	(11)	
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(865,625)	(31)	Based on contract	-	-	-	57,995	17	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	420,397	17	Based on contract	-	-	-	(117,180)	(29)	
Far Eastern Fibertech Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	147,359	6	Based on contract	-	-	-	(20,052)	(5)	
	Everest Textile Corporation	(Note D)	Sale	(329,884)	(14)	Based on contract	-	-	-	43,505	25	
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	978,668	75	Based on contract	-	-	-	(223,198)	(71)	
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(4,242,406)	(88)	Based on contract	-	-	-	547,850	92	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	291,380	7	Based on contract	-	-	-	(89,290)	(54)	
	Far Eastern New Century Corporation	(Note B)	Purchase	645,934	15	Based on contract	-	-	-	(19,386)	(12)	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	234,400	6	Based on contract	-	-	-	(27,876)	(16)	
Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	598,523	14	Based on contract	-	-	-	(28,387)	(16)	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(388,725)	(39)	Based on contract	-	-	-	306,961	90	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(598,523)	(60)	Based on contract	-	-	-	28,387	8	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	121,596	14	Based on contract	-	-	-	(24,845)	(31)	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(234,400)	(33)	Based on contract	-	-	-	27,876	2	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Sale	(121,596)	(17)	Based on contract	-	-	-	24,845	1	
	Worldwide Polychem (HK) Ltd.	(Note C)	Sale	(559,298)	(79)	Based on contract	-	-	-	548,772	30	
	Far Eastern New Century Corporation	(Note B)	Purchase	350,862	9	Based on contract	-	-	-	(26,711)	(1)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	2,510,809	67	Based on contract	-	-	-	(1,252,792)	(31)	
	Far Eastern New Century Corporation	(Note B)	Purchase	1,645,313	75	Based on contract	-	-	-	(305,085)	(35)	
Worldwide Polychem (HK) Ltd.	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	559,298	25	Based on contract	-	-	-	(548,772)	(63)	
	Far Eastern General Contractor Inc.	(Note C)	Purchase	378,364	15	Based on contract	-	-	-	(3,933)	(1)	
Far Eastern Construction Co., Ltd.	Ya Tung Ready-mixed Concrete Corporation	(Note E)	Purchase	355,884	5	Based on contract	-	-	-	(118,576)	(7)	
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note E)	Purchase	128,948	2	Based on contract	-	-	-	(4,035)	-	
Far Eastern General Contractor Inc.	Far Eastern Department Stores Co., Ltd.	(Note D)	Construction contract revenue	(666,020)	(10)	Based on contract	-	-	-	25,935	4	
	Chubei New Century Shopping Mall Co., Ltd.	(Note E)	Construction contract revenue	(179,183)	(3)	Based on contract	-	-	-	86,100	14	
Far Eastern Construction Co., Ltd.	Far Eastern Construction Co., Ltd.	(Note C)	Construction contract revenue	(527,664)	(8)	Based on contract	-	-	-	3,933	1	

(Continued)

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

Notes: A. Subsidiary.

B. Parent company.

C. The guarantor provider and counterparty have the same ultimate parent company.

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

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

Notes: A. This table does not include the receivables from financier. For more details, refer to Table 5. This table also does not include the other receivables from non-operating projects. For more details, refer to Table 4 and Table 13.

B. Subsidiary.

C. Parent company.

D. The guarantee provider and counterparty have the same ultimate parent company.

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

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

G. The turnover rate was unavailable due to the main component of receivables from related parties was rental equalization.

H. The turnover rate was unavailable due to the receivables were points collections and payments on behalf of others.

I. The turnover rate was unavailable due to the receivables from related parties were mainly from the advance payments made for NCIC's daily operating expenditures, and the operating management service revenue from NCIC, the collection of telecommunications bills by Far EastOne for NCIC and other receivables from related parties which was the financing provided by NCIC to Far EastOne.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2018**
(In Thousands of New Taiwan Dollars)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

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

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

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	Investment Amount December 31, 2017	Shares (Thousands)	Balance as of December 31, 2018 % of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 17,937,848	\$ 11,117,094	\$ 1,902,849	Investment gain or loss recognized under the treasury shares method (Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,793,720	1,318,150	224,877	Including the adjustments of the transactions between subsidiaries (Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,350,914	1,836,159	166,637	\$(1,739) (Note A)
	Everset Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	137	0.03	1,585	157,265	47	(Note A)
	Securities Corporation	Taiwan	Brokerage	159,823	159,823	140,278	19.65	1,956,062	4,790	9,194	(Note A)
	Prudential Financial Co., Ltd. (Note E)	Taiwan	Insurance	810,000	810,000	135,000	16.83	1,920,818	313,472	52,757	(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	805,598	85,501	2.62	1,024,918	3,524,201	193,807	(Note A and L)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	100,052	100,052	1,822,822	99.40	42,750,905	4,947,757	4,914,870	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$13,200 (Notes B and H)
	Far Eastern Resources Development Co., Ltd.	Taiwan	Real estate construction and sales	14,931,733	14,931,733	667,242	100.00	102,949,679	776,892	839,391	Including the adjustments of the transactions between subsidiaries \$62,500 (Note B)
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,581,955	32,311	32,311	(Note B)
Yuan Ding Investment Co., Ltd.	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,640,463	1,193,063	871,413	Including the adjustments of the transactions between subsidiaries \$9,305 (Note B)
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,568,915	687,793	697,699	(Note B)
	Ka Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	339,966	100.00	5,429,289	449,290	449,290	(Note B)
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	18,452,018	5,833,333	4,016	100.00	22,068,603	464,068	464,068	Including the adjustments of the transactions between subsidiaries \$9,727 (Note B)
	PEI Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	6,626,110	397	91.95	6,157,657	1,015,901	943,847	Including the adjustments of the difference between individual and consolidated investment properties \$29,997 (Notes B and H)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	14,697,875	12,431,130	1,561,102	75.56	9,183,032	(716,742)	(571,567)	(Note B)
	Far Eastern Construction Co., Ltd.	Taiwan	Real estate construction and sales	143,450	143,450	198,791	65.11	8,471,173	743,452	484,062	(Note B)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	857,511	857,511	186,929	37.13	3,194,481	164,472	68,561	(Notes B and L)
	An Ho Garment Co., Ltd.	Taiwan	Garment production and investment	1,023	1,023	66,346	100.00	2,116,908	244,283	244,386	Including the adjustments of the transactions between subsidiaries \$103 (Note B)
	Ding Yuan International Investment Co., Ltd.	Taiwan	Investment	2,000,062	2,000,062	235,601	100.00	3,003,612	321,228	321,307	Including the adjustments of the transactions between subsidiaries \$79 (Note B)
Yuan Ding Investment Co., Ltd.	PEDEP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	921,000	1,614,524	814,204	(Note B)
	Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,205	4,000	100.00	224,804	32,653	32,653	(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	393,651	393,651	769	0.74	8,333	(335,855)	(2,485)	(Note B)
	Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,590	66	66	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	600,883	587,269	21,500	0.64	703,247	11,117,094		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,083,488	1,083,488	70,818	8.00	1,354,062	1,836,159		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	464,170	464,170	70,818	8.00	1,318,150	1,318,150		(Note A)
	Far East Textile Corporation	Taiwan	Chemical fiber production	470,093	470,093	126,093	24.24	1,179,268	931,351		(Note A)
	Far East Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,933,864	9,381,351		(Note B)
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,820,193	1,193,063		(Note B)
Yuan Ding Investment Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,558,433	171,994		(Note B)
	Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychemicals products	263,790	263,790	55,563	41.86	2,031,256	364,286		(Note A)
	Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	387,984	24,772	100.00	177,127	(68,162)		(Note A)
	Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	155,321	10,867		(Note B)
	Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,745	45.50	388,298	71,368		(Note A)
	Yuan Ding Leasing Corporation	Taiwan	Real estate construction and sales	319,380	319,380	36,706	46.20	388,298	8,181		(Note A)
	Far Eastern Fibertech Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,175,613	121,822		(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	Investment Amount December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
	Oriental Resources Development Co., Ltd.	Taiwan	Medical materials manufacturing and processing wholesale and waste recycling and	\$ 509,448	\$ 338,188	48,918	100.00	\$ 547,742	\$ 59,320		(Note B)
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	504,806	504,806	86,615	35.00	1,987,889	1,652,276		(Note A)
	Eveready Far Eastern Sanitary Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	20,585	29.80	446,214	503,039		(Note A)
	Oriental Securities Corporation	Taiwan	Brokerage	255,424	255,424	185,247	22.96	2,690,905	164,790		(Note A)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	188,846	188,846	64,759	12.86	1,127,799	164,472		(Note A)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	927,437	57,007		(Note A)
	Oriental Textile (Holding) Ltd.	Bermuda	Investment	7,142,602	7,142,602	110	100.00	7,990,711	146,724		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	796,491	796,491	198,653	14.92	1,616,208	313,472		(Note A)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	673,704	673,704	198,958	18.96	632,923	435,943		(Note A)
	Real estate construction	Taiwan	Real estate construction	14,682	14,682	1,490	1.00	22,595	130,685		(Note B)
	Far Eastern General Contractor Inc.	Taiwan	Petrochemical materials production	675,479	519,599	107,354	5.20	647,199	(716,742)		(Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	1,095,981	1,095,981	116,321	3.56	1,394,151	3,524,201		(Notes A and L)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services								
Far Eastern Investment (Holding) Ltd.	Philips Corporation	Philippines	Polymer products	US\$ 225,324	US\$ 225,324	45,066	21.85	-	-		(Note A)
	FETG Investment Antilles N.V.	Netherlands Antilles	Investment	US\$ 6	US\$ 6	6	100.00	35,244	(30,112)		(Note A)
	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	226,753	32,555		(Note B)
	Com-2B	Cyprus Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	12,283	(2,489)		(Note B)
	Far Eastern Apparel (Vietnam) Ltd.	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	(Note D)	100.00	1,034,933	265,551		(Note B)
	Worldwide Polychem (HK) Ltd.	Hong Kong	Foreign trade	US\$ 3,500	US\$ 3,500	2,700	100.00	59,227	1,643		(Note B)
	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	(Note D)	34.00	1,659	-		(Note B)
	Far Eastern Polytext (Vietnam) Ltd.	Vietnam	Chemical fiber and textile production	US\$ 240,000	US\$ 170,000	(Note D)	100.00	6,788,895	(359,362)		(Note B)
	Far Eastern New Apparel (Vietnam) Ltd.	Vietnam	Garment production	US\$ 18,000	US\$ 18,000	(Note D)	100.00	2,835,000	29,500		(Note B)
	Magna View Sdn. Bhd.	Malaysia	Investment	US\$ 1,465	US\$ 1,465	3,060	100.00	189,390	16,380		(Note B)
	Far Eastern Apparel (Vietnam) Pte. Ltd.	Singapore	Investment	US\$ 15,849	US\$ 15,849	30	37.92	485,716	4,739		(Note B)
	Canalyst 207 SPC	Cyprus Islands	Investment	US\$ 17	US\$ 17	(Note D)	34.00	485,716	4,739		(Note A)
	APG Polytech USA Holdings, Inc.	America	Investment	US\$ 30,000	US\$ 30,000	4,965	100.00	15,365,656	113,727		(Note A)
	Qualyst 207 SPC-SP Tranche One	Cyprus Islands	Investment	US\$ 4,000	US\$ 4,000	4	25.00	122,862	8		(Note A)
	Qualyst 207 SPC-SP Tranche One	Philippines	Investment	US\$ 1	US\$ 1	59	41.00	(12,652)	-		(Note B)
	Cemtex Apparel Inc.	Philippines	Clothing O.E.M.	US\$ 1	US\$ 1	90	50.00	(11,740)	-		(Note A)
APG Polytech USA Holdings, Inc.	Corpus Christi Polymers LLC	America	Petrochemical materials production and chemical fiber production	US\$ 415,800	US\$ -	(Note D)	33.33	12,771,297	-		(Note N)
	APG Polytech, LLC	America	Chemical fiber production	US\$ 90,000	US\$ -	(Note D)	100.00	2,880,211	113,723		(Note B)
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	226,753	32,555		(Note B)
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	375,512	375,512	13,222	0.39	472,031	11,117,094		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	110,306	105,561	5,903	0.42	124,500	1,318,150		(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	34,561	34,561	1,160	0.23	9,638	157,365		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	677,665	677,665	27,365	3.09	691,385	1,836,159		(Note A)
	Far East One Telecommunications Co., Ltd. (Note E)	Taiwan	Telecommunications	38,457	38,457	920	0.05	42,427	9,381,351		(Note B)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	US\$ 18,000	US\$ 18,000	18,000	2.24	232,735	313,472		(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	95,000	95,000	14,059	13.24	332,735	113,400		(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	814,399	814,399	86,435	2.64	1,035,713	3,524,201		(Notes A and L)
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	711,338	11,117,094		(Note A)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,160,859	9,381,351		(Note B)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	742,686	737,170	32,473	3.67	700,536	1,836,159		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	519,473	519,473	20,672	1.46	572,798	1,318,150		(Note A)
	Kowloon Cement Corporation	Hong Kong	Cement production	226,896	226,896	11,277	49.00	438,159	(40,249)		(Note A)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	928,475	57,007		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	237,936	313,472		(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	988,714	988,714	104,936	3.21	1,257,628	3,524,201		(Notes A and L)
Far Eastern Polychem Industries Ltd.	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	8.05	541,147	1,015,901		(Note B)
	FEDP (Holding) Ltd.	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	905,294	1,614,524		(Note B)
	Far Eastern Ishizuka Green Pet Corporation	Japan	Production and sale of recycled plastic resins and their waste and general industrial waste handling	JPY 2,991,678	JPY 2,991,678	3,578	90.00	817,095	157,008		(Note B)
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	216,959	216,959	17,726	0.53	574,816	11,117,094		(Note A)
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	271,587	271,587	147,413	98.35	2,066,115	130,685		(Note B)
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	16,246	16,246	469	0.01	15,336	11,117,094		(Note A)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Telecommunications	6,353	6,353	90	0.01	6,181	9,381,351		(Note B)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	29	29	9	0.01	134	171,300		(Note A)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	Investment Amount December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	\$ 3,864	\$ 3,864	450	9.00	\$ 5,916	\$ 4,457		(Note B)
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ -	US\$ -	2	100.00	-	(31,320)		(Note O)
Malaysia Garment Manufacturers Pre. Ltd.	FKlyn Corporation	Philippines	Polychemical products	PESO 102,565	PESO 102,565	20,513	9.95	-	-		(Note A)
An Ho Garment Co., Ltd.	PT Malaysia Garment Binan	Indonesia	Garment production	SGD -	SGD -	(Note D)	99.00	(45)	-		(Note B)
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,094,243	9,381,351		(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	244,111	11,117,094		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	1.26	271,067	1,836,159		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	10,483	10,483	370	0.03	1,318,150	1,318,150		(Note A)
	Oriental Securities Corporation	Taiwan	Brokerage	118,125	118,125	8,193	1.15	110,593	46,790		(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	111,997	111,997	16,808	15.66	356,230	171,300		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	67,285	67,285	9,681	1.21	133,180	313,472		(Note A)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	148,994	148,994	5,502	0.30	172,684	4,947,757		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	202,798	202,798	21,524	0.66	238,030	3,524,201		(Notes A and L)
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	13,295	4,285		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	42,973	42,973	4,561	0.14	54,684	3,524,201		(Notes A and L)
Fu Kwok Knitting & Garment Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	19,663	19,663	520	0.02	19,988	9,381,351		(Note B)
Yuan Tong Investment Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,857,387	9,381,351		(Note B)
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Department store operations	1,559,521	1,559,521	39,619	2.80	1,242,225	1,318,150		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,727,223	1,836,159		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,108,250	1,117,094		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	236,738	313,472		(Note A)
	Liquid Air Far East Co., Ltd.	Taiwan	Electronic toll collection services	787,104	787,104	35,934	11.98	408,893	235,353		(Note B)
	Sino Belgium (Holding) Ltd.	Bermuda	Industrial gas production and sales	20	20	1	-	29	1,652,276		(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	43	(23,292)		(Note A)
	Malaysia Garment Manufacturers Pre. Ltd.	Singapore	Garment production and investment	SGD 7,354	SGD 7,354	10	13.00	166,516	503,039		(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	986,735	986,735	104,726	3.20	1,254,944	4,739		(Notes A and L)
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	Taiwan	Electronic material and relevant by-product sales	100,000	100,000	13,992	100.00	242,412	3,524,201		(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	558,000	558,000	20,393	60.00	218,651	26,089		(Note B)
	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	58,606	4,457		(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	200	200	(Note D)	17.70	9,035	171		(Note B)
	Yuanhsin Digital Technology Co., Ltd. (former name is Hsin Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	US\$ 566,896	US\$ 566,896	4,995	4.79	(22,450)	(335,442)		(Notes B and K)
	FET Consulting Engineers Co., Ltd.	Taiwan	Business management consultants, piping engineering, cable installation, automatic equipment installation and investment	342,701	342,701	37,000	100.00	58,256	(4,494)		(Note B)
	Asia Cement Corporation	Taiwan	Cement production	136,037	136,037	5,329	0.16	202,491	11,117,094		(Note A)
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	100,412	100,412	4,164	0.13	114,968	9,381,351		(Note B)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	411,187	411,187	129,637	25.02	1,622,820	435,943		(Note A)
	Yue Ming Corporation	Taiwan	Trading	787	787	104	1.00	762	3,047		(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	22,676	22,676	2,781	2.59	58,545	171,300		(Note A)
	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Department store operations	100,000	100,000	10,650	5.00	131,964	152,406		(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	977,650	977,650	44,796	14.93	504,286	235,353		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	76,665	76,665	8,137	0.25	97,567	3,524,201		(Notes A and L)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	400,000	400,000	20,418	20.00	155,351	(244,144)		(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	1,645,021	1,645,021	102,509	98.52	164,987	(335,855)		(Note B)
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanhsin Digital Technology Co., Ltd. (former name is Hsin Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	1,828	1,828	17	0.02	(94)	(335,442)		(Notes B and K)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	300,200	300,200	15,323	15.01	116,587	(244,144)		(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 11,000	US\$ 11,000	(Note D)	46.13	29,847	(10,880)		(Note B)
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	(Note D)	53.87	34,855	(10,880)		(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership				
YDT Technology International Co., Ltd.	Everest Textile Corporation	Taiwan	Chemical fiber production	\$ 2,451	\$ 2,451	128	0.03	\$ 1,224	\$ 157,365		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	51,673	51,673	2,764	0.20	95,474	1,318,150		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	62	62	61		2,291	1,117,094		(Note B)
	HTC (Virgin Islands) Ltd.	British Virgin Islands	Investment	890	890	(Note D)	82.30	4,371	1,117,094		(Note A and L)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	US\$ 26,960	US\$ 26,960	2,861	0.09	34,407	3,524,201		(Note A and L)
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	Taiwan	Dispatched labor, procuring equipment, and sales agent services	200,000	200,000	20,000	100.00	149,994	30,805		(Note B)
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	100,000	100.00	27,069,715	1,964,654		(Note B)
	ARCOA Communication Co., Ltd.	Taiwan	Telecommunications services, sales of telecommunications products and office equipment	1,305,802	1,305,802	82,762	61.63	995,299	136,561		(Note B)
	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,340,472	2,340,472	68,897	99.99	863,666	151,136		(Note B)
	Yuanishi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	886,169	886,169	90,014	86.41	(405,011)	(335,442)		(Notes B and K)
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000	100.00	35,243	12,833		(Notes B and J)
ARCOA Communication Co., Ltd.	O-music Co., Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	5,023	(37,532)		(Note B)
	Far Eastern Info Service (Holding) Ltd.	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	10,559	2,187		(Note B)
	Q-ware Communications Corporation	Taiwan	Type II telecommunications services	832,038	832,038	-	-	-	(19,602)		(Notes B and M)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	2,542,396	2,542,396	118,251	39.42	924,758	235,353		(Note B)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	600,000	600,000	30,626	30.00	233,080	244,144		(Note B)
ARCOA Communication Co., Ltd.	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,098	15.00	54,287	26,089		(Note B)
	Alliance Digital Technology Co., Ltd.	Taiwan	Electronic information providing services	60,000	60,000	6,000	14.40	-	(66,405)		(Note F)
	DuaExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	216,051	84,693		(Note B)
	New Diligent Co., Ltd.	Taiwan	Investment	540,000	540,000	54,000	100.00	86,982	(52,408)		(Note B)
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	118,958	14,868		(Note B)
New Century InfoComm Tech Co., Ltd.	Digital United (Cayman) Ltd.	Cayman Islands	Investment	317,446	317,446	10,320	100.00	198,197	245		(Note B)
	Yuanishi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	20,000	20,000	2,500	2.40	(11,247)	(335,442)		(Notes B and K)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,699	5.00	18,096	26,089		(Note B)
	Prime Ecopower Co., Ltd.	Taiwan	Energy technology services	160,000	160,000	16,000	100.00	155,316	(4,684)		(Note B)
	Catalyst 207 SP-SP Tranche One	Cayman Islands	Investment	123,220	-	4	25.00	123,220	8		(Note A)
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	30	100.00	241	16		(Note B)
	Far East New Diligent Company Ltd.	British Virgin Islands	Investment	330,598	330,598	(Note D)	100.00	24,823	(52,865)		(Note B)
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	3,051	3,051	(Note D)	100.00	2,935	70		(Note B)
	Linkwell Tech Co., Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	51,751	10,075		(Note B)
	Hone Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	48,731	50,105		(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

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

D. Company limited.

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

F. Shares in thousands.

G. For investments in mainland China, refer to Table 15.

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

I. The effects from the adjustments of FENC shares which are held by Yuan Ding Co., Ltd. and the transactions between subsidiaries amounted to \$7,492 thousand.

J. The ending balance of the investment is zero in 2016 because the amount of reduction in capital was over the original investing value.

K. Hiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd. were merged on August 1, 2017. Hiir Digital Marketing Co., Ltd. was the surviving company while Far Eastern Electronic Commerce Co., Ltd. was dissolved. The surviving company was renamed as Yuanishi Digital Technology Corporation.

L. The adjustment of the difference between the acquisition cost and net value was included in the investment gain or loss in current period.

(Continued)

M. Far EastTone Telecommunications Co., Ltd. and Q-ware Communications Corporation were merged on June 30, 2018. Far EastTone Telecommunications Co., Ltd. was the surviving company while Q-ware Communications Corporation was dissolved.

N. Joint operation entity.

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2018 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Ltd.	Manufacture and sales of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 8,409,146	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 327,776	100.00	\$ 327,776	\$ 8,520,499	\$ 853,493	Note D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	914,869	2	1,010,901	-	-	1,010,901	73,134	100.00	73,134	1,565,276	233,172	Note F and G
Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	1,062,630	3	-	-	-	-	(223)	100.00	(223)	1,062,411	-	
Far Eastern Industries (Wuxi) Ltd.	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, grieve woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,153,136	2	2,018,430	-	-	2,018,430	69,735	100.00	69,735	2,923,834	313,458	Note H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products	8,020,932	2	3,791,007	-	-	3,791,007	692,647	61.35	424,940	3,502,914	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and sales of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,651,389	2	1,342,854	-	-	1,342,854	34,885	100.00	34,885	2,772,836	159,799	Note H and R
Far Eastern Industries (Suzhou) Ltd.	Production and marketing of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	1,763,621	2	1,765,319	-	-	1,765,319	1,606,477	100.00	1,606,477	1,606,212	-	Note K
Wuhan Far Eastern New Material Ltd.	Manufacture and sales of PET sheets, chips, and filaments PET performs and garments and its by-products	764,925	2	724,110	-	-	724,110	3,234	100.00	3,234	938,185	-	
Oriental Industries (Suzhou) Ltd.	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	4,896,154	2	4,957,248	-	-	4,957,248	231,958	100.00	231,958	5,931,621	-	Note H

(Continued)

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

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

(Continued)

Notes: A. Investment types are classified as follows:

- 1 The investment was made directly in China.
 - 2 The investment was made through a company registered in a third region. Companies which registered in a third region are: Far Eastern Apparel (Holding) Ltd., Far Eastern Apparel (Holding) Ltd., Oriental Textile (Holding) Ltd., FEDP (Holding) Ltd., Far Eastern Polytex (Holding) Ltd., Sino Belgium (Holding) Ltd., YDC (Virgin Islands) Ltd., DDIM (Virgin Islands) Ltd., Digital United (Cayman) Ltd. and Far East New Diligent Company Ltd.
 - 3 Other types.
- B. Recognition of gains or losses was based on the following four information:
1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Far Eastern Apparel (Suzhou) Co., Ltd., Far Eastern Industries (Wuxi) Ltd., Oriental Petrochemical (Shanghai) Corporation, Far Eastern Dyeing and Finishing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Oriental Industries (Suzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation and Tong Da Air Industry (Yangzhou) Co., Ltd.
 2. Financial statements of these companies, which were audited by the parent company's accounting firm: Digital United Information Technology (Shanghai) Ltd., Far Eastern Tech-Info Ltd. (Shanghai) and New Diligence Corporation (Shanghai).
 3. Others: Far Eastern New Century (China) Investment Co., Ltd., Sino Belgium Beer (Suzhou) Ltd., Martens Beers (Shanghai) Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Shanghai Yuan Zi Information Technology Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Corporation, Suzhou An Ho Apparel Ltd., Yuan Ding Enterprise (Shanghai) Limited, Yuan Ding Integrated Information Service (Shanghai) Inc. and Speedy (Shanghai) digital Tech. Co., Ltd.
 4. Financial statements of these companies, which were not audited by the accounting firm: Far Eastern Tech-Info Ltd. (Shanghai) and Far Eastern New Century Information Technology (Beijing) Limited.
- C. The ending balance of long term investment.
- D. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$3,700,967 thousand which NT\$3,134,807 thousand where from the Company and the other was from Yuan Ding Investment Co., Ltd.
 - E. As of December 31, 2018, the remitted amount of profit of investment was the total cash dividend of Far Eastern Polychem Industries Ltd. received by FENC and Yuan Ding Investment Co., Ltd.
 - F. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$1,010,901 thousand which NT\$509,725 thousand was remitted by FENC the other was by Yuan Ding Investment Co., Ltd.
 - G. As of December 31, 2018, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Co., Ltd. which remitted through FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
 - H. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
 - I. As of December 31, 2018, the profit of investment was cash dividend paid by Far Eastern Industries (Wuxi) Ltd. remitted through a FENC's subsidiary, Oriental Textile (Holding) Ltd.
 - J. As of December 31, 2018, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corporation remitted through FENC's subsidiaries, PET Far Eastern (Holding) Ltd. and Far Eastern Polytex (Holding) Ltd.
 - K. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$1,765,319 thousand which NT\$1,099,293 thousand was remitted by FENC, and the other was by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Co., Ltd.
 - L. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Yuan Tong Investment Co., Ltd.
 - M. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by FENC's subsidiaries, YDT Technology International Co., Ltd., PET Consulting Engineers Co., Ltd. and Ding Ding Integrated Marketing Service Co., Ltd.
 - N. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, YDT Technology International Co., Ltd.
 - O. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Far EastTone Telecommunications Co., Ltd.
 - P. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, New Century InfoComm Tech Co., Ltd.
 - Q. The dissolution of this investment had been approved by the local government on February 9, 2018.
 - R. As of December 31, 2018, the profit from investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. which remitted through a FENC subsidiary, Far Eastern Apparel (Holding) Ltd.
 - S. Investment amounts authorized by the Investment Commission of the MOEA include US\$771,755 thousand, and the original investment RMB6,695 thousand from Far Eastern Polytex (Holding) Ltd. which approved by Investment Commission under the Ministry of Economic Affairs were calculated based on the ending exchange rates of US\$1:30.715 and RMB1:4.472.
 - T. Based on MOEA Approval Letter No. 10620430940, there is no limitation on the amount of the parent company's investment in China.
 - U. The paid-in capital was calculated based on the ending exchange rate of RMB1:NT\$4.472.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA - INVESTMENT TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016
(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\$)	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.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	24,000	24,000		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712	
	Far Eastern New Century Corporation	2004.12.30	No. 093032240	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)			
					11,500	11,500		
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries 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 Polyex (Holding) Ltd.	11,000	11,000		
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polyex (Holding) Ltd.	5,000	5,000		
Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Yuan Ding Investment Co., Ltd.	2018.07.16	No. 10730028260	Far Eastern Apparel (Holding) Ltd.	35,000			\$ 35,000
	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			
	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		
					2,936			
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	(Note F)	41,171		
	Far Eastern New Century Corporation	2017.09.18	No. 10630056570	PET Far Eastern (Holding) Ltd.	27,000	27,000		
	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			
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	FEDP (Holding) Ltd.	713			713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 095000287850	Far Eastern Polychem Industries Ltd.	4,524	5,288		
				FEDP (Holding) Ltd.		4,524		

(Continued)

Investee Company	Authorized by Investment Commission, MOEA				Investment Type			Investor Company in Third Area Using Its Own Capital to Invest (US\$)
	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\$)	
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		
	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000		
	Far Eastern New Century Corporation	2009.6.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000		
Far Eastern New Century (China) Investment Co., Ltd. (Note A)	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695			RMB 6,695
	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000		
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	Beckhold N.V. Martens NV Ltd.	4,304	4,304		4,304
Far Eastern Tech-Info Ltd. (Shanghai)	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500		
	Yuan Tong Investment Co., Ltd.	2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Ltd.	1,100	1,100		
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000		
	Far East Tone Telecommunications Co., Ltd.	2004.08.26	No. 095018811	Far Eastern Info Service (Holding) Limited	2,500	2,500		
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000		
	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		
	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		
Yuan Ding Enterprise (Shanghai) Limited	Far Eastern New Century Corporation	2017.11.17	No. 10600282650 (Note Q)	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Co., Ltd.	82,340	82,340		
	Far Eastern New Century Corporation	2014.09.05	No. 10300203670 (Note P)	PET Far Eastern (Holding) Ltd.	33,500	33,500		
Tong Da Air Industry (Yangzhou) Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110		
	Yuan Ding Integrated Information Service (Shanghai) Inc.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100	8,100		
Speedy (Shanghai) digital Tech. Co., Ltd.	Ding Ding Integrated Marketing Service Co., Ltd.	2015.08.11	No. 10400179060	DDIM (Virgin Islands) Ltd.	1,100	1,100		
	YDT Technology International Co., Ltd.	2004.02.11	No. 095003471	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 East Tone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Ltd.	\$ 2,500	\$ 2,500			
Digital United Information Technology (Shanghai) Ltd.	New Diligent Co., Ltd.	2014.01.29	No. 10300022990	Far East New Diligent Company Ltd.	3,500	3,500			
	New Century InfoComm Tech Co., Ltd.	2002.10.07	No. 091041498	Digital United (Cayman) Ltd.	3,100	1,000			\$ 3,100
	New Century InfoComm Tech Co., Ltd.	2013.08.09	No. 10200302730	Digital United (Cayman) Ltd.	1,000	1,000			
Far Eastern New Century Information Technology (Beijing) Limited	New Diligent Co., Ltd.	2012.11.19	No. 10100496420	Far East New Diligent Company Ltd.	4,000	4,000			

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

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

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

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

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

G. The shares offered for the privatization of FEPI had antitdilutive 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 Beer (Holding) Corporation, in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers (Shanghai) Ltd.

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

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

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

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

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

(Concluded)

6. Financial Report (Stand-alone)

Independent auditors' report

(English Translation of a Report Originally Issued in Chinese)

The Board of Directors and the Shareholders

Far Eastern New Century Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The description of the key audit matters of the financial statements for the year ended in December 31, 2018 are as follows:

Fair Value Evaluation of Investment Properties (Including Investment Properties Held by

Subsidiaries Which Are Accounted for Using the Equity Method)

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

Financial Information

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 Property, Plant and Equipment and Intangible Assets (Including Goodwill) and the Incremental Costs of Obtaining a Contract from the Company's Subsidiaries'

Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone"), is a material component. Far EasTone is in the telecommunications industry which is a highly competitive industry with a rapidly changing environment. Economic trends, market competition, and technological development influence the management's evaluation of and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which the assets belong, which in turn is used for the evaluation of such assets' impairment. The management's evaluation and judgment of related assets' impairment would impact the share of profit or loss of subsidiaries and associates. As a result, the evaluation of impairment loss of property, plant and equipment and intangible assets (including goodwill) and the incremental costs of obtaining a contract from the Company's subsidiaries' equity-method investee is considered a key audit matter.

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

1. We obtained an understanding of the asset impairment evaluation processes and of the design and implementation of the related controls.
2. We obtained the asset impairment evaluation reports for each cash-generating unit.
3. We evaluated the reasonableness of the identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments, including the appropriateness of the classification of the cash-generating units, cash flow forecasts and the discount rates used.

Recognition of Mobile 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 mobile telecommunications service revenue is the main source of the revenue of Far EasTone. The calculation of the mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Company often launches different 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 mobile telecommunications service revenue impacts the share of the profit or loss of subsidiaries and associates. As the result, the recognition of mobile telecommunications service revenue is considered a key audit matter.

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

1. We obtained an understanding of the recognition of mobile telecommunications service revenue and the design and implementation of the related controls.
2. We reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the billing system.
3. We performed dialing tests to verify the accuracy and completeness of the traffic data and information 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 of the amounts.

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

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

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

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

Financial Information

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

Notice to Readers

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

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 16,250,323	5	\$ 9,759,643	3
Financial assets at fair value through profit or loss - current	-	-	21,211	-
Financial assets at amortized cost - current	700,000	2	-	-
Notes and accounts receivable, net	7,003,949	2	7,097,632	3
Other receivables	334,852	-	169,302	-
Current tax assets	5,978	-	11,618	-
Inventories	6,672,500	2	6,134,754	2
Prepayments	64,024	-	137,174	-
Other current assets	<u>391,466</u>	-	<u>291,299</u>	-
Total current assets	<u>31,423,092</u>	<u>9</u>	<u>23,622,633</u>	<u>8</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method	259,259,165	82	236,260,849	83
Property, plant and equipment	24,507,928	8	24,216,996	8
Investment properties	1,515,753	1	1,487,664	1
Other intangible assets	17,087	-	20,427	-
Deferred tax assets	75,842	-	65,170	-
Prepayments for equipment	59,851	-	79,380	-
Refundable deposits - non-current	75,720	-	78,432	-
Other financial assets - non-current	38,000	-	41,174	-
Other non-current assets	<u>57,716</u>	-	<u>247,559</u>	-
Total non-current assets	<u>285,607,062</u>	<u>91</u>	<u>262,497,651</u>	<u>92</u>
TOTAL	<u>\$ 317,030,154</u>	<u>100</u>	<u>\$ 286,120,284</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION

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

LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$ 2,743,834	1	\$ 2,100,678	1
Financial liabilities at fair value through profit or loss - current	6,832	-	4,895	-
Contract liabilities - current	99,447	-	-	-
Notes and accounts payable	1,616,507	1	2,083,673	1
Notes and accounts payable to related parties	1,492,186	-	1,070,226	-
Payables to suppliers of machinery and equipment	305,866	-	516	-
Other payables	4,186,374	1	3,610,049	1
Receipts in advance	-	-	382,114	-
Current portion of long-term liabilities	12,095,836	4	5,497,408	2
Other current liabilities	<u>792,789</u>	-	<u>811,375</u>	-
Total current liabilities	<u>23,339,671</u>	<u>7</u>	<u>15,560,934</u>	<u>5</u>
NON-CURRENT LIABILITIES				
Bonds payable	44,443,342	14	38,054,514	13
Long-term borrowings	42,773,582	14	35,216,255	12
Deferred tax liabilities	2,214,224	1	1,583,021	1
Net defined benefit liabilities - non-current	673,497	-	1,294,407	1
Guarantee deposits received- non-current	2,515	-	2,495	-
Deferred credit-gains on related-party transactions	<u>48,186</u>	-	<u>48,271</u>	-
Total non-current liabilities	<u>90,155,346</u>	<u>29</u>	<u>76,198,963</u>	<u>27</u>
Total liabilities	<u>113,495,017</u>	<u>36</u>	<u>91,759,897</u>	<u>32</u>
EQUITY				
Share capital				
Common shares	<u>53,528,751</u>	<u>17</u>	<u>53,528,751</u>	<u>19</u>
Capital surplus	<u>2,908,631</u>	<u>1</u>	<u>2,859,569</u>	<u>1</u>
Retained earnings				
Legal reserve	16,752,421	5	15,945,807	6
Special reserve	114,443,170	36	112,928,355	39
Unappropriated earnings	<u>17,996,558</u>	<u>6</u>	<u>12,819,238</u>	<u>4</u>
Total retained earnings	<u>149,192,149</u>	<u>47</u>	<u>141,693,400</u>	<u>49</u>
Other equity	<u>(2,069,331)</u>	<u>(1)</u>	<u>(3,696,270)</u>	<u>(1)</u>
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity	<u>203,535,137</u>	<u>64</u>	<u>194,360,387</u>	<u>68</u>
TOTAL	<u>\$ 317,030,154</u>	<u>100</u>	<u>\$ 286,120,284</u>	<u>100</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$ 54,040,105	100	\$ 45,197,934	100
Other operating revenue	<u>23,696</u>	-	<u>18,489</u>	-
Total operating revenue	<u>54,063,801</u>	<u>100</u>	<u>45,216,423</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	48,837,045	90	41,487,365	92
Other operating costs	<u>29,703</u>	-	<u>23,034</u>	-
Total operating costs	<u>48,866,748</u>	<u>90</u>	<u>41,510,399</u>	<u>92</u>
GROSS PROFIT	<u>5,197,053</u>	<u>10</u>	<u>3,706,024</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing	2,738,685	5	2,843,092	6
General and administrative	1,384,860	2	1,330,894	3
Research and development	813,551	2	790,937	2
Reversal of expected credit loss	<u>(306)</u>	-	<u>-</u>	-
Total operating expenses	<u>4,936,790</u>	<u>9</u>	<u>4,964,923</u>	<u>11</u>
OPERATING LOSS	<u>260,263</u>	<u>1</u>	<u>(1,258,899)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates	13,154,244	24	10,112,333	22
Interest income	29,366	-	18,278	-
Rental income	24,008	-	16,351	-
Dividend income	-	-	34,177	-
Other income	264,731	1	279,626	1
Gain on disposal of property, plant and equipment	22,259	-	69,640	-
Gain on disposal of investment properties	12,619	-	-	-
Gain on disposal of investments	85	-	302,557	1
Exchange gain (loss), net	351,635	1	(256,735)	-
(Loss) gain on financial assets (liabilities) at fair value through profit or loss	(155,529)	-	44,076	-
Gain on change in fair value of investment properties	107,359	-	31,650	-
Interest expense	(910,495)	(2)	(812,036)	(2)
Other expenses	(281,418)	(1)	(174,572)	-
Impairment loss	<u>(160,550)</u>	-	<u>(289,685)</u>	<u>(1)</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

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

	2018		2017	
	Amount	%	Amount	%
Total non-operating income and expenses	<u>12,458,314</u>	<u>23</u>	<u>9,375,660</u>	<u>21</u>
INCOME BEFORE INCOME TAX	12,718,577	24	8,116,761	18
INCOME TAX EXPENSE	<u>(690,283)</u>	<u>(1)</u>	<u>(50,625)</u>	<u>-</u>
NET INCOME	<u>12,028,294</u>	<u>23</u>	<u>8,066,136</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	295,140	1	584,825	1
Share of other comprehensive loss of subsidiaries and associates	992,493	2	(6,764)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>69,752</u>	<u>-</u>	<u>(9,420)</u>	<u>-</u>
	<u>1,357,385</u>	<u>3</u>	<u>568,641</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	-	-	(237,374)	(1)
Share of other comprehensive loss of subsidiaries and associates	<u>(502,292)</u>	<u>(1)</u>	<u>(588,691)</u>	<u>(1)</u>
	<u>(502,292)</u>	<u>(1)</u>	<u>(826,065)</u>	<u>(2)</u>
Total other comprehensive income (loss)	<u>855,093</u>	<u>2</u>	<u>(257,424)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,883,387</u>	<u>25</u>	<u>\$ 7,808,712</u>	<u>17</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 2.41</u>		<u>\$ 1.61</u>	
Diluted	<u>\$ 2.40</u>		<u>\$ 1.61</u>	

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

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

	Common Shares	Capital Surplus	Retained Earnings		
			Legal Reserve	Special Reserve	Unappropriated Earnings
BALANCE AT JANUARY 1, 2017	\$ 53,528,751	\$ 2,859,588	\$ 15,315,028	\$ 110,292,892	\$ 11,785,464
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)
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777
Change in associates accounted for using the equity method	-	(642)	-	-	(52,438)
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(23)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	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
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233
BALANCE AT JANUARY 1, 2018, RESTARTED	53,528,751	2,859,569	15,945,807	112,928,355	15,886,471
Appropriation of the 2017 earnings					
Legal reserve	-	-	806,614	-	(806,614)
Special reserve	-	-	-	1,520,493	(1,520,493)
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,423,450)
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279
Change in associates accounted for using the equity method	-	48,127	-	-	(32,935)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-
Associate disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)
Reversal of special reserve	-	-	-	(5,678)	5,678
BALANCE, DECEMBER 31, 2018	\$ 53,528,751	\$ 2,908,631	\$ 16,752,421	\$ 114,443,170	\$ 17,996,558

FAR EASTERN NEW CENTURY CORPORATION

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

Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other Equity		Cash Flow Hedge	Gain (Loss) on Hedging Instruments	Unrealized Property Revaluation Increments	Treasury Shares	Total Equity
		Unrealized Gain (Loss) on Financial Assets at Fair Value	Through Other Comprehensive Income					
\$ (1,577,812)	\$ (1,947,657)	\$ -		\$ (47,514)	\$ -	\$ 702,778	\$ (25,063)	\$ 190,886,455
-	-	-		-	-	-	-	-
-	-	-		-	-	-	-	-
-	-	-		-	-	-	-	(4,282,300)
-	-	-		-	-	-	-	8,066,136
<u>(1,499,559)</u>	<u>590,338</u>	<u>-</u>		<u>83,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,424)</u>
<u>(1,499,559)</u>	<u>590,338</u>	<u>-</u>		<u>83,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,808,712</u>
-	-	-		-	-	-	-	(53,080)
-	-	-		-	-	-	-	(23)
-	-	-		-	-	-	-	623
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,077,371)	(1,357,319)	-		35,642	-	702,778	(25,063)	194,360,387
<u>-</u>	<u>1,357,319</u>	<u>(1,725,866)</u>		<u>(35,642)</u>	<u>35,642</u>	<u>-</u>	<u>-</u>	<u>2,698,686</u>
<u>(3,077,371)</u>	<u>-</u>	<u>(1,725,866)</u>		<u>-</u>	<u>35,642</u>	<u>702,778</u>	<u>(25,063)</u>	<u>197,059,073</u>
-	-	-		-	-	-	-	-
-	-	-		-	-	-	-	-
-	-	-		-	-	-	-	(6,423,450)
-	-	-		-	-	-	-	12,028,294
<u>(512,530)</u>	<u>-</u>	<u>938,400</u>		<u>-</u>	<u>10,238</u>	<u>-</u>	<u>-</u>	<u>855,093</u>
<u>(512,530)</u>	<u>-</u>	<u>938,400</u>		<u>-</u>	<u>10,238</u>	<u>-</u>	<u>-</u>	<u>12,883,387</u>
-	-	-		-	-	-	-	15,192
-	-	-		-	-	-	-	935
-	-	1,559,378		-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (3,589,901)</u>	<u>\$ -</u>	<u>\$ 771,912</u>		<u>\$ -</u>	<u>\$ 45,880</u>	<u>\$ 702,778</u>	<u>\$ (25,063)</u>	<u>\$ 203,535,137</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

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

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at amortized cost	(700,000)	-
Acquisition of investments accounted for using the equity method	(14,885,430)	(2,326,139)
Acquisition of property, plant, equipment and prepayments for equipment	(2,055,292)	(2,514,552)
Proceeds from disposal of property, plant and equipment	32,777	737,498
Decrease in refundable deposits	2,712	13,047
Increase in other receivables	(105,000)	-
Acquisition of intangible assets	(7,213)	(6,428)
Proceeds from disposal of investment properties	19,227	-
Decrease in other financial assets	3,174	-
Decrease (increase) in other non-current assets	<u>206,700</u>	<u>(191,527)</u>
Net cash used in investing activities	<u>(17,488,345)</u>	<u>(4,288,101)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	643,156	67,100
Proceeds from issue of bonds	17,000,000	5,000,000
Repayments of bonds payable	(5,500,000)	(9,700,000)
Proceeds from long-term borrowings	147,370,768	121,677,289
Repayments of long-term borrowings	(138,307,023)	(119,050,878)
Increase (decrease) in guarantee deposits received	20	(649)
Dividends paid	<u>(6,423,661)</u>	<u>(4,282,267)</u>
Net cash generated from (used in) financing activities	<u>14,783,260</u>	<u>(6,289,405)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,490,680	(4,173,007)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>9,759,643</u>	<u>13,932,650</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 16,250,323</u>	<u>\$ 9,759,643</u>

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

FAR EASTERN NEW CENTURY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively starting from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Company's financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 9,759,643	\$ 9,759,643	b)
Derivatives	Held for trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	21,211	21,211	a)
Notes receivable, accounts receivable and other receivables	Loans and receivables	Amortized cost	7,266,934	7,266,039	b)
Refundable deposits	Loans and receivables	Amortized cost	78,432	78,432	a)
Other financial assets	Loans and receivables	Amortized cost	41,174	41,174	a)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Remark
FVTPL	\$ 21,211	\$ -	\$ -	\$ 21,211	\$ -	a)
Amortized cost	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	17,146,183	(895)	17,145,288	(895)	b)
Amortized cost	-	17,146,183	(895)	17,145,288	-	
	<u>\$ 21,211</u>	<u>\$ 17,146,183</u>	<u>\$ (895)</u>	<u>\$ 17,166,499</u>	<u>\$ (895)</u>	

- a) Investments previously classified as financial assets held for trading - derivative financial assets not for hedging under IAS 39 have been designated as at financial assets at FVTPL under IFRS 9.
- b) Cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits and other financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9. As a result of retrospective application, the adjustments comprised an increase in the loss allowance of \$895 thousand, and a decrease in retained earnings of \$895 thousand.

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Investments accounted for using the equity method	\$ 236,260,849	\$ 2,699,581	\$ 238,960,430	\$ 3,068,128	\$ (368,547)	c)

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

Classification, measurement and impairment of financial liabilities

On the basis of the facts and circumstances that existed as at January 1, 2018, the Company has performed an assessment of the classification of recognized financial liabilities and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Company's financial liabilities as at January 1, 2018.

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

d) Investments previously classified as financial liabilities held for trading - derivative financial liabilities not for hedging under IAS 39 have been designated as at financial liabilities at FVTPL under IFRS 9.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

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

The Company elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

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

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

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

Impact on assets, liabilities and equity for current year

	December 31, 2018
Decrease in contract liabilities - current	\$ (99,447)
Increase in receipts in advance	<u>99,447</u>
Total effect on liabilities	<u>\$ -</u>

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

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

The Company applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

Except for the reclassification in assets, there is no significant impact on the Company’s liabilities and equity items, comprehensive profit and loss items, and cash flow items in the current year of the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC for application starting from 2019

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

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

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

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

1) IFRS 16 “Leases”

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

Definition of a lease

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

The Company as lessee

Upon initial application of IFRS 16, the Company will recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows.

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

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

The Company expects to apply the following practical expedients:

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

The Company as lessor

Except for sublease transactions, the Company will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

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

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Company continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Company's financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost.

i. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, account receivables at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and repurchase commercial paper, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2017

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

i. Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

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

ii. Loans and receivables

Loans and receivables (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

2018

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

Expected credit losses (i.e. ECL) reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

Financial assets at amortized cost, such as accounts receivable, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions.

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognized in other comprehensive income.

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

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Revenue recognition

2018

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

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

Revenue from the sale of goods

Revenue from sale of goods comes from sales of chemical fiber and textile goods. Sales of goods are recognized as revenue when the goods are shipped or delivered because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently.

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

2017

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

1) Sale of goods

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

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

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

2) Dividend and interest income

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

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

n. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

a. Cotton futures contracts

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

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

b. Forward exchange contracts

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

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

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2018</u>			
Sell	USD/NTD	2019.1.7 - 2019.2.20	USD27,680/NTD850,613
Sell	EUR/USD	2019.2.25-2019.2.26	EUR3,000/USD3,441
Buy	USD/JPY	2019.1.4 - 2019.2.20	USD13,000/JPY1,459,230
Buy	USD/RMB	2019.2.26-2019.3.27	USD5,000/RMB34,429
<u>December 31, 2017</u>			
Sell	USD/NTD	2018.1.18-2018.1.31	USD8,000/NTD237,716
Sell	EUR/USD	2018.1.29-2018.2.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.1.29-2018.2.26	USD3,000/JPY338,970
Buy	USD/RMB	2018.2.26	USD2,000/RMB13,240

c. Option contracts

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

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

d. Combined foreign exchange options

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

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

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

	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

8. FINANCIAL ASSETS AT AMORTIZED COST - 2018

**December 31,
2018**

Current

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

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

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2018	2017
<u>Notes and accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 7,287,123	\$ 7,380,217
Less: Allowance for impairment loss	<u>(283,1734)</u>	<u>(282,585)</u>
	<u>\$ 7,003,949</u>	<u>\$ 7,097,632</u>

In 2018

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Company recognizes 100% of an allowance for doubtful accounts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables:

December 31, 2018

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

The above aging schedule was based on the invoice date.

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

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

In 2017

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

The concentration of credit risk is limited because the Company's customer base is wide and is not focused on certain customers; additionally, the companies involved are unrelated. The Company does not have accounts receivable that are past due but not impaired.

	December 31, 2017
1-90 days	\$ 5,985,092
91-180 days	1,087,399
181-365 days	25,141
More than 365 days	<u>-</u>
	<u>\$ 7,097,632</u>

The above aging schedule was based on the invoice date.

Movements of the allowance for doubtful accounts were as follows:

	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>

10. INVENTORIES

	December 31	
	2018	2017
Finished goods	\$ 1,936,504	\$ 1,559,504
Work in progress	2,130,606	2,119,787
Raw materials	2,015,908	2,115,658
Supplies	413,125	161,860
Raw materials in transit	<u>176,357</u>	<u>177,945</u>
	<u>\$ 6,672,500</u>	<u>\$ 6,134,754</u>

For the years ended December 31, 2018 and 2017, the costs of inventories sold were \$48,837,045 thousand and \$41,487,365 thousand, respectively. The cost of goods sold for the year ended December 31, 2018 consisted the reversal of inventory \$100,378 thousand. The cost of goods sold for the year ended December 31, 2017 consisted the inventory write-downs \$116,004 thousand. Previous write-downs were reversed as a result of increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	\$ 230,272,399	\$ 209,134,216
Investments in associates	<u>28,986,766</u>	<u>27,126,633</u>
	<u>\$ 259,259,165</u>	<u>\$ 236,260,849</u>

a. Investments in subsidiaries

	December 31			
	2018		2017	
	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
Unlisted companies				
Yuan Ding Investment Co., Ltd.	\$ 42,750,905	99.40	\$ 41,076,970	99.40
Far Eastern Resources Development Co., Ltd.	102,949,679	100.00	102,111,323	100.00
Far Eastern Polytex (Holding) Ltd.	7,581,955	100.00	7,708,078	100.00
Far Eastern Polychem Industries Ltd.	7,640,463	73.04	6,861,798	73.04
Yuan Tong Investment Co., Ltd.	8,568,915	100.00	8,091,936	100.00
Kai Yuan International Investment Co., Ltd.	5,429,289	100.00	5,167,778	100.00
Far Eastern Investment (Holding) Ltd.	22,068,603	100.00	8,739,241	100.00
PET Far Eastern (Holding) Ltd.	6,157,657	91.95	5,341,354	91.95
Oriental Petrochemical (Taiwan) Corporation	9,183,032	75.56	7,492,270	75.56
Far Eastern Construction Co., Ltd.	8,471,173	65.11	8,238,170	65.11
Yuan Ding Co., Ltd.	3,194,481	37.13	3,075,962	37.13

(Continued)

	December 31			
	2018		2017	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
An Ho Garment Co., Ltd.	\$ 2,116,908	100.00	\$ 2,019,899	100.00
Ding Yuan International Investment Co., Ltd.	3,003,612	100.00	2,820,313	100.00
FEDP (Holding) Ltd.	921,000	50.43	122,774	50.43
Fu Kwok Knitting & Garment Co., Ltd.	224,804	100.00	253,944	100.00
Ding Ding Hotel Co., Ltd.	8,333	0.74	10,882	0.74
Far Eastern Textile Ltd.	<u>1,590</u>	100.00	<u>1,524</u>	100.00
	<u>\$ 230,272,399</u>		<u>\$ 209,134,216</u>	

(Concluded)

Ding Ding Hotel Co., Ltd. was recognized as subsidiary because the Company appointed the general manager of Yuan Ding Co., Ltd., and therefore, the Company could exercise control over Yuan Ding Co., Ltd. which is recognized as a subsidiary. In addition, the Company and its subsidiaries owned more than 50% of Ding Ding Hotel Co., Ltd.'s voting shares.

b. Investments in associates

	December 31			
	2018		2017	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Associates that are individually material</u>				
Listed companies				
Asia Cement Corporation	<u>\$ 17,937,848</u>	22.33	<u>\$ 16,414,157</u>	22.33
<u>Associates that are not individually material</u>				
Listed companies				
Far Eastern Department Stores Co., Ltd.	4,793,720	17.06	4,704,162	17.06
Oriental Union Chemical Corporation	1,350,914	9.17	1,332,527	9.17
Far Eastern International Bank	1,024,918	2.62	872,079	2.62
Everest Textile Corporation	<u>1,585</u>	0.03	<u>1,534</u>	0.03
	<u>7,171,137</u>		<u>6,910,302</u>	
Unlisted companies				
Oriental Securities Corporation	1,956,963	19.65	1,945,424	19.65
Pacific Liu Tong Investment Co., Ltd.	<u>1,920,818</u>	16.83	<u>1,856,750</u>	16.83
	<u>3,877,781</u>		<u>3,802,174</u>	
	<u>\$ 28,986,766</u>		<u>\$ 27,126,633</u>	

On August 18, 2017, a Company's subsidiary acquired 79,875 thousand shares of Far Eastern International Commercial Bank (FEIB) from associates with a total amount of \$791,550 thousand. Thus, its shareholding percentage of FEIB amounted to 16.37%, including 13.8% of the original shares held by the Company and subsidiaries. The Company evaluated that it has significant influence over FEIB. Therefore, the Company reclassified the investments from available-for-sale financial assets to investments accounted for using the equity method at a fair value of \$805,598 thousand and recognized the gain on the sale of securities amounting to \$302,472 thousand.

1) Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			2018	2017
Asia Cement Corporation	Cement production	Taiwan	22.33%	22.33%

Fair value (Level 1) of investment in associates with available published price quotation are summarized follows:

Name of Associate	December 31	
	2018	2017
Asia Cement Corporation	<u>\$ 25,479,859</u>	<u>\$ 21,164,419</u>

All the associates above are accounted for using equity method.

Summarized financial information in respect of the Company's material associate is set out below.

The summarized financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Asia Cement Corporation

	December 31	
	2018	2017
Current assets	\$ 80,358,506	\$ 50,262,702
Non-current assets	198,829,492	196,801,646
Current liabilities	(62,804,294)	(53,948,167)
Non-current liabilities	<u>(57,335,358)</u>	<u>(47,319,817)</u>
Equity	159,048,346	145,796,364
Non-controlling interests	<u>(21,156,120)</u>	<u>(18,360,799)</u>
	<u>\$ 137,892,226</u>	<u>\$ 127,435,565</u>
Proportion of the Company's ownership	22.33%	22.33%
Equity attributable to the Company	\$ 30,791,334	\$ 28,456,362
Cross shareholdings	<u>(12,853,486)</u>	<u>(12,042,205)</u>
Carrying amount	<u>\$ 17,937,848</u>	<u>\$ 16,414,157</u>

	For the Year Ended December 31	
	2018	2017
Operating revenue	<u>\$ 82,741,004</u>	<u>\$ 64,899,248</u>
Net income for the year	\$ 14,889,197	\$ 6,665,541
Other comprehensive income (loss)	<u>1,436,173</u>	<u>2,119,539</u>
Total comprehensive income (loss) for the year	<u>\$ 16,325,370</u>	<u>\$ 8,785,080</u>
Dividends received from Asia Cement Corporation	<u>\$ 900,614</u>	<u>\$ 675,460</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2018	2017
The Company's share of:		
Net income for the year	\$ 647,319	\$ 543,829
Other comprehensive loss	<u>185,586</u>	<u>(46,779)</u>
Total comprehensive income for the year	<u>\$ 832,905</u>	<u>\$ 497,050</u>

The combined equity of the Company and subsidiaries in some investee companies - Far Eastern Department Stores Co., Ltd., Oriental Union Chemical Corporation (OUCC), Everest Textile Co., Ltd., (Everest Textile), Oriental Securities Corporation and Pacific Liu Tong Investment Co., Ltd. (PLT) - exceeded 20% of their respective outstanding common stock. Thus, related investments were accounted for using the equity method.

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the subsidiaries' or associates' audited financial statements as of December 31, 2018 and 2017.

If an investment's acquisition cost exceeds the fair value of net assets acquired, the excess amount should be recognized as goodwill. As of both December 31, 2018 and 2017, the goodwill amounted to \$99,821 thousand.

12. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	December 31	
	2018	2017
<u>Carrying amounts</u>		
Total property, plant and equipment	\$ 24,507,928	\$ 24,216,996
Prepayments for equipment	<u>59,851</u>	<u>79,380</u>
	<u>\$ 24,567,779</u>	<u>\$ 24,296,376</u>

	Land	Buildings	Machinery and Equipment	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2018	\$ 6,424,285	\$ 8,801,967	\$ 50,108,609	\$ 5,210,454	\$ 2,882,742	\$ 73,428,057
Additions	-	-	-	-	2,360,642	2,360,642
Disposals	(1,778)	(58,804)	(1,273,298)	(247,272)	-	(1,581,152)
Reclassification	-	339,339	1,270,783	580,239	(2,047,909)	142,452
Balance at December 31, 2018	<u>\$ 6,422,507</u>	<u>\$ 9,082,502</u>	<u>\$ 50,106,094</u>	<u>\$ 5,543,421</u>	<u>\$ 3,195,475</u>	<u>\$ 74,349,999</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ -	\$ (5,483,219)	\$ (39,178,889)	\$ (4,276,168)	\$ (193,405)	\$ (49,131,681)
Disposals	-	58,749	1,265,303	246,582	-	1,570,634
Impairment loss	-	(87,564)	(89,050)	(793)	-	(177,407)
Depreciation expense	-	(207,465)	(1,275,780)	(490,731)	-	(1,973,976)
Reclassification	-	(83,910)	(149,412)	(29,873)	193,405	(69,790)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ (5,803,409)</u>	<u>\$ (39,427,828)</u>	<u>\$ (4,550,983)</u>	<u>\$ -</u>	<u>\$ (49,782,220)</u>
<u>Cost</u>						
Balance at January 1, 2017	\$ 6,421,925	\$ 8,752,880	\$ 49,622,573	\$ 5,008,449	\$ 2,966,713	\$ 72,772,540
Additions	2,360	-	-	-	2,507,748	2,510,108
Disposals	-	(59,265)	(961,960)	(206,580)	(626,448)	(1,854,253)
Reclassification	-	108,352	1,447,996	408,585	(1,965,271)	(338)
Balance at December 31, 2017	<u>\$ 6,424,285</u>	<u>\$ 8,801,967</u>	<u>\$ 50,108,609</u>	<u>\$ 5,210,454</u>	<u>\$ 2,882,742</u>	<u>\$ 73,428,057</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ -	\$ (5,277,429)	\$ (38,633,555)	\$ (3,976,791)	\$ (66,856)	\$ (47,954,631)
Disposals	-	42,426	931,937	204,594	-	1,178,957
Impairment loss	-	(42,052)	(104,275)	(10,524)	(126,549)	(283,400)
Depreciation expense	-	(206,096)	(1,399,190)	(467,659)	-	(2,072,945)
Reclassification	-	(68)	26,194	(25,788)	-	338
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (5,483,219)</u>	<u>\$ (39,178,889)</u>	<u>\$ (4,276,168)</u>	<u>\$ (193,405)</u>	<u>\$ (49,131,681)</u>

As the sales of certain products in the market were sluggish, the Company expects that there will be no future cash flows of machinery equipment which is utilized by the textile and chemical segments to produce certain products. As a result, the Company recognized the impairment loss amounting to \$177,407 thousand and \$283,400 thousand, respectively, for the years ended December 31, 2018 and 2017. The impairment loss was recognized in the comprehensive income statements under the impairment loss account.

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings	3-55 years
Machinery and equipment	5-15 years
Operating and miscellaneous equipment	3-15 years

For the amount of property, plant and equipment that the Company pledged or mortgaged as collateral for borrowings, refer to Note 27.

As of December 31, 2018 and 2017, farmland was recognized as property, plant and equipment amounting to \$238,430 thousand for both dates and recognized as investment properties amounting to \$39,041 thousand and \$36,095 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmland belongs to the Company or have pledged the land to the Company.

13. INVESTMENT PROPERTIES

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

	Completed Investment Properties
Balance at January 1, 2018	\$ 1,487,664
Disposal	(6,608)
Reclassifications	(72,662)
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>107,359</u>
Balance at December 31, 2018	<u>\$ 1,515,753</u>
Balance at January 1, 2017	\$ 1,456,014
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>31,650</u>
Balance at December 31, 2017	<u>\$ 1,487,664</u>

The major investment properties of the Company were as follows:

A building and land located in Taoyuan Guanyin District were leased to the Company's subsidiary, Oriental Petrochemical (Taiwan) Corporation (OPTC), for its operation. Under the "IFRSs Questions and Answers" issued by Taiwan Stock Exchange Corp. (TWSE), the Company recognized these items as investment properties in these parent company only financial statements and reclassified them to property, plant and equipment in its consolidated financial statements. The Company used the equity method and share of the profit or loss of subsidiaries and associates to adjust the differences between the investment property amounts presented in the parent company only and consolidated financial statements.

The fair values of investment properties were as follows:

	December 31	
	2018	2017
Independent valuation	<u>\$ 1,515,753</u>	<u>\$ 1,487,664</u>

The fair value of the investment properties as of December 31, 2018 and 2017 was based on the valuations carried out at January 10, 2018 and February 23, 2017, respectively, by independent qualified professional valuers Mr. Chia-ho Tsai in 2018 and 2017 from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

The fair value of investment properties was measured using the income approach. The significant assumptions used were as follows. The increase in estimated future net cash inflows, or the decrease in discount rates would result in increase in the fair value.

	December 31	
	2018	2017
Expected future cash inflows	\$ 1,631,355	\$ 1,538,271
Expected future cash outflows	<u>(49,415)</u>	<u>(48,392)</u>
Expected future cash inflows, net	<u>\$ 1,581,940</u>	<u>\$ 1,489,879</u>
Discount rate intervals	3.40%	3.695%

Some of the investment properties had been leased out under operating leases. The rental incomes generated for the years ended December 31, 2018 and 2017 were \$24,008 thousand and \$14,575 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment property included expenditures such as land value taxes, house taxes, insurance premium, maintenance costs and replacement allowance. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Corporation plus 0.75%.

14. OTHER INTANGIBLE ASSETS

	Computer Software	Others	Total
Balance at January 1, 2018	\$ 20,367	\$ 60	\$ 20,427
Additions	7,213	-	7,213
Amortization	<u>(10,533)</u>	<u>(20)</u>	<u>(10,533)</u>
Balance at December 31, 2018	<u>\$ 17,047</u>	<u>\$ 40</u>	<u>\$ 17,087</u>
Balance at January 1, 2017	\$ 24,034	\$ 465	\$ 24,499
Additions	6,428	-	6,428
Amortization	<u>(10,095)</u>	<u>(405)</u>	<u>(10,500)</u>
Balance at December 31, 2017	<u>\$ 20,367</u>	<u>\$ 60</u>	<u>\$ 20,427</u>

The above intangible assets were amortized on a straight-line basis up to the estimated useful lives of the assets as follows:

Computer software	3-5 years
Others	5 years

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2018	2017
Bank credit loans	<u>\$ 2,743,834</u>	<u>\$ 2,100,678</u>
Interest rate	3.14%-3.96%	1.85%-1.96%

b. Long-term borrowings

	December 31	
	2018	2017
Bank loans	\$ 39,780,000	\$ 35,216,255
Long-term commercial paper	4,500,000	-
Less: Unamortized discount on commercial paper	<u>6,418</u>	<u>-</u>
	44,273,582	35,216,255
Less: Current portion	<u>1,500,000</u>	<u>-</u>
	<u>\$ 42,773,582</u>	<u>\$ 35,216,255</u>

The foregoing loans are payable in New Taiwan dollars, Japanese yen, Euros and U.S. dollars. The loans are repayable through a lump sum on maturity and a payment of interest monthly. Therefore, some of the loans are revolving credit loans, which can be revolved within the credit line limitation. The maturity dates of revolving credit loans are based on the maturity dates of the credit line limit contracts. The maturity dates and bank interest rate intervals of the Company's borrowings were as follows:

	December 31	
	2018	2017
Maturity	January 2019- June 2022	January 2019- March 2021
Bank interest rates intervals	0.60%-1.55%	0.60%-1.39%

16. BONDS PAYABLE

	December 31	
	2018	2017
Non-convertible bonds	\$ 55,100,000	\$ 43,600,000
Discount of non-convertible bonds	<u>(60,822)</u>	<u>(48,078)</u>
	55,039,178	43,551,922
Less: Current portion	<u>10,595,836</u>	<u>5,497,408</u>
	<u>\$ 44,443,342</u>	<u>\$ 38,054,514</u>

For details of bonds payable as of December 31, 2017, refer to Statement 9 following the Notes to Financial Statements. The details of bonds payable as of December 31, 2017 which were repaid in 2018 were as follows:

On December 23, 2013, the Company issued five-year unsecured bonds (the third tranche) amounting to \$2,800,000 thousand at a unit face value of \$1,000 thousand. The five-year bonds are repayable at 100% of the total amount the end of the fifth year of bond issuance, with a 1.45% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees’ pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2018	2017
Present value of defined benefit obligation	\$ 5,341,319	\$ 5,534,470
Fair value of plan assets	<u>(4,667,822)</u>	<u>(4,240,063)</u>
Net defined benefit liabilities	<u>\$ 673,497</u>	<u>\$ 1,294,407</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 5,534,470</u>	<u>\$ (4,240,063)</u>	<u>\$ 1,294,407</u>
Service cost			
Current service cost	60,455	-	60,455
Net interest expense (income)	<u>67,867</u>	<u>(53,001)</u>	<u>14,866</u>
Recognized in profit or loss (Note)	<u>128,322</u>	<u>(53,001)</u>	<u>75,321</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(402,924)	(402,924)
Actuarial (gain) loss - changes in financial assumptions	2,770	-	2,770
Actuarial (gain) loss - experience adjustments	<u>105,014</u>	<u>-</u>	<u>105,014</u>
Recognized in other comprehensive income	<u>107,784</u>	<u>(402,924)</u>	<u>(295,140)</u>
Contributions from the employer	-	(359,068)	(359,068)
Benefits paid	<u>(429,257)</u>	<u>387,234</u>	<u>(42,023)</u>
Balance at December 31, 2018	<u>\$ 5,341,319</u>	<u>\$ (4,667,822)</u>	<u>\$ 673,497</u>
Balance at January 1, 2017	<u>\$ 6,102,747</u>	<u>\$ (3,843,188)</u>	<u>\$ 2,259,559</u>
Service cost			
Current service cost	75,225	-	75,225
Net interest expense (income)	<u>89,451</u>	<u>(57,648)</u>	<u>31,803</u>
Recognized in profit or loss (Note)	<u>164,676</u>	<u>(57,648)</u>	<u>107,028</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(334,696)	(334,696)
Actuarial (gain) loss - changes in financial assumptions	109,269	-	109,269
Actuarial (gain) loss - experience adjustments	<u>(359,398)</u>	<u>-</u>	<u>(359,398)</u>
Recognized in other comprehensive income	<u>(250,129)</u>	<u>(334,696)</u>	<u>(584,825)</u>
Contributions from the employer	-	(439,833)	(439,833)
Benefits paid	<u>(482,824)</u>	<u>435,302</u>	<u>(47,522)</u>
Balance at December 31, 2017	<u>\$ 5,534,470</u>	<u>\$ (4,240,063)</u>	<u>\$ 1,294,407</u>

Note: For the years ended December 31, 2018 and 2017, the Company transferred defined benefit costs of \$489 thousand and \$875 thousand to related parties, respectively.

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks. In addition, the Company has another pension fund which is separate from the above. This pension fund is invested in domestic listed companies' shares and time deposits. It is exposed to the risks of changes in market price and interest rates.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	2017
Discount rate(s)	1.50%	1.25%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate(s)		
0.5% increase	<u>\$ (179,106)</u>	<u>\$ (215,099)</u>
0.5% decrease	<u>\$ 190,041</u>	<u>\$ 229,444</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 187,737</u>	<u>\$ 226,612</u>
0.5% decrease	<u>\$ (178,741)</u>	<u>\$ (214,627)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 388,072</u>	<u>\$ 210,279</u>
The average duration of the defined benefit obligation	6.9 years	8.0 years

18. EQUITY

a. Share capital

1) Common stock

	December 31	
	2018	2017
Numbers of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,352,875</u>	<u>5,352,875</u>
Shares issued	<u>\$ 53,528,751</u>	<u>\$ 53,528,751</u>

The shares issued have a par value of NT\$10 and have the rights of voting and receiving dividends.

2) Global depositary receipt

The Company issued global depositary receipts (GDRs), one GDRs unit represents 10 common stock of the Company. The GDRs were traded and listed on the Luxembourg Stock Exchange. As of December 31, 2018 and 2017, there are 8 thousand and 101 thousand units outstanding, which were equal to 82 thousand and 1,007 thousand common stock of the Company.

b. Capital surplus

	December 31	
	2018	2017
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interests in subsidiaries	148,783	148,783
Treasury shares transactions	14,066	13,131
<u>May not be used for any purpose</u>		
Changes in equity-method associates' capital surplus	<u>90,850</u>	<u>42,723</u>
	<u>\$ 2,908,631</u>	<u>\$ 2,859,569</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary, equity transactions other than actual disposal or acquisition of ownership interests, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and would then make the distribution of dividends evenly for all shares. When there is a capital increase, the amount of dividends for new shares of that year would be set according to the resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 20, d. "Employees' compensation and remuneration of directors".

The Company's dividends shall be appropriated at a percentage based on the Company's Articles of Incorporation to have a stable dividend distribution while taking into account future economic condition, cash demands and taxation. The cash dividends should be at least 10% of the total dividends declared, unless cash is required for investments, productivity expansion, any significant future capital expenditures or plans to improve the financial structure.

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An appropriation of earnings to legal reserve should be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations from the 2017 and 2016 earnings were approved in the shareholders' meetings on June 29, 2018 and June 28, 2017, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2017	For Year 2016	For Year 2017	For Year 2016
Legal reserve	\$ 806,614	\$ 630,779		
Special reserve	1,523,136	2,662,006		
Reversal of special reserve	(2,643)	-		
Cash dividends	6,423,450	4,282,300	\$ 1.2	\$ 0.8

The appropriation and distribution of the 2018 earnings was proposed by the board of directors on March 22, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,202,829	
Special reserve	1,089,437	
Reversal of special reserve	(6,536)	
Cash dividends	9,635,175	\$1.8

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 28, 2019.

d. Special reserve

The Company's appropriated special reserve following the first-time adoption of IFRSs was as \$22,287,929 thousand.

Information on the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve is as follows:

	For the Year Ended December 31	
	2018	2017
Beginning balance	\$ 21,552,496	\$ 21,565,171
Reversal on elimination of the original mandatorily appropriated special reserve:		
Disposal of investment properties	-	(2,557)
Disposal of associates	-	(10,118)
Ending balance	<u>\$ 21,552,496</u>	<u>\$ 21,552,496</u>

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve of \$80,462,245 thousand, the same amount as the net increase that arose from fair value measurement and was transferred to retained earnings.

	For the Year Ended December 31	
	2018	2017
Beginning balance	\$ 88,196,319	\$ 85,554,383
Reversal on elimination of the original mandatorily appropriated special reserve:		
Disposal of investment properties	(5,678)	(282)
Disposal of associates	-	(13,586)
Appropriation in respect of:		
The fair value model for investment properties	<u>1,523,136</u>	<u>2,655,804</u>
Ending balance	<u>\$ 89,713,777</u>	<u>\$ 88,196,319</u>

e. Other equity items

The changes in other equity items are summarized as follow:

	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Gain on Property Revaluation	Total
Balance at January 1, 2017	\$ (1,577,812)	\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (2,870,205)
Unrealized loss on available-for-sale financial assets	-	(237,374)	-	-	-	-	(237,374)
Share of other comprehensive income (loss) of subsidiaries and associates	(1,499,559)	827,712	-	83,156	-	-	(588,691)
Balance at December 31, 2017	(3,077,371)	(1,357,319)	-	35,642	-	702,778	(3,696,270)
Adjustment on initial application of IFRS 9 and 15	-	1,357,319	(1,725,866)	(35,642)	35,642	-	(368,547)
Balance at January 1 per IFRS 9 and 15	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(4,064,817)
Share of other comprehensive income (loss) of subsidiaries and associates	(512,530)	-	938,400	-	10,238	-	436,108
Associate disposed the investment designated as at FVTOCI	-	-	1,559,378	-	-	-	1,559,378
Balance at December 31, 2018	<u>\$ (3,589,901)</u>	<u>\$ -</u>	<u>\$ 771,912</u>	<u>\$ -</u>	<u>\$ 45,880</u>	<u>\$ 702,778</u>	<u>\$ (2,069,331)</u>

f. Treasury shares

The Company's shares held by its subsidiary, Yuan Ding Corporation (Yuan Ding), at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2018</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</u>
<u>December 31, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</u>

The Company consolidated its subsidiary Yuan Ding on December 28, 2011. As of December 31, 2011, the Company's shares held by Yuan Ding had a carrying amount of \$25,063 thousand.

The Company's shares held by the subsidiary are recognized as treasury shares. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

19. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Revenue from contracts with customers		
Net sales	\$ 54,040,105	\$ 45,197,934
Other operating revenue	<u>23,696</u>	<u>18,489</u>
	<u>\$ 54,063,801</u>	<u>\$ 45,216,423</u>

a. Description of customer contract

Refer to Note 4(m) revenue recognition for the summary of significant accounting policies.

b. Contact balances

	December 31, 2018
Contract liabilities	
Bundle sale of goods	<u>\$ 99,447</u>
Current	<u>\$ 99,447</u>

For notes and accounts receivable, refer to Note 9.

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment, and there did not have other significant changes other than the amount decided above.

c. Disaggregation of revenue

Refer to Statement 10 for information about disaggregation of revenue.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2018	2017
Capitalized interests on properties	\$ 26,541	\$ 28,938
Capitalization rates	1.02%-1.14%	1.04%-1.14%

b. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 1,973,976	\$ 2,072,945
Other Intangible assets	<u>10,553</u>	<u>10,500</u>
	<u>\$ 1,984,529</u>	<u>\$ 2,083,445</u>
An analysis of deprecation by function		
Operating costs	\$ 1,818,280	\$ 1,890,414
Operating expenses	117,836	139,173
Other expense	31,324	36,670
Expenses transferred to other related parties	<u>6,536</u>	<u>6,688</u>
	<u>\$ 1,973,976</u>	<u>\$ 2,072,945</u>
An analysis of amortization by function		
Operating costs	\$ 4,868	\$ 2,723
Operating expenses	<u>5,685</u>	<u>7,777</u>
	<u>\$ 10,553</u>	<u>\$ 10,500</u>

c. Employee benefits expense

For the Year Ended December 31, 2018			
	Operating Costs	Operating Expenses	Total
Retirement benefits			
Defined contribution plans	\$ 77,128	\$ 44,985	\$ 122,113
Defined benefit plans	50,399	24,433	74,832
Other employee benefits			
Salary	3,091,665	1,459,533	4,551,198
Insurance	255,564	94,091	349,655
Remuneration of directors	-	227,312	227,312
Others	<u>137,499</u>	<u>64,594</u>	<u>202,093</u>
	<u>\$ 3,612,255</u>	<u>\$ 1,914,948</u>	<u>\$ 5,527,203</u>
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	1,420,110	4,226,994
Insurance	254,063	91,827	345,890
Remuneration of directors	-	153,151	153,151
Others	<u>136,689</u>	<u>58,567</u>	<u>195,256</u>
	<u>\$ 3,347,875</u>	<u>\$ 1,797,534</u>	<u>\$ 5,145,409</u>

The Company had 4,925 and 4,864 employees as of December 31, 2018 and 2017, which include 7 and 8 directors not serving concurrently as employees, respectively.

d. Employees' compensation and remuneration of directors

The amendments stipulate the distribution of employees' compensation and remuneration of directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. However, the Company has to first offset losses from the previous years. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which were approved by the Company's board of directors on March 22, 2019 and March 22, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	3.10%	3.23%
Remuneration of directors	1.69%	1.77%

Amount

	For the Year Ended December 31	
	2018	2017
Employees' compensation	\$ 414,416	\$ 276,277
Remuneration of directors	225,812	151,591

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2017 and 2016. The employees' compensation were distributed in cash by the Company.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2018	2017
Current tax	\$ -	\$ -
Deferred tax		
In respect of the current period	684,856	50,625
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>5,427</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 690,283</u>	<u>\$ 50,625</u>

A reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	<u>\$ 12,718,577</u>	<u>\$ 8,116,761</u>
Income tax expense at the statutory rate (17% in 2017 and 20% in 2018, respectively)	\$ 2,543,715	\$ 1,379,849
Adjustment items effect on income tax	<u>(2,543,715)</u>	<u>(1,379,849)</u>
Current income tax expense	-	-
Deferred income tax expense	684,856	50,625
Effect of tax rate changes	<u>5,427</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 690,283</u>	<u>\$ 50,625</u>

In 2017, the applicable corporate income tax rate used by the Company in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

- b. Income tax expense recognized in other comprehensive income

For the Year Ended December 31
2018 **2017**

Deferred tax

In respect of the current year

Remeasurement on defined benefit plan \$ 69,752 \$ (9,420)

- c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 3,657	\$ 1,536	\$ -	\$ 5,193
Inventory write-downs	9,072	1,376	-	10,448
Loss from subsidiaries and associates	78	(78)	-	-
Impairment loss	24,671	11,669	-	36,340
Defined benefit obligation	23,307	(75,087)	69,752	17,972
Others	<u>4,385</u>	<u>1,504</u>	<u>-</u>	<u>5,889</u>
	<u>\$ 65,170</u>	<u>\$ (59,080)</u>	<u>\$ 69,752</u>	<u>\$ 75,842</u>
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gain	\$ 15,242	\$ 7,821	\$ -	\$ 23,063
Gain from subsidiaries and associates	-	624,259	-	624,359
Provision of land value incremental tax	1,551,175	(860)	-	1,550,315
Investment properties	<u>16,604</u>	<u>(17)</u>	<u>-</u>	<u>16,587</u>
	<u>\$ 1,583,021</u>	<u>\$ 631,203</u>	<u>\$ -</u>	<u>\$ 2,214,224</u>

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 6,473	\$ (2,816)	\$ -	\$ 3,657
Inventory write-downs	13,507	(4,435)	-	9,072
Loss from subsidiaries and associates	1,786	(1,708)	-	78
Impairment loss	40,054	(15,383)	-	24,671
Defined benefit obligation	69,130	(36,403)	(9,420)	23,307
Others	<u>7,708</u>	<u>(3,323)</u>	<u>-</u>	<u>4,385</u>
	<u>\$ 138,658</u>	<u>\$ (64,068)</u>	<u>\$ (9,420)</u>	<u>\$ 65,170</u>

Deferred tax liabilities

Unrealized foreign exchange gain	\$ 24,859	\$ (9,617)	\$ -	\$ 15,242
Provision of land value incremental tax	1,550,149	1,026	-	1,551,175
Investment properties	<u>21,456</u>	<u>(4,852)</u>	<u>-</u>	<u>16,604</u>
	<u>\$ 1,596,464</u>	<u>\$ (13,443)</u>	<u>\$ -</u>	<u>\$ 1,583,021</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Deductible temporary differences	<u>\$ 2,723,928</u>	<u>\$ 4,010,402</u>

- e. Income tax assessments

The tax returns through 2015 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Basic earnings per share	<u>\$ 2.41</u>	<u>\$ 1.61</u>
Diluted earnings per share	<u>\$ 2.40</u>	<u>\$ 1.61</u>

The earnings and weighted average number of common stock outstanding that were used in the computation of earnings per share were as follows:

Net Income for the Year

	For the Year Ended December 31	
	2018	2017
Net income for the year	<u>\$ 12,028,294</u>	<u>\$ 8,066,136</u>

Weighted Average Number of Common Stock Outstanding

	Unit: In Thousand Shares	
	For the Year Ended December 31	
	2018	2017
Weighted average number of common stock used in the calculation of basic earnings per share	4,998,235	4,998,785
Effect of dilutive potential common stock:		
Employees' compensation	<u>17,627</u>	<u>12,037</u>
Weighted average number of common stock used in the calculation of diluted earnings per share	<u>5,015,862</u>	<u>5,010,822</u>

In calculating the weighted average number of share outstanding for EPS, the Company recognized the number of the shares held by associates as treasury shares and deducted the number of treasury shares from the weighted average number of outstanding shares in the current period.

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share, if the effect was dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company calculated basic EPS with the weighted average number of actual outstanding shares in the current period. Based on the calculation, for the years ended December 31, 2018 and 2017, the Company's basic EPS was NT\$2.25 and NT\$1.51, respectively.

23. EQUITY TRANSACTIONS

On December 30, 2017, the Company paid \$117 thousand to subscribe for additional new shares of Fu Kwok Knitting & Garment Co., Ltd. and increased its interest from 99.96% to 100%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	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>

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

1) The financial assets and financial liabilities which have significant difference from their fair values

	December 31			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable	\$ 55,039,178	\$ 55,242,979	\$ 43,551,922	\$ 43,804,426

2) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 55,242,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,242,979</u>

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>

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,832</u>	<u>\$ 6,832</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Guarantee deposits - cotton futures contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,867</u>	<u>\$ 17,867</u>
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>3,344</u>	<u>3,344</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,211</u>	<u>\$ 21,211</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,895</u>	<u>\$ 4,895</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2018 and 2017.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended 2018

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2018	\$ 16,316
Recognized in profit or loss	
Realized	(148,697)
Unrealized	(6,832)
Settlements	<u>132,381</u>
Balance at December 31, 2018	<u>\$ (6,832)</u>

For the year ended 2017

	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>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Futures contracts	Futures contract pricing model. The fair values of futures contracts are determined using futures contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.
Forward exchange contracts, option contracts and combined foreign exchange options	Discounted cash flow. Future cash flows are estimated based on observable forward spot exchange rates at the end of the reporting period and contract rates, which can reflect the credit risk of counterparties.

c. Categories of financial instruments

	December 31	
	2018	2017
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 21,211
Loans and receivables (Note 1)	-	17,146,183
Financial assets at amortized cost (Note 2)	24,402,844	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	6,832	4,895
Financial liabilities measured at amortized cost (Note 3)	109,660,042	87,635,814

Note 1: The balances included loans and receivables measured at amortized cost, which comprised cash and cash equivalents, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), refundable deposits and other financial assets.

Note 2: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, debt investments, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), refundable deposits and other financial assets.

Note 3: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, notes and accounts payable (including those to related parties), other payables (including those to related parties), payables to suppliers of machinery and equipment, bonds payable, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the non-operating activities of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

1) Market risk

The Company's activities exposed itself primarily to the financial risks of changes in exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to exchange rate risk. Exchange rate exposures were managed within approved policy parameters through forward exchange contracts.

The Company's significant foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period were detailed in Note 29.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollars.

The following table details the Company's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollar. The 5% sensitivity rate is used when foreign currency risk is reported internally to key management personnel and represents management's assessment of the reasonably possible changes in exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and the translation of these items at the end of the reporting period was adjusted for a 5% change in exchange rates. A positive number below indicates an increase in pretax profit and other equity associated with New Taiwan dollars that strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	December 31	
	2018	2017
5% change in profit or loss		
USD	\$ (57,153)	\$ (189,829)

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	
	2018	2017
Fair value interest rate risk		
Financial assets	\$ 5,267,814	\$ 49,848
Financial liabilities	95,356,594	66,489,600
Cash flow interest rate risk		
Financial assets	697,936	1,025,627
Financial liabilities	6,700,000	14,379,255

Sensitivity analysis

The sensitivity analysis below was determined on the basis of the Company's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 0.25% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For the financial assets and financial liabilities with fixed interest rate, their fair value will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rate, their effective interest rates will change as the market interest rates change.

For the years ended December 31, 2018 and 2017, had interest rates been 0.25% higher/lower and all other variables been held constant, the fair value of the Company's financial assets with fixed interest rates would have decreased/increased by \$13,137 thousand and \$124 thousand, respectively, and the cash flows on the Company's financial assets with floating interest rates would have increased/decreased by \$1,745 thousand and \$2,564 thousand, respectively.

For the years ended December 31, 2018 and 2017, had interest rates been 0.25% higher/lower and all other variables been held constant, the fair value of the Company's financial liabilities with fixed interest rates would have decreased/increased by \$237,797 thousand and \$165,809 thousand, respectively, and the cash flows on the Company's financial liabilities with floating interest rates would have decreased/increased by \$16,750 thousand and \$35,948 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations, resulting in a financial loss to the Company. As of the end of a reporting period, the Company's maximum exposure to credit risk that will cause the Company a financial loss due to the carrying amounts of the recognized financial assets as stated in the balance sheets.

The Company has a policy of dealing with only creditworthy counterparties and obtaining sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continually monitored.

Account receivables refer to a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is made to determine the financial condition of account receivables.

3) Liquidity risk

The Company manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank borrowings and ensures compliance with loan covenants.

The maturity dates of financial liabilities (except for the current portion) are as follows:

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>December 31, 2018</u>				
Long-term borrowings	\$ 30,878,199	\$ 6,900,000	\$ 4,995,383	\$ 42,773,582
Bonds payable	<u>13,700,000</u>	<u>11,300,000</u>	<u>19,500,000</u>	<u>44,500,000</u>
	<u>\$ 44,578,199</u>	<u>\$ 18,200,000</u>	<u>\$ 24,495,383</u>	<u>\$ 87,273,582</u>
<u>December 31, 2017</u>				
Long-term borrowings	\$ 27,016,255	\$ 5,500,000	\$ 2,700,000	\$ 35,216,255
Bonds payable	<u>10,600,000</u>	<u>13,700,000</u>	<u>13,800,000</u>	<u>38,100,000</u>
	<u>\$ 37,616,255</u>	<u>\$ 19,200,000</u>	<u>\$ 16,500,000</u>	<u>\$ 73,316,255</u>

26. RELATED-PARTY TRANSACTIONS

The Company had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2018 and 2017 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules A, B and C.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to those disclosed in the other notes, the following assets had been pledged or mortgaged as collaterals for short-term borrowings, tariff duties and long-term borrowings.

	December 31	
	2018	2017
Other financial assets - non-current		
Pledged time deposits	\$ 38,000	\$ 41,174
Investments accounted for using the equity method	475,627	435,226
Property, plant and equipment	6,251,010	6,427,218
Investment properties	<u>184,549</u>	<u>229,902</u>
	<u>\$ 6,949,186</u>	<u>\$ 7,133,520</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Company as of December 31, 2018 and 2017:

- a. Issued unused letters of credit aggregated at approximately \$299,676 thousand and \$412,413 thousand, respectively.
- b. Unpaid building construction and property, plant and equipment installation contracts amounting to approximately \$151,348 thousand and \$83,210 thousand, respectively.
- c. Undelivered cotton contracts which were unable to be canceled amounting to \$199,156 thousand and \$142,975 thousand, respectively.
- d. Endorsements and guarantees provided to related parties are shown in Schedule E (attached).

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items USD	\$ 147,602	30.715	\$ 4,533,595
<u>Financial liabilities</u>			
Monetary items USD	110,837	30.715	3,390,537

December 31, 2017

	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

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees

- 1) Financing provided to others: Schedule D (attached)
- 2) Endorsements/guarantees provided: Schedule E (attached)
- 3) Marketable securities held: Schedule F (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Schedule G (attached)
- 5) Acquisitions of individual real states at costs of at least NT\$300 million or 20% of the paid-in capital: Schedule H (attached)

- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Schedule I (attached)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule J (attached)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule K (attached)
 - 9) Trading derivative transactions: Note 7
 - 10) Information on investees: Schedule L (attached)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Schedules M and M-1 (attached)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Schedules B, C, D, E, G, J and K
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as rendering or receipt services.

TABLE 1**FAR EASTERN NEW CENTURY CORPORATION****RELATED PARTY NAMES AND CATEGORIES****DECEMBER 31, 2018**

Related Party Names	Related Party Categories
Fu Kwok Knitting & Garment Co., Ltd.	Subsidiary
Far Eastern Apparel Co., Ltd.	Subsidiary
Far Eastern Apparel (Vietnam) Ltd.	Subsidiary
Far Eastern Polytex (Vietnam) Ltd.	Subsidiary
Far Eastern New Apparel (Vietnam) Ltd.	Subsidiary
Far Eastern Apparel (Suzhou) Co., Ltd.	Subsidiary
Far Eastern Industries (Shanghai) Ltd.	Subsidiary
Far Eastern Industries (Wuxi) Ltd.	Subsidiary
Oriental Resources Development Co., Ltd.	Subsidiary
Oriental Industries (Suzhou) Ltd.	Subsidiary
PET Far Eastern (M) Sdn. Bhd.	Subsidiary
Wuhan Far Eastern New Material Ltd.	Subsidiary
Worldwide Polychem (HK) Ltd. (WWPI)	Subsidiary
PET Far Eastern (Holding) Ltd. (PETH)	Subsidiary
Far Eastern Fibertech Co., Ltd.	Subsidiary
Far Eastern Resources Development Co., Ltd.	Subsidiary
Far EastOne Telecommunications Co., Ltd.	Subsidiary
New Century InfoComm Tech Co., Ltd.	Subsidiary
Yuanshi Digital Technology Co., Ltd.	Subsidiary
DataExpress Infotech Co., Ltd.	Subsidiary
Information Security Service Digital United Inc.	Subsidiary
Oriental Petrochemical (Taiwan) Corporation	Subsidiary
Oriental Textile (Holding) Ltd. (OTTI)	Subsidiary
Yuan Cheng Human Resources Consultant Corporation	Subsidiary
Yuan Ding Co., Ltd.	Subsidiary
Yuan Ding Investment Co., Ltd.	Subsidiary
YDT Technology International Co., Ltd.	Subsidiary
Far Eastern Polychem Industries Ltd. (FEPI)	Subsidiary
Far Eastern Construction Co., Ltd.	Subsidiary
Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Subsidiary
Far Eastern Technical Consultants Co., Ltd.	Subsidiary
Far Eastern Polytex (Holding) Ltd.	Subsidiary
Asia Cement Corporation	Associate
Far Eastern Department Stores Co., Ltd.	Associate
Oriental Union Chemical Corporation	Associate
Everest Textile Corporation	Associate

(Continued)

Related Party Names	Related Party Categories
Far Eastern International Bank	Other related party (the vice chairman of investee is the chairman of FENC; associate since 8/18/2017; more details in Note 11)
Freudenberg Far Eastern Spunweb Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Yu Ding Industry Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Liquid Air Far East Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Da Ju Fiber Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern International Leasing Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern City Super Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern Ai Mai Co., Ltd	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern Leasing Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Everest Textile USA, LLC	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Fu Ming Transport Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Fu-Da Transport Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Ya Sing Ready-Mixed Concrete Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Yuan Ze University	Other related party (the same chairman)
U-Ming Marine Transport Corporation	Other related party (the same chairman)
TECO Electric & Machinery Co., Ltd.	Other related party (related party in substance)
Uni-President Enterprise Corporation	Other related party (related party in substance)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
U-Ming Marine Transport (Singapore) Private Limited	Other related party (related party in substance)
Ding&Ding Mangement Consultants Co., Ltd	Other related party (related party in substance)
SYSTEX Corporation	Other related party (related party in substance)

(Concluded)

TABLE 2**FAR EASTERN NEW CENTURY CORPORATION****RELATED-PARTY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2018	2017
Sales		
Subsidiaries	\$ 6,464,500	\$ 5,381,984
Associates	259,923	296,860
Other related parties	<u>467,734</u>	<u>455,832</u>
	<u>\$ 7,192,157</u>	<u>\$ 6,134,676</u>
Operating cost and expense		
Purchase		
Subsidiaries		
Oriental Petrochemical (Taiwan) Corporation	\$ 16,761,126	\$ 7,073,210
Other subsidiaries	983,190	811,282
Associates	1,900,071	1,752,368
Other related parties	<u>208,955</u>	<u>211,876</u>
	<u>\$ 19,853,342</u>	<u>\$ 9,848,736</u>
Contract costs		
Subsidiaries	\$ 35,451	\$ 31,409
Associates	-	768
Other related parties	<u>216,499</u>	<u>226,984</u>
	<u>\$ 251,950</u>	<u>\$ 259,161</u>
Computer processing expense		
Subsidiaries	\$ 4,070	\$ 3,631
Other related parties	<u>84,601</u>	<u>76,523</u>
	<u>\$ 88,671</u>	<u>\$ 80,154</u>
Rental expense (Note b)		
Subsidiaries	\$ 181,496	\$ 181,104
Other related parties	<u>17,951</u>	<u>17,664</u>
	<u>\$ 199,447</u>	<u>\$ 198,768</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2018	2017
Non-operating revenue		
Rental revenue (Note c)		
Subsidiary		
Oriental Petrochemical (Taiwan) Corporation	\$ 11,217	\$ -
Oriental Resources Development Co., Ltd.	2,381	2,370
Far EasTone Telecommunications Co., Ltd.	3,826	3,789
Other subsidiary	2,650	114
Other related parties		
Yuan Ze University	3,296	3,516
Fu Ming Transport Corporation	<u>2,238</u>	<u>2,218</u>
	<u>\$ 25,608</u>	<u>\$ 12,007</u>
Non-operating expenses		
Other expenses - endorsement/guarantee expenses		
Subsidiary	<u>\$ 10,525</u>	<u>\$ 13,087</u>

The Company provided agent services to subsidiaries and recognized commission income of \$37,468 thousand and \$42,143 thousand for the years ended December 31, 2018 and 2017, respectively. In addition, the Company recognized \$16,051 thousand as other receivables as of December 31, 2018.

Compensation of key management personnel:

	<u>For the Year Ended December 31</u>	
	2018	2017
Short-term employee benefits	\$ 373,033	\$ 298,808
Post-employment benefits	<u>2,174</u>	<u>2,680</u>
	<u>\$ 375,207</u>	<u>\$ 301,488</u>

Notes:

- a. The terms of sales to and purchases from the related parties were based on agreements.
- b. The Company rented the office building, factories and equipment from Yuan Ding Co., Ltd. and Oriental Petrochemical (Taiwan) Corporation, Far Eastern Resource Development Co., Ltd., Far Eastern Fibertech Co., Ltd., Da Ju Fiber Co., Ltd., Far Eastern International Leasing Corporation, Ding & Ding Management Consultants Co., Ltd. and SYSTEX Corporation. The rental expense were paid by monthly or quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.
- c. The Company had rented out lands, factories and equipment to Far EasTone Telecommunications Co., Ltd., Oriental Petrochemical (Taiwan) Corporation, Far Eastern Fibertech Co., Ltd., Oriental Resources Development Co., Ltd., YDT Technology International Co., Ltd., Yuan Ze University and Fu Ming Transport Corporation. Rental revenue was received by monthly and quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.

(Concluded)

TABLE 3**FAR EASTERN NEW CENTURY CORPORATION****RELATED-PARTY TRANSACTIONS
AS OF DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2018	2017
Notes and accounts receivable		
Subsidiaries		
WWPI	\$ 304,551	\$ 898,170
Other subsidiaries	554,674	582,162
Associate	40,769	51,980
Other related parties	<u>132,154</u>	<u>82,362</u>
	<u>\$ 1,032,148</u>	<u>\$ 1,614,674</u>
Refundable deposits		
Subsidiaries		
Yuan Ding Co., Ltd.	\$ 33,682	\$ 33,682
Other subsidiaries	3,798	3,557
Associate	5,785	5,356
Other related parties		
Da Ju Fiber Co., Ltd.	<u>8,000</u>	<u>8,000</u>
	<u>\$ 51,265</u>	<u>\$ 50,595</u>
Notes and accounts payable to related parties		
Subsidiaries		
Oriental Petrochemical (Taiwan) Corporation	\$ 1,260,165	\$ 858,692
Other subsidiaries	161,200	53,040
Associates	58,729	145,631
Other related parties	<u>12,092</u>	<u>12,863</u>
	<u>\$ 1,492,186</u>	<u>\$ 1,070,226</u>
Deferred credit - gain on related-party transactions		
Sale of securities		
Subsidiaries		
Yuan Ding Investment Co., Ltd. (Note a)	\$ 30,256	\$ 30,256
Others Subsidiary (Note b)	2,823	2,908
Other related parties (Note c)	2,579	2,579
Disposal of property, plant and equipment (Note d)		
Subsidiary		
Far Eastern Polytex (Vietnam) Ltd.	<u>12,528</u>	<u>12,528</u>
	<u>\$ 48,186</u>	<u>\$ 48,271</u>

(Continued)

Deposits

	December 31	
	2018	2017
Far Eastern International Bank	<u>\$ 1,711,362</u>	<u>\$ 733,970</u>

The Company had bank deposits and time deposits in Far Eastern International Bank. The interest income was \$8,491 thousand and \$9,400 thousand for the years ended December 31, 2018 and 2017, respectively.

Financial assets (liabilities) at FVTPL - current

	December 31	
	2018	2017
Far Eastern International Bank	<u>\$ (3,466)</u>	<u>\$ (4,440)</u>

The Company signed forward exchange contracts and combined foreign exchange options with Far Eastern International Bank. The gain (loss) of financial assets (liabilities) at FVTPL was \$(29,321) thousand and \$(23,072) thousand for the years ended December 31, 2018 and 2017, respectively.

Financing to related parties

Loans to related parties (recognized as other receivables)

	December 31, 2018	
	Amounts	Interest receivable
Far Eastern Resources Development Co., Ltd.	<u>\$ 105,000</u>	<u>\$ 50</u>

The interest income from loans to associate was \$1,059 thousand for the years ended December 31, 2018.

Loans to related parties (recognized as long-term borrowings - bank loans)

	December 31	
	2018	2017
Far Eastern International Bank	<u>\$ 300,000</u>	<u>\$ -</u>

The interest expense from loans from associate was \$117 thousand and \$125 thousand for the years ended December 31, 2018 and 2017, respectively.

In 2018, the Company bought machinery and equipment from YDT Technology International Co., Ltd., New Century InfoComm Tech Corporation, Yuan Ding Co., Ltd., Far Eastern Technical Consultants Co., Ltd., for \$2,387 thousand, \$10,100 thousand, \$873 thousand and \$605 thousand, respectively. As of December 31, 2018, the payables on these purchases had been paid. In 2017, the Company bought assets from YDT Technology International Co., Ltd., New Century InfoComm Tech Corporation, Oriental Resources Development Ltd., Oriental Petrochemical (Taiwan) Corporation, Yuanshi Digital Technology Co., Ltd. and DataExpress Infotech Co., Ltd. for \$2,934 thousand, \$15,103 thousand, \$90 thousand, \$359 thousand, \$48 thousand and \$42 thousand, respectively. As of December 31, 2017, the payables on these purchases had been paid.

In 2018, the Company participated in and subscribed Oriental Petrochemical (Taiwan) Corporation's issuance of new shares via cash amounting to \$2,266,745 thousand without changing the percentage of existing ownership.

(Continued)

In 2018, the Company invested in 100%-owned overseas subsidiary, Far Eastern Investment (Holding) Ltd., amounting to \$12,618,685 thousand (or US\$410,000 thousand).

In 2017, the Company participated and subscribed in Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd.'s cash issuance of new shares amounting to \$1,511,163 thousand and \$814,859 thousand, respectively. As of December 31, 2017, the Company's interest in Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd. was 75.56% and 91.95%, respectively.

Note:

- a. In 1994, the Company sold the following shares to Yuan Ding Investment Corporation and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd.'s shares for \$30,256 thousand.
- b. The deferred income was made by selling the shares of New Century InfoComm Tech Corporation to Yuan Cing Infocomm Tech Co., Ltd. in 2010 (dissolved on its merger with Far EasTone Telecommunication Co., Ltd. on March 1, 2011). The amortization is according to the difference of New Century InfoComm Tech Corporation's net assets between fair value and book value and durable service life on the selling date.
- c. The deferred income was made by selling the shares of Oriental Petrochemical (Taiwan) Corporation to Yue Ding Industry Co., Ltd. in March 2008.
- d. The Company sold the production equipment to its subsidiary Far Eastern Polytex (Vietnam) Ltd. in 2017. The sales price was RMB638,977 thousand and deferred the gain on disposal of equipment RMB12,528 thousand (recognized as deferred credit - gain on related-party accounts).
- e. The terms of sales to and purchases from the related parties were based on agreements.

(Concluded)

TABLE 4

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Far Eastern New Century Corporation	Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ 105,000	1.045	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 10,176,757	\$ 101,667,569	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note H)
1	Yuan Ding Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	400,000	400,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	1,000,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	Receivables from related parties	Yes	600,000	600,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yuan Tong Investment Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Petrochemical (Taiwan) Corporation	Receivables from related parties	Yes	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	800,000	800,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Da Ju Fiber Co., Ltd.	Receivables from related parties	Yes	1,100,000	1,030,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	1,200,000	1,200,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yu Ding Industry Co., Ltd.	Receivables from related parties	Yes	680,000	580,000	70,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Far Eastern Apparel Co., Ltd.	Receivables from related parties	Yes	350,000	350,000	110,000	1.25	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
2	Far Eastern Resources Development Co., Ltd.	Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	-	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	200,000	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
3	Far EastOne Telecommunications Co., Ltd.	Qware Communications Corporation	Receivables from related parties	Yes	\$ 250,000	\$ -	\$ -	1.47-1.58	2	\$ -	For revolving fund	\$ -	-	\$ -	\$ 7,331,750	\$ 36,658,749	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
4	New Century InfoComm Tech Co., Ltd.	Qware Communications Corporation	Receivables from related parties	Yes	150,000	-	-	1.33	2	-	For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)
		Far EastOne Telecommunications Co., Ltd.	Receivables from related parties	Yes	2,500,000	2,500,000	2,500,000	0.83	1	3,052,994	-	-	-	-	3,052,994	12,187,740	Amounts allowed for ending period (Note O); Maximum amounts allowed for the period (Note H)
		Far EastOne Telecommunications Co., Ltd.	Receivables from related parties	Yes	7,500,000	7,500,000	5,000,000	0.83	2	-	For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)
5	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	Receivables from related parties	Yes	400,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	151,776	-	-	2.25-2.40	2	-	For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)
6	FEI Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	Yes	180,000	-	-	0.9983-1.0555	2	-	For revolving fund	-	Promissory note	-	18,880	23,600	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
7	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	29,950	-	-	2.25-2.40	2	-	For revolving fund	-	Promissory note	-	145,428	181,785	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
8	Far Eastern Investment (Holding) Ltd.	M&G Polymers USA, LLC	Other receivables	No	153,575	-	-	-	2	-	For revolving fund	-	-	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		FLUSYN Corporation	Other receivables	No	61,430	61,430	-	-	2	-	For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Workwide Polychem (HK) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Holding) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		APC Polytex, LLC	Receivables from affiliates	Yes	1,228,600	1,121,098	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	1,535,750	1,535,750	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Holding) Ltd.	Receivables from affiliates	Yes	921,450	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		PEI Far Eastern (Holding) Ltd.	Receivables from affiliates	Yes	\$ 921,450	\$ -	\$ -	5.953	2	\$ -	- For revolving fund	\$ -	Promissory note	\$ -	\$ 11,156,425	\$ 33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	2,83707-3,50125	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	76,788	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		PEI Far Eastern (M) Sdn. Bhd.	Receivables from affiliates	Yes	307,150	307,150	130,451	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	460,725	460,725	156,647	2,83707-3,50125	2	-	- For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note K)
		Far Eastern New Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	1,228,600	1,228,600	506,798	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,741,336	1,846,936	1,744,392	-	2	-	- For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
9	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	614,300	-	-	2,83707-3,50125	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	Yes	1,228,600	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	1,228,600	-	-	2,83707-3,50125	2	-	- For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
10	Oriental Textile (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	1,967,680	1,967,680	-	1.265	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	Yes	767,875	767,875	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium Beer (Suzhou) Ltd.	Receivables from affiliates	Yes	184,290	-	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	- For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	\$ 3,071,500	\$ 3,071,500	\$ 153,575	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 3,941,211	\$ 11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	2,702,920	1,228,600	628,785	2,83707-5.95300	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
11	Far Eastern Polychem Industries Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,638,480	2,638,480	-	1.265	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	122,860	-	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Ibizuka Green Pet Corporation	Receivables from affiliates	Yes	417,300	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,184,262	4,184,262	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)
		Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,443,605	-	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	4,453,675	1,228,600	-	2,83707-5.95300	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
12	PET Far Eastern (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,101,840	2,101,840	-	1.265	2	-	For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Petrochemical (Shanghai) Corporation	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	2,688,924	2,688,924	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
13	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	153,575	-	-	2,83707-3.50125	2	-	For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	153,575	-	-	2,83707-3.50125	2	-	For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
14	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	-	-	-	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	-	-	3.75-4.00	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Oriental Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	\$ 313,040	\$ 313,040	\$ -	3.68	2	\$ -	- For revolving fund	\$ -	Promissory note	\$ -	\$ 1,109,135	\$ 1,109,135	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	2,459,600	2,459,600	1,556,998	3.40659-4.52	2	-	- For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
15	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	-	-	3.75-4.00	2	-	- For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,252,160	1,252,160	1,087,420	3.40659-4.57	2	-	- For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
16	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	860,350	1.21	2	-	- For revolving fund	-	Promissory note	-	1,445,591	3,212,425	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
17	Oriental Industries (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	-	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	1.265	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,788,800	1,341,600	-	3.75064-4.62	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	13	3.75064-4.62	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Sino Belgium Beer (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,118,000	1,118,000	710,140	3.75064-4.62	2	-	- For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
18	Far Eastern Industries (Wuxi) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	-	4.43-4.69	2	-	- For revolving fund	-	Promissory note	-	2,631,450	5,847,668	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
19	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	40,248	-	-	3.5	2	-	- For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	40,248	40,248	40,248	1.21	2	-	- For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
20	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes	\$ 447,200 670,800	\$ 447,200 670,800	\$ 313,040 447,200	1.21 1.21	2 2	\$ - -	- For revolving fund - For revolving fund	\$ - -	Promissory note Promissory note	\$ - -	\$ 956,369 956,369	\$ 2,125,264 2,125,264	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L) Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
21	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	125,019	4.62	2	-	- For revolving fund	-	Promissory note	-	285,308	855,924	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note D)
22	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation Oriental Petrochemical (Shanghai) Corporation Far Eastern Industries (Suzhou) Ltd. Far Eastern New Century (China) Investment Co., Ltd. Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes Yes Yes Yes	894,400 447,200 111,800 670,800 1,565,200	- 447,200 111,800 670,800 894,400	- - - 670,800 894,400	2.00-4.00 4.35 4.576 - 4.35	2 2 2 2 1	- - - - 5,056,097	- For revolving fund - For revolving fund - For revolving fund - For revolving fund -	- - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note	- - - - -	3,320,496 3,320,496 4,150,620 4,150,620 4,150,620	3,320,496 3,320,496 7,471,115 7,471,115 4,150,620	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G) Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H) Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H)
23	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	134,160	134,160	-	1.265-4.35	2	-	- For revolving fund	-	Promissory note	-	469,093	844,367	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
24	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd. Oriental Textile (Holding) Ltd. Far Eastern Polychem Industries Ltd. PET Far Eastern (Holding) Ltd. Wuhan Far Eastern New Material Ltd. Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties Other receivables - loans to related parties	Yes Yes Yes Yes Yes Yes	44,720 89,440 89,440 89,440 134,160 491,920	44,720 89,440 89,440 89,440	- - - - -	- - - - 1.265-4.35 1.21-4.35	2 2 2 2 2 2	- - - - - -	- For revolving fund - For revolving fund - For revolving fund - For revolving fund - For revolving fund - For revolving fund	- - - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note	- - - - - -	5,942,841 5,942,841 5,942,841 5,942,841 5,942,841 950,855	8,319,977 8,319,977 8,319,977 8,319,977 8,319,977 950,855	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M) Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note M)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral	Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value		
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	\$ 1,118,000	\$ 1,118,000	\$ 89	1.21-4.35	2	\$ -	- For revolving fund	\$ -	Promissory note	-	\$ 8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Shanghai Far Eastern Petrochemical Logistic Corporation	Other receivables - loans to related parties	Yes	53,664	53,664	13,403	1.21-4.35	2	-	- For revolving fund	-	Promissory note	-	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Shanghai) Ltd.	Other receivables - loans to related parties	Yes	3,130,400	3,130,400	562,676	1.21-4.35	2	-	- For revolving fund	-	Promissory note	-	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
25	Shanghai Yuan Zi Information Technology Co., Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	44,720	-	-	2	-	- For revolving fund	-	Promissory note	-	87,378	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
26	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	313,040	313,040	-	3.6	2	-	- For revolving fund	-	Promissory note	-	2,799,159	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	536,640	536,640	-	2.0-3.60	2	-	- For revolving fund	-	Promissory note	-	559,832	Amounts allowed for ending period (Note O); Maximum amounts allowed for the period (Note G)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
 2. For short-term financing.
- B. The limitation is 5% of the net value of the financier based on audited financial statements as of December 31, 2018.
- C. The limitation is 10% of the net value of the financier based on audited financial statements as of December 31, 2018.
- D. The limitation is 15% of the net value of the financier based on audited financial statements as of December 31, 2018.
- E. The limitation is 20% of the net value of the financier based on audited financial statements as of December 31, 2018.
- F. The limitation is 35% of the net value of the financier based on audited financial statements as of December 31, 2018.
- G. The limitation is 40% of the net value of the financier based on audited financial statements as of December 31, 2018.
- H. The limitation is 50% of the net value of the financier based on audited financial statements as of December 31, 2018.
- I. The limitation is 90% of the net value of the financier based on audited financial statements as of December 31, 2018.
- J. The limitation is 100% of the net value of the financier based on audited financial statements as of December 31, 2018.
- K. The limitation is 150% of the net value of the financier based on audited financial statements as of December 31, 2018.
- L. The limitation is 200% of the net value of the financier based on audited financial statements as of December 31, 2018.
- M. The limitation is 250% of the net value of the financier based on audited financial statements as of December 31, 2018.
- N. The limitation is 350% of the net value of the financier based on audited financial statements as of December 31, 2018.
- O. The limitation is business transaction amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guaranteee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Far Eastern Investment (Holding) Ltd.	(Note A)	\$ 101,767,569	\$ 23,684,000	\$ -	\$ -	\$ -	-	\$ 203,555,137	Yes	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
1	Yuan Ding Investment Co., Ltd.	Far Eastern Investment (Holding) Ltd.	(Note C)	20,353,514	1,535,750	-	-	-	-	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	(Note A)	21,670,835	100,000	-	-	-	-	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Da Ju Fiber Co., Ltd.	(Note B)	21,670,835	280,000	268,000	176,000	-	0.62	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Ishizuka Green Pet Corporation	(Note C)	20,353,514	667,680	667,680	667,680	-	1.54	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		PET Far Eastern (Holding) Ltd.	(Note C)	20,353,514	619,100	614,300	106,881	-	1.42	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Textile (Holding) Ltd.	(Note A)	21,670,835	619,100	614,300	-	-	1.42	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Polychem Industries Ltd.	(Note C)	20,353,514	928,650	921,450	58,815	-	2.13	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		APG Polytech, LLC	(Note C)	20,353,514	5,364,420	5,344,410	2,086,326	-	12.33	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guaranteee		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 Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
		Oriental Industries (Suzhou) Ltd.	(Note A)	\$ 21,670,835	\$ 1,547,750	\$ 1,535,750	\$ 570,320	\$ -	3.54	\$ 43,341,670	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
2	Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note D)	13,566,709	5,708,448	5,708,448	3,546,448	5,708,448	2.80	27,133,417	-	Yes	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
3	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	3,877,612	2,173,000	1,773,000	1,015,000	250,000	0.87	7,755,224	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
4	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	(Note D)	23,600	230,000	-	-	-	-	47,199	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	41,033,781	154,300	77,150	77,150	-	0.56	41,033,781	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note I)
6	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A) (Note B)	101,767,569 101,767,569	1,535,750 1,191,470	1,535,750 460,725	163,228 314,829	- -	0.75 0.23	203,535,137 203,535,137	- -	- -	Yes Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K) Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
7	Far Eastern Investment (Holding) Ltd.	APG Polytech USA Holdings, Inc. APG Polytech, LLC	(Note A) (Note A)	101,767,569 101,767,569	7,166,823 2,518,811	7,166,823 2,509,416	- 878,142	- -	3.52 1.23	203,535,137 203,535,137	- -	- -	- -	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K) Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
8	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	101,767,569	503,805	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
9	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	\$ 101,767,569	\$ 328,020	\$ -	\$ -	\$ -	-	\$ 203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
10	Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	101,767,569	937,200	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

Notes: A. Subsidiary.

B. Equity-method investee.

C. The guarantee provider and counterparty have the same ultimate parent company.

D. Parent company.

E. The amount of the collateral/guarantees is based on 50% of the net value of the guarantor from the latest audited financial statements.

F. The amount of the collateral/guarantees is based on net value of the guarantor from the latest audited financial statements.

G. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and 50% of the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2018.

H. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2018.

I. The amount of the collateral/guarantees is based on 300% of the net value of the guarantor from latest audited financial statements.

J. The amount of the collateral/guarantees is based on 50% of the net value of the ultimate parent company from the latest audited financial statements.

K. The amount of the collateral/guarantees is based on the net value of the ultimate parent company from latest audited financial statements.

L. The ratio of accumulated endorsements/guarantees to net equity in latest financial statements is calculated in accordance with Regulations Governing Lending of Funds and Marketing of Endorsements/Guarantees by Public Companies.

M. There will be a "Yes" if the situation meets any with endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent and endorsement/guarantee given on behalf of companies in Mainland China.

N. The tariff guarantee maximum amounts allowed for a subsidiary in mainland China for the period and the actual appropriation as of period end are as follows: Oriental Industries (Suzhou) Ltd.: RMB8,000 thousand (NT\$35,776 thousand), the actual remittance: RMB8,000 thousand (NT\$35,776 thousand); Far Eastern Apparel (Suzhou) Co., Ltd.: RMB2,000 thousand (NT\$8,944 thousand), the actual remittance: RMB2,000 thousand (NT\$8,944 thousand).

(Concluded)

TABLE 6

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEs

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note B)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 17,937,848	22.33	\$ 25,479,859	19,900 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	241,770	4,793,720	17.06	3,795,784	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,350,914	9.17	2,095,373	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	137	1,585	0.03	1,590	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,956,963	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	135,000	1,920,818	16.83	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	85,501	1,024,918	2.62	855,011	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	42,750,905	99.40	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	667,242	102,949,679	100.00	-	
	Far Eastern Polytext (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	135	7,581,955	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	7,640,463	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	8,568,915	100.00	-	
	Kan Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	339,966	5,229,289	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	4,016	22,068,603	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	397	6,157,657	91.95	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,561,102	9,183,032	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	8,471,173	65.11	-	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,194,481	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	2,116,908	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	235,601	3,003,612	100.00	-	
	FE DP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	921,000	50.43	-	
	Fu Kwok Knitting & Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,000	224,804	100.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	769	8,333	0.74	-	
	Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,590	100.00	-	
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	21,500	703,247	0.64	729,909	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	70,818	1,354,062	8.00	1,827,096	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	23,173	480,286	1.64	363,816	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	126,096	1,172,963	25.23	1,462,719	
	Far East Tone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	23,933,864	32.73	81,492,642	11,307 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,820,193	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	3,558,433	100.00	-	
	Du Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	55,563	2,031,256	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,772	177,127	100.00	-	
	Yuan Faun Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,000	155,321	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	4,745	71,368	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	388,298	46.20	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,175,613	100.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,918	547,742	100.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,987,889	35.00	-	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	446,214	446,214	29.80	-	
		(Note A)	Investments accounted for using the equity method	185,247	2,690,905	25.96	-	51,600 thousand shares pledged or mortgaged as collateral for loans.

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,127,799	12.86	\$ -	10,000 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	75,268	927,437	16.87	-	
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	7,990,711	100.00	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	119,653	1,616,208	14.92	-	
	Yu Tian Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	98,198	632,923	18.96	-	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	1,490	22,595	1.00	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	107,354	647,199	5.20	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	116,321	1,394,151	3.56	1,163,205	
	Chung Nan Textile Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	2,985	81,546	5.27	81,546	
	Overseas Investment and Development Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000	6,360	1.11	6,360	
	Universal Venture Capital Investment Corporation	(Note M)	Financial assets at FVTOCI - non-current	1,400	10,836	1.16	10,836	
	China Investment and Development Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	1,287	9,395	0.80	9,395	
	Taiwan Stock Exchange Corporation	(Note L)	Financial assets at FVTOCI - non-current	1,081	59,208	0.16	59,208	
	Oriental Securities Investment Consultant Co., Ltd.	(Note I)	Financial assets at FVTOCI - non-current	1	11	-	11	
	Dah Chung Bills Finance Corporation	(Note L)	Financial assets at FVTOCI - non-current	2,254	29,795	0.50	29,795	
	U-Ming Marine Transport Corporation	(Note B)	Financial assets at FVTOCI - non-current	8,869	286,025	1.05	286,025	
	Financial assets under asset management contracts (Note E)							
	China General Plastics Corporation	-	Financial assets at FVTPIL - current	420	9,240	-	9,240	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at FVTPIL - current	135	14,175	-	14,175	
	Delta Electronics, Inc.	-	Financial assets at FVTPIL - current	144	18,648	-	18,648	
	Taiwan Semiconductor Manufacturing Company, Ltd.	-	Financial assets at FVTPIL - current	120	27,060	-	27,060	
	Quanta Computer Inc.	-	Financial assets at FVTPIL - current	235	12,385	-	12,385	
	MediaTek Inc.	-	Financial assets at FVTPIL - current	88	20,196	-	20,196	
	Chipbond Technology Corporation	-	Financial assets at FVTPIL - current	108	6,696	-	6,696	
Far Eastern Investment (Holding) Ltd.	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	45,066	-	21.85	-	
	FEFG Investment /Aviles N.V.	(Note A)	Investments accounted for using the equity method	6	35,244	100.00	-	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock 5,000	226,753	50.00	-	
				Preferred shares 3,000				
	Com2B	(Note A)	Investments accounted for using the equity method	3,000	12,283	20.00	-	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	9,000	1,034,933	100.00	-	
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	59,327	100.00	-	
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note G)	1,659	34.00	-	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	6,788,893	100.00	-	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	284,701	100.00	-	
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	189,390	100.00	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	485,716	37.92	-	
	Catalyst_207 SPC	(Note A)	Investments accounted for using the equity method	(Note G)	526	34.00	-	
	APG Polytech USA Holdings, Inc.	(Note A)	Investments accounted for using the equity method	-	15,365,656	100.00	-	
	Catalyst_207 SPC-SP Tranche One	(Note A)	Investments accounted for using the equity method	4	122,862	25.00	-	
	Far Eastern International Garments	(Note A)	Other liabilities - non-current	59	(12,652)	41.00	-	
	Cemtex Apparel Inc.	(Note A)	Other liabilities - non-current	90	(11,740)	50.00	-	
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at FVTPIL - current	6	233,226	-	233,226	
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTPIL - current	20	614,096	-	614,096	
APG Polytech USA Holdings, Inc.	Corpus Christ Polymers LLC	(Note N)	Joint operation entity	(Note G)	12,771,297	33.33	-	
	APG Polytech, LLC	(Note A)	Investments accounted for using the equity method	(Note G)	2,880,211	100.00	-	
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock 5,000	226,753	50.00	-	
				Preferred shares 3,000				

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation Far Eastern Department Stores Co., Ltd. Everest Textile Corporation Oriental Union Chemical Corporation Far East Tone Telecommunications Co., Ltd. Pacific Liu Tong Investment Co., Ltd. (Note F) Yu Ding Industry Co., Ltd. Far Eastern International Bank	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	13,222	\$ 472,031	0.39	\$ 448,877	
				5,903	124,500	0.42	92,677	
				1,160	9,658	0.23	13,451	
				27,365	691,385	3.09	706,030	
				920	42,427	0.03	70,261	
				18,000	237,735	2.24	-	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation Far East Tone Telecommunications Co., Ltd.	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	14,159	382,977	13.20	-	5,000 thousand shares pledged or mortgaged as collateral for loans.
				86,435	1,035,713	2.64	864,351	
				20,207	711,358	0.60	686,044	
				34,149	1,160,859	1.05	2,608,986	13,300 thousand shares pledged or mortgaged as collateral for loans.
				32,473	700,536	3.67	837,808	
				20,672	572,798	1.46	324,553	
Far Eastern Polychem Industries Ltd.	Oriental Union Chemical Corporation Far Eastern Department Stores Co., Ltd. Kowloon Cement Corporation Far Eastern International Leasing Corporation Pacific Liu Tong Investment Co., Ltd. (Note F) Far Eastern International Bank U-Ming Marine Transport Corporation	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note C)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FV TOCI - non-current	1,127	438,159	49.00	438,159	
				74,970	928,475	16.80	-	
				18,000	237,936	2.24	-	
				104,936	1,257,628	3.21	1,049,359	
				622	20,060	0.07	20,060	
				(Note G)	7,467,365	87.64	-	
Far Eastern Construction Co., Ltd.	PET Far Eastern (Shanghai) Ltd. PET Far Eastern (Holding) Ltd. FEDP (Holding) Ltd. Far Eastern Industries (Yangzhou) Ltd. Far Eastern Ishizuka Green Pet Corporation Nippon Parison Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FV TOCI - non-current	35	541,147	8.05	-	
				240	905,294	49.57	-	
				(Note G)	1,395,689	100.00	-	
				3,578	817,095	90.00	-	
				4	133,898	10.00	133,898	
				17,726	574,816	0.53	601,802	
Far Eastern Apparel (Holding) Ltd.	Asia Cement Corporation Far Eastern General Contractor Inc. U-Ming Marine Transport Corporation Far Eastern Apparel (Suzhou) Co., Ltd. Far Eastern Dyeing & Finishing (Suzhou) Co., Ltd. Far Eastern Innovation Apparel (Suzhou) Co., Ltd. Opas Fund Segregated Portfolio Tranche C Opas Fund Segregated Portfolio Tranche D	(Note A) (Note A) (Note C) (Note A) (Note A) (Note A) (Note K) (Note K)	Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FV TOCI - current Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FV TPL - current	147,413	2,066,690	98.95	-	
				1,590	51,271	0.19	51,271	
				(Note G)	602,005	38.46	-	
				(Note G)	2,772,836	100.00	-	
				(Note G)	1,062,411	100.00	-	
				5	208,349	-	208,349	
Far Eastern Appared Co., Ltd.	Asia Cement Corporation Far East Tone Telecommunications Co., Ltd. Yu Ding Industry Co., Ltd.	(Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	12	368,457	-	368,457	
				469	15,336	0.01	15,923	
				90	6,181	-	6,876	
				9	134	0.01	-	
				450	5,916	9.00	-	
				746	24,075	0.09	24,075	
Far Eastern General Contractor Inc.	Kaohsiung Rapid Transit Corporation Ya-Li Precast Prestressed Concrete Industries Corporation DFE DWS Taiwan Money Market	(Note K) (Note K) (Note I) (Note K)	Financial assets at FV TOCI - current Financial assets at FV TOCI - non-current Financial assets at FV TOCI - non-current Financial assets at FV TPL - current	9,687	45,239	3.48	45,239	
				3,106	7,521	16.03	7,521	
				2,246	26,237	-	26,237	2,246 thousand shares pledged or mortgaged as collateral for construction contracts and warranty.
				3,793	50,001	-	50,001	
				2	-	100.00	-	Note O

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Malaysia Garment Manufactures Pre. Ltd.	Filsyn Corporation PT Malaysia Garment Bintan	(Note A) (Note A)	Investments accounted for using the equity method Other liabilities - non-current	20,513 (Note G)	\$ - (45)	9.95 99.00	\$ -	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	40,818	1,094,243	1.25	3,118,464	9,800 thousand shares pledged or mortgaged as collateral for loans.
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	6,094	244,111	0.18	206,880	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	11,204	271,067	1.26	289,063	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	370	11,402	0.03	5,806	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	8,193	110,593	1.15	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	16,808	356,230	15.66	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	9,681	133,180	1.21	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,502	172,684	0.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	21,524	258,030	0.66	215,237	
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Investments accounted for using the equity method	745	13,295	55.19	-	
	Yi Tong Fiber Co., Ltd.	-	Financial assets at FVTOCI - non-current	3,154	64,496	3.56	64,496	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	4,561	54,684	0.14	45,609	
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	19,988	0.02	39,728	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	100,237	2,857,287	3.08	7,658,109	27,215 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	39,619	1,242,225	2.80	622,011	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	49,705	1,727,223	5.61	1,282,399	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,108,250	0.85	970,271	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	236,738	2.24	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	35,934	408,893	11.98	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	29	-	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Other liabilities - non-current	36	(618,616)	90.88	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	43	-	-	
	Malaysia Garment Manufactures Pre. Ltd.	(Note A)	Investments accounted for using the equity method	10	166,516	13.00	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	104,726	1,254,944	3.20	1,047,258	
	Ding Shen Investment Co., Ltd.	(Note M)	Financial assets at FVTOCI - non-current	39,600	345,312	18.00	345,312	
	Bockhold N.V. stock	-	Financial assets at FVTOCI - non-current	1	172,304	12.51	172,304	
	Financial assets under asset management contracts (Note E)							
	Delta Electronics, Inc.	-	Financial assets at FVTPL - current	144	18,648	-	18,648	
	Taiwan Semiconductor Manufacturing Company, Ltd.	-	Financial assets at FVTPL - current	130	29,314	-	29,314	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at FVTPL - current	105	14,175	-	14,175	
	Chipbond Technology Corporation	-	Financial assets at FVTPL - current	138	6,696	-	6,696	
	MediaTek Inc.	-	Financial assets at FVTPL - current	88	20,196	-	20,196	
	China General Plastics Corporation	-	Financial assets at FVTPL - current	425	9,350	-	9,350	
	Quanta Computer Inc.	-	Financial assets at FVTPL - current	235	12,385	-	12,385	
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	55,041	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note G) (Note G)	3,155,093 2,475,596	54.72 50.00	- -	
Oriental Textile (Holding) Ltd.	Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,151,560	50.00	-	
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,923,834	100.00	-	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	5,931,621	100.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at FVTPL - current	8	264,901	-	264,901	
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTPL - current	20	614,096	-	614,096	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 1,606,212	100.00	\$ -	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	938,185	100.00	-	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	963,271	61.34	-	
	Far Eastern New Century (China) Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,736,289	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	3,924,119	60.00	-	
Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,053,134	12.36	-	
	Shanghai Yuan Zi Information Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	58,254	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	347,821	6.63	-	
	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	599,593	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	Other liabilities - non-current	(Note G)	(538,013)	100.00	-	
	Martens Beers (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	15,300	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	135,099	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at FVTPL - current	752	3,362	-	3,362	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at FVTPL - current	603,069	2,696,925	-	2,696,925	
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,992	242,412	100.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,393	218,651	60.00	-	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,550	58,606	91.00	-	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	9,035	17.70	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	4,995	(22,450)	4.79	-	
	FE T Consulting Engineers Co., Ltd.	(Note A)	Investments accounted for using the equity method	37,000	58,256	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	202,491	0.16	180,907	
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,164	114,968	0.13	318,091	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	129,637	1,622,820	25.02	-	11,900 thousand shares pledged or mortgaged as collateral for loans.
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	104	762	1.00	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,781	58,545	2.59	-	
	FEDS Asia Pacific Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,650	131,964	5.00	-	10,236 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	44,796	504,286	14.93	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	8,137	97,567	0.25	81,367	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,418	155,351	20.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	102,509	164,987	98.52	-	
	Far Eastern New Century Corporation	(Note D)	Financial assets at FVTPL - current	779	21,745	-	21,745	
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	17	(94)	0.02	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	15,323	116,587	15.01	-	
	DDM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	29,847	46.13	-	
	Pacific SOGO Department Stores Co., Ltd.	(Note J)	Financial assets at FVTOCI - non-current	1	35	-	35	
	DPE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	3,577	41,782	-	41,782	
Far Eastern Technical Consultants Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets at FVTOCI - non-current	480	9,139	4.00	9,139	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 34,855	53.87	\$ -	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	297	0.46	-	
	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	49,246	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	64,345	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	128	1,224	0.03	1,482	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,764	95,474	0.20	43,393	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,291	-	2,055	
	YDC (Virgin Islands) Ltd.	(Note G)	Investments accounted for using the equity method	(Note G)	42,011	82.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	2,861	34,407	0.09	28,613	
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets at FVTOCI - non-current	1	11	-	11	
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd	(Note A)	Investments accounted for using the equity method	20,000	149,994	100.00	-	
	Millerful No.1 REIT	-	Financial assets at FVTOCI - non-current	30,000	301,500	-	301,500	
	Taiwan Life Insurance Co., Ltd.	-	Amortized cost financial assets	4,000	402,800	-	-	4,000 thousand shares pledged or mortgaged as collateral for loans.
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,100,000	27,069,715	100.00	-	
	ARCOA Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method	82,762	995,299	61.63	-	
	KGEX.com Co., Ltd.	(Note A)	Investments accounted for using the equity method	68,897	863,666	99.99	-	
	Yuan Shi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	90,014	(405,011)	86.41	-	
	Yuan Qing Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,000	35,243	100.00	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1	5,023	100.00	-	
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,500	10,559	50.00	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	118,251	924,758	39.42	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	30,626	233,080	30.00	-	
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,098	54,287	15.00	-	
	App Works Fund II Co., Ltd.	(Note L)	Investments accounted for using the equity method	6,000	-	14.40	-	Note P
	CDIB Capital Innovation Accelerator Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	8,850	101,245	11.11	101,245	
			Financial assets at FVTOCI - non-current	9,000	90,000	11.32	90,000	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,866	216,051	70.00	-	
	THI consultants	(Note L)	Financial assets at FVTOCI - non-current	1,214	12,190	18.32	12,190	
	Web Point Co., Ltd.	-	Financial assets at FVTOCI - non-current	161	1,618	0.63	1,618	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	54,000	86,982	100.00	-	
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method	10,249	118,958	100.00	-	
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method	10,320	198,197	100.00	-	
	Yuan Shi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	2,500	(11,247)	2.40	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,699	18,096	5.00	-	
	Catalyst_207 SPC-SP Tranche One	(Note A)	Investments accounted for using the equity method	4	123,220	25.00	-	
	Prime Ecopower Co., Ltd.	(Note A)	Investments accounted for using the equity method	16,000	155,316	100.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at FVTPL - current	13	437,363	-	437,363	
	Opas Fund Segregated Portfolio Tranche B	(Note K)	Financial assets at FVTPL - current	5	145,126	-	145,126	
	DPE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	12,877	150,409	-	150,409	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets at FVTOCI - non-current	8,858	38,268	3.18	38,268	
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	450	4,500	3.33	4,500	
	Changing ai Inc.	-	Financial assets at FVTOCI - non-current	500	30,715	2.50	30,715	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited Far East New Diligent Company Ltd. New Diligent Hong Kong Co., Ltd.	(Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	30 (Note G) (Note G)	\$ 241 24,823 2,935	100.00 100.00 100.00	\$ - - -	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd. Home Master Technology Ltd.	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note G) (Note G)	51,751 48,731	100.00 100.00	- -	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd. TBCASoft, Inc.	(Note A) -	Investments accounted for using the equity method Financial assets at FVT OCI - non-current	(Note G) 980	1,883 153,575	- 6.77	- 153,575	
Far East New Diligent Company Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	6,769	58.33	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	4,836	41.67	-	

Notes: A. Equity-method investee.

B. Investor and investee have the same chairman.

C. The vice chairman of investee is the chairman of FENC.

D. Parent company.

E. Financial assets under asset management contracts can be sold in the open market investee, Oriental Securities Investment Consultant Co., Ltd.

F. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.

G. Company limited.

H. The fair value of unlisted equity investments held by the Group was not disclosed as it cannot be reliably measured.

I. The subsidiary of the invested company accounted for using the equity method.

J. The subsidiary of FENC's associate.

K. Related party in substance.

L. The investor is the corporate director of the investee.

M. The investor is the corporate supervisor of the investee.

N. Joint operation entity.

O. Based on the resolution in the shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. The subsequent obligations will be responsible by FETG Investment Antilles N.V.

P. The date of the company dissolution of Alliance Digital Technology Co., Ltd was set on December 31, 2018. The Group ceased using the equity method and transferred the estimated returns from liquidation to other current assets.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Disposal Gain	Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Amount	Price	Book Value			Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Oriental Petrochemical (Taiwan) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	1,334,427	\$ 7,492,270	226,675	\$ 2,266,745	- \$	- \$	-	\$ (575,983)	1,561,102	\$ 9,183,032
	Far Eastern Investment (Holding) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	1,700	8,756,578 (Note E)	2,316	12,618,685	-	-	-	713,340	4,016	22,068,603
Far Eastern General Contractor Inc.	Paradigm Pion Money Market Fund	Financial assets at FVTPL - current	-	-	16,015	184,005	17,916	206,000	390,119	390,005	114	-	-	-
	CTBC Hwa-Win Money Market Fund	Financial assets at FVTPL - current	-	-	8,045	88,142	23,889	262,000	350,379	350,142	237	-	-	-
	Hua Sun Kirin Fund	Financial assets at FVTPL - current	-	-	-	-	26,526	316,000	316,071	316,000	71	-	-	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polytex (Vietnam) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	US\$ 162,948	(Note B)	US\$ 70,000	-	-	-	US\$ (11,919)	(Note B)	US\$ 221,029
	APG Polytex USA Holdings, Inc.	Investments accounted for using the equity method	Cash capital increase	(Note A)	-	-	-	US\$ 496,467	-	-	-	US\$ 3,799	-	US\$ 500,266
	Corpus Christi Polymers LLC	Investments accounted for using the equity method	Cash capital increase and share exchange	(Note G)	(Note B)	-	(Note B)	US\$ 56,467	-	US\$ 56,467 (Note H)	-	-	-	-
	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	20	US\$ 20,000	-	-	-	US\$ (7)	20	US\$ 19,993
Far Eastern Apparel (Holding) Ltd.	Far Eastern Innovation Apparel (Shenzhen) Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	US\$ 35,000	-	-	-	US\$ (411)	(Note B)	US\$ 34,589
	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	12	US\$ 12,000	-	-	-	US\$ (4)	12	US\$ 11,996
Oriental Textile (Holding) Ltd.	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	20	US\$ 20,000	-	-	-	US\$ (7)	20	US\$ 19,993
Yuan Ding Co., Ltd.	FET Consulting Engineers Co., Ltd.	Investments accounted for using the equity method	Cash capital reduction	(Note A)	85,000	510,638	-	-	480,000	480,000	-	US\$ 27,618	37,000	58,256
APG Polytex USA Holdings, Inc.	APG Polytex, LLC	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	US\$ 90,000	-	-	-	US\$ 3,772	(Note B)	US\$ 93,772
	Corpus Christi Polymers LLC	Investments accounted for using the equity method	Cash capital increase and share exchange	(Note G)	(Note B)	-	(Note B)	US\$ 415,800 (Note H)	-	-	-	-	(Note B)	US\$ 415,800
Far Eastern Electronic Toll Collection Co., Ltd.	Millerful No.1 REIT	Financial assets at FVTOCI - non-current	-	-	-	-	30,000	300,000	-	-	-	1,500 (Note F)	30,000	301,500
	Taiwan Life Insurance Co., Ltd.	Amortized cost financial assets	-	-	-	-	4,000	402,800	-	-	-	-	4,000	402,800
	Subordinated perpetual bond		-	-	-	-	-	-	-	-	-	-	-	-

Notes: A. Subsidiary.

B. Company limited.

C. Equity-method investee.

D. Related party in substance.

E. The beginning balance includes the adjustment on initial application of IFRS 9 amounting to \$2,663 thousand.

F. The amount is gain or loss on financial assets at FVTPL, or unrealized gain or loss on financial assets through other comprehensive income.

G. Joint operation entity.

H. US\$56,467 thousand of shares which was issued by APG Polytex USA Holdings, Inc. to Far Eastern Investment (Holding) Ltd. in exchange for Corpus Christi Polymers LLC's shares which were held by Far Eastern Investment (Holding) Ltd.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**ACQUISITIONS OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
New Century InfoComm Tech Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-long section	May 4, 2017	\$ 1,749,577	The payment \$1,749,577 thousand has been made	Far Eastern Resources Development Co., Ltd.	Fellow subsidiary	Far Eastern New Century Corporation	Ultimate parent company	September 2, 2003	The ultimate parent company, Far Eastern New Century, established by partition the real estate.	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	Integrated the office in Banqiao for expanding the telecommunication facilities	No

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES AND INVESTEEES

**DISPOSALS OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Resources Development Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-Tong section	May 4, 2017	September 2, 2003	\$ 1,749,577	\$ 1,749,577	The payment \$1,749,577 thousand has been received.	-	New Century InfoComm Tech Co., Ltd.	Fellow subsidiary	For New Century InfoComm Tech Co., Ltd. to establish business facilities and offices	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	-

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2016
(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	
Far Eastern New Century Corporation	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	\$ (645,934)	(1)	Based on contract	-	-	\$ -	-	\$ 19,386	-
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(3,073,971)	(6)	Based on contract	-	-	-	-	382,072	6
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Sale	(147,359)	-	Based on contract	-	-	-	-	20,052	-
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(1,645,313)	(3)	Based on contract	-	-	-	-	305,085	5
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Sale	(350,862)	(1)	Based on contract	-	-	-	-	26,711	-
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Sale	(292,741)	(1)	Based on contract	-	-	-	-	26,801	-
	Far Eastern Polychem Industries Ltd.	(Note A)	Sale	(127,874)	-	Based on contract	-	-	-	-	40,094	1
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Purchase	16,789,714	34	Based on contract	-	-	-	-	(1,255,077)	(40)
	Oriental Resources Development Co., Ltd.	(Note A)	Purchase	750,610	2	Based on contract	-	-	-	-	(71,591)	(2)
	Oriental Textile (Holding) Ltd.	(Note A)	Purchase	155,490	-	Based on contract	-	-	-	-	(20,297)	(1)
Oriental Petrochemical (Taiwan) Corporation	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note D)	Sale	(259,709)	-	Based on contract	-	-	-	-	132,056	2
	Everest Textile Corporation	(Note D)	Sale	(390,542)	(1)	Based on contract	-	-	-	-	40,769	1
	Oriental Union Chemical Corporation	(Note D)	Purchase	1,899,325	4	Based on contract	-	-	-	-	(58,729)	(2)
	Far Eastern New Century Corporation	(Note B)	Sale	(16,789,714)	(64)	Based on contract	-	-	-	-	1,255,077	25
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(1,316,799)	(5)	Based on contract	-	-	-	-	229,051	5
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Sale	(2,510,809)	(10)	Based on contract	-	-	-	-	1,252,792	25
	Liquid Air Far East Co., Ltd.	(Note D)	Purchase	136,966	1	Based on contract	-	-	-	-	(15,476)	(1)
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(279,940)	(91)	Based on contract	-	-	-	-	-	-
Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(750,610)	(71)	Based on contract	-	-	-	-	71,591	79
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(291,380)	(4)	Based on contract	-	-	-	-	89,290	12
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Purchase	4,242,406	53	Based on contract	-	-	-	-	(547,850)	(40)
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	388,725	5	Based on contract	-	-	-	-	(306,961)	(23)
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Purchase	865,625	11	Based on contract	-	-	-	-	(57,995)	(4)
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	2,547,741	32	Based on contract	-	-	-	-	(446,028)	(33)
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(2,547,741)	(49)	Based on contract	-	-	-	-	446,028	46
	Far Eastern Apparel (Suzhou) Co. Ltd.	(Note C)	Sale	(420,397)	(8)	Based on contract	-	-	-	-	117,180	12
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	177,793	4	Based on contract	-	-	-	-	(21,391)	(4)
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	336,960	7	Based on contract	-	-	-	-	(54,510)	(10)
Oriental Textile (Holding) Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(155,490)	(4)	Based on contract	-	-	-	-	20,297	2
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	106,387	2	Based on contract	-	-	-	-	(36,319)	(5)
	Oriental Industries (Suzhou) Ltd.	(Note C)	Purchase	4,093,751	98	Based on contract	-	-	-	-	(717,329)	(95)
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(336,960)	(11)	Based on contract	-	-	-	-	54,510	16
Far Eastern Industries (Wuxi) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(106,387)	(3)	Based on contract	-	-	-	-	36,319	10
	Far Eastern New Century Corporation	(Note B)	Purchase	292,741	10	Based on contract	-	-	-	-	(26,801)	(18)
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(4,093,751)	(47)	Based on contract	-	-	-	-	717,329	49
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	2,517,762	32	Based on contract	-	-	-	-	(442,838)	(56)
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	279,940	4	Based on contract	-	-	-	-	-	-

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	\$ (978,668)	(16)	Based on contract	-	-	\$ 223,198	-	\$ 223,198	31
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(370,453)	(6)	Based on contract	-	-	46,673	-	46,673	6
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	5,502,516	90	Based on contract	-	-	(34,495)	-	(34,495)	(29)
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	428,151	7	Based on contract	-	-	(37,487)	-	(37,487)	(32)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	127,874	2	Based on contract	-	-	(40,094)	-	(40,094)	(34)
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(177,793)	(1)	Based on contract	-	-	21,391	-	21,391	1
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(5,502,516)	(19)	Based on contract	-	-	34,495	-	34,495	2
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(806,250)	(3)	Based on contract	-	-	276,236	-	276,236	16
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(2,517,762)	(9)	Based on contract	-	-	442,838	-	442,838	25
	Far Eastern New Century Corporation	(Note B)	Purchase	3,073,971	12	Based on contract	-	-	(382,072)	-	(382,072)	(11)
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	8,376,077	31	Based on contract	-	-	(557,110)	(100)	(557,110)	(16)
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	1,316,799	5	Based on contract	-	-	(229,051)	-	(229,051)	(6)
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	173,475	1	Based on contract	-	-	(46,405)	-	(46,405)	(1)
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note D)	Purchase	207,544	1	Based on contract	-	-	-	-	-	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(8,376,077)	(43)	Based on contract	-	-	268,320	29	557,110 (10,433)	100 (1)
	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note C)	Purchase	102,948	1	Based on contract	-	-	-	-	(10,433)	(1)
Shanghai Far Eastern Petrochemical Logistic Corporation	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Sale	(102,948)	(47)	Based on contract	-	-	-	-	10,433	23
Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(428,151)	(28)	Based on contract	-	-	-	-	37,487	22
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(173,475)	(11)	Based on contract	-	-	-	-	46,405	27
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	806,250	56	Based on contract	-	-	(276,236)	-	(276,236)	(66)
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	370,453	26	Based on contract	-	-	(46,673)	-	(46,673)	(11)
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(865,625)	(31)	Based on contract	-	-	-	-	57,995	17
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	420,397	17	Based on contract	-	-	(117,180)	-	(117,180)	(29)
	Far Eastern New Century Corporation	(Note B)	Purchase	147,359	6	Based on contract	-	-	(20,052)	-	(20,052)	(5)
Far Eastern Fibertech Co., Ltd.	Everest Textile Corporation	(Note D)	Sale	(329,884)	(14)	Based on contract	-	-	-	-	43,505	25
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	978,668	75	Based on contract	-	-	-	-	(223,198)	(71)
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(4,242,406)	(88)	Based on contract	-	-	-	-	547,850	92
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	291,380	7	Based on contract	-	-	-	-	(89,290)	(54)
	Far Eastern New Century Corporation	(Note B)	Purchase	645,934	15	Based on contract	-	-	(19,386)	-	(19,386)	(12)
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	234,400	6	Based on contract	-	-	(27,876)	-	(27,876)	(16)
Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	598,523	14	Based on contract	-	-	-	-	(28,387)	(16)
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(388,725)	(39)	Based on contract	-	-	-	-	306,961	90
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(598,523)	(60)	Based on contract	-	-	-	-	28,387	8
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	121,596	14	Based on contract	-	-	-	-	(24,845)	(31)
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(234,400)	(33)	Based on contract	-	-	-	-	27,876	2
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Sale	(121,596)	(17)	Based on contract	-	-	-	-	24,845	1
	Worldwide Polychem (HK) Ltd.	(Note C)	Sale	(559,298)	(79)	Based on contract	-	-	-	-	548,772	30
	Far Eastern New Century Corporation	(Note B)	Purchase	350,862	9	Based on contract	-	-	-	-	(26,711)	(1)
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	2,510,809	67	Based on contract	-	-	-	-	(1,252,792)	(31)
	Far Eastern New Century Corporation	(Note B)	Purchase	1,645,313	75	Based on contract	-	-	-	-	(305,085)	(35)
Worldwide Polychem (HK) Ltd.	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	559,298	25	Based on contract	-	-	-	-	(548,772)	(63)

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note C)	Purchase	\$ 378,364	15	Based on contract	-	-	\$ -	-	\$ (3,933)	(1)
Far Eastern General Contractor Inc.	Ya Tung Ready-mixed Concrete Corporation	(Note E)	Purchase	355,884	5	Based on contract	-	-	-	-	(118,576)	(7)
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note E)	Purchase	128,948	2	Based on contract	-	-	-	-	(4,055)	-
	Far Eastern Department Stores Co., Ltd.	(Note D)	Construction contract revenue	(666,020)	(10)	Based on contract	-	-	-	-	25,935	4
	Chubai New Century Shopping Mall Co., Ltd.	(Note E)	Construction contract revenue	(179,183)	(3)	Based on contract	-	-	-	-	86,100	14
	Far Eastern Construction Co., Ltd.	(Note C)	Construction contract revenue	(527,664)	(8)	Based on contract	-	-	-	-	3,933	1
Far EastTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenue	(299,337)	-	Based on contract	-	-	-	-	127,983	2
	ARCOA Communication Co., Ltd.	(Note A)	Cost of telecommunications services, marketing expenses and cost of sales	8,657,375	17	Based on contract	-	-	-	-	(642,766)	(4)
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(306,678)	-	Based on contract	-	-	-	-	700	-
	New Century InfoComm Tech Co., Ltd.	(Note A)	Cost of telecommunications services	2,746,316	6	Based on contract	-	-	-	-	(604,199)	(4)
	DataExpress Infotech Co., Ltd.	(Note A)	Operating revenue	(179,648)	-	Based on contract	-	-	-	-	1	-
	O-music Co., Ltd.	(Note A)	Cost of telecommunications services	160,320	-	Based on contract	-	-	-	-	(28,817)	(1)
	Yuan Shi Digital Technology Co., Ltd.	(Note A)	Operating revenue	(372,622)	(1)	Based on contract	-	-	-	-	9,330	-
New Century InfoComm Tech Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Service fees	111,924	1	Based on contract	-	-	-	-	(10,196)	-
	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(2,746,316)	(25)	Based on contract	-	-	-	-	604,199	38
	Far EastTone Telecommunications Co., Ltd.	(Note B)	Cost of telecommunications services	306,678	4	Based on contract	-	-	-	-	(700)	-
	KGEx.com Co., Ltd.	(Note C)	Costs of telecommunications services and rental	144,738	2	Based on contract	-	-	-	-	(20,248)	(2)
	Sino Lead Enterprise Limited	(Note C)	Cost of telecommunications services	109,806	2	Based on contract	-	-	-	-	(1,270)	-
ARCOA Communication Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(8,657,375)	(56)	Based on contract	-	-	-	-	642,766	44
	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating cost	299,337	2	Based on contract	-	-	-	-	(127,983)	(10)
	Home Master Technology Ltd.	(Note A)	Operating revenue	(760,687)	(5)	Based on contract	-	-	-	-	292,689	20
	New Century InfoComm Tech Co., Ltd.	(Note C)	Telecommunications service revenue	(144,738)	(25)	Based on contract	-	-	-	-	20,248	23
	O-music Co., Ltd.	(Note B)	Operating revenue	(160,320)	(95)	Based on contract	-	-	-	-	28,817	99
Sino Lead Enterprise Limited	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(109,806)	(100)	Based on contract	-	-	-	-	1,270	15
	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating cost	179,648	4	Based on contract	-	-	-	-	(1)	-
	Linkwell Tech. Co., Ltd.	(Note A)	Cost of sales	137,960	3	Based on contract	-	-	-	-	(10,804)	(3)
	Home Master Technology Ltd.	(Note A)	Sales of inventories	(791,458)	(16)	Based on contract	-	-	-	-	18,783	4
	Far EastTone Telecommunications Co., Ltd.	(Note B)	Operating cost	372,622	16	Based on contract	-	-	-	-	(9,330)	(5)
Linkwell Tech. Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note B)	Sales of inventories	(137,960)	(21)	Based on contract	-	-	-	-	10,804	29
	ARCOA Communication Co., Ltd.	(Note B)	Operating cost	760,687	46	Based on contract	-	-	-	-	(292,689)	(94)
	DataExpress Infotech Co., Ltd.	(Note B)	Cost of sales	791,458	48	Based on contract	-	-	-	-	(18,783)	(6)

Notes: A. Subsidiary.

B. Parent company.

C. The guarantee provider and counterparty have the same ultimate parent company.

(Continued)

- D. The consolidated company's investee which accounted for using the equity method.
- E. The subsidiary of the consolidated company's investee which was accounted for using the equity method.
- F. All interconnect revenue, costs and collection of international direct dial revenue between Far EastOne and NCIC were settled at net amounts and were included in accounts payable - related parties.
- G. Including the receivables collected by Far EastOne for NCIC.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note B)	\$ 305,085	2.73	\$ -	-	\$ 132,568	-
	Far Eastern Industries (Shanghai) Ltd.	(Note B)	382,072	7.17	-	-	353,088	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note E)	132,056	3.96	-	-	132,056	-
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note C)	1,255,077	16.01	-	-	1,255,077	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	229,051	10.51	-	-	229,051	-
	Far Eastern Polytex (Vietnam) Ltd.	(Note D)	1,252,792	4.01	-	-	981,300	-
	Pet Far Eastern (M) Sdn. Bhd.	(Note D)	223,198	4.58	-	-	218,088	-
Far Eastern Polychem Industries Ltd	Far Eastern Apparel (Holding) Ltd.	(Note D)	547,850	7.04	-	-	487,104	-
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	306,961	2.53	-	-	283,201	-
Far Eastern New Apparel (Vietnam) Ltd.	Worldwide Polychem (HK) Ltd.	(Note D)	548,772	2.04	-	-	513,006	-
Far Eastern Polytex (Vietnam) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note D)	276,236	2.62	-	-	80,916	-
Far Eastern Industries (Shanghai) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	442,838	10.24	-	-	216,042	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	446,028	5.78	-	-	408,438	-
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note D)	117,180	3.59	-	-	79,934	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	825,430	11.55	-	-	825,430	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note D)	717,329	6.21	-	-	717,329	-
Far Eastern Construction Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note E)	124,644	(Note G)	-	-	11,480	-
Ding Ding Integrated Marketing Service Co., Ltd.	Pacific SOGO Department Stores Co., Ltd.	(Note F)	108,781	(Note H)	-	-	9,639	-
Far Eas Tone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note D)	129,585	13.61	-	-	103,161	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	8,170,542	(Note I)	-	-	332,709	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	642,766	7.80	-	-	642,766	-
	Home Master Technology Ltd.	(Note D)	292,930	4.92	-	-	168,906	-

(Continued)

Notes: A. This table does not include the receivables from financier. For more details, refer to Table 5. This table also does not include the other receivables from non-operating projects. For more details, refer to Table 4 and Table 13.

B. Subsidiary.

C. Parent company.

D. The guarantee provider and counterparty have the same ultimate parent company.

E. The consolidated company's investee which was accounted for using the equity method.

F. The subsidiary of the consolidated company's investee which was accounted for using the equity method.

G. The turnover rate was unavailable due to the main component of receivables from related parties was rental equalization.

H. The turnover rate was unavailable due to the receivables were points collections and payments on behalf of others.

I. The turnover rate was unavailable due to the receivables from related parties were mainly from the advance payments made for NCIC's daily operating expenditures, and the operating management service revenue from NCIC, the collection of telecommunications bills by Far EastOne for NCIC and other receivables from related parties which was the financing provided by NCIC to Far EastOne.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount	Investment Amount	Balance as of December 31, 2018		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership				
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 17,937,848	\$ 11,117,094	\$ 1,902,849	Investment gain or loss recognized under the treasury shares method (Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,793,720	1,318,150	224,877	Including the adjustments of the transactions between subsidiaries
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,350,914	1,836,159	166,637	\$1,739 (Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	137	0.03	1,585	157,365	47	(Note A)
	Oriental Securities Corporation	Taiwan	Brokerage	159,823	159,823	140,278	19.65	1,956,963	46,790	9,194	(Note A)
	Pacific Liu Tung Investment Co., Ltd. (Note E)	Taiwan	Investment	810,000	810,000	135,000	16.83	1,920,818	313,472	52,757	(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	805,598	85,501	2.62	1,024,918	3,524,201	193,807	(Note A and L)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	100,052	100,052	1,822,822	99.40	42,750,905	4,947,757	4,914,870	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$3,200 (Notes B and H)
	Far Eastern Resources Development Co., Ltd.	Taiwan	Real estate construction and sales	14,931,733	14,931,733	667,242	100.00	102,949,679	776,892	839,391	Including the adjustments of the transactions between subsidiaries \$62,500 (Note B)
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,581,955	32,311	32,311	(Note B)
Yuan Ding Investment Co., Ltd.	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,640,463	1,193,063	871,413	(Note B)
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,568,915	687,793	697,699	Including the adjustments of the transactions between subsidiaries \$9,905 (Note B)
	Kai Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	339,966	100.00	5,429,289	449,290	449,290	(Note B)
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	18,452,018	5,833,333	4,016	100.00	22,068,603	464,068	464,068	(Note B)
	PEI Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	6,626,110	397	91.95	6,157,657	1,015,901	943,847	Including the adjustments of the transactions between subsidiaries
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	14,697,875	12,431,130	1,561,102	75.56	9,183,032	(716,742)	(571,567)	Including the adjustments of the difference between individual and consolidated investment properties
	Far Eastern Construction Co., Ltd.	Taiwan	Real estate construction and sales	143,450	143,450	198,791	65.11	8,471,173	743,452	484,062	(Note B)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	857,511	857,511	186,929	37.13	3,194,481	164,472	68,561	(Notes B and L)
	An Ho Garment Co., Ltd.	Taiwan	Garment production and investment	1,023	1,023	66,346	100.00	2,116,908	244,282	244,386	Including the adjustments of the transactions between subsidiaries \$103 (Note B)
	Ding Yuan International Investment Co., Ltd.	Taiwan	Investment	2,000,062	2,000,062	235,601	100.00	3,003,612	321,228	321,307	Including the adjustments of the transactions between subsidiaries \$103 (Note B)
Yuan Ding Investment Co., Ltd.	FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	921,000	1,614,524	814,204	(Note B)
	Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,205	4,000	100.00	224,804	32,653	32,653	(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	393,651	393,651	769	0.74	8,333	(335,855)	(2,485)	(Note B)
	Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,590	66	66	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	600,883	587,269	21,500	0.64	703,247	11,117,094	(Note A)	
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,085,488	70,818	8.00	1,354,062	1,836,159	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	464,170	454,530	23,173	1.64	480,286	1,318,150	(Note A)	
	Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	126,096	25.23	1,172,963	157,365	(Note A)	
	Far East Tone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,933,864	9,381,351	(Note B)	
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,820,193	1,193,063	(Note B)	
Yuan Ding Investment Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,558,433	171,994	(Note B)	
	Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychlorinated products	263,790	263,790	55,563	41.86	2,031,256	364,286	(Note B)	
	Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	387,984	24,772	100.00	177,127	(68,162)	(Note B)	
	Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	155,321	10,867	(Note B)	
	Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,745	45.50	71,368	3,047	(Note A)	
	Yuan Ding Leasing Corporation	Taiwan	Real estate construction and sales	319,380	319,380	36,706	46.20	388,298	8,181	(Note A)	
	Far Eastern Fibertec Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,175,613	121,822	(Note B)	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	% of Ownership	Shares (Thousands)	Balance as of December 31, 2018	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes		
Far Eastern Investment (Holding) Ltd.	Oriental Resources Development Co., Ltd.	Taiwan	Medical materials manufacturing and wholesale and waste recycling and processing	\$ 509,448	\$ 338,188	48,918	100.00	\$ 547,742	\$ 59,320		(Note B)		
	Liquid Air Far East Co., Ltd. Freudenberg Far Eastern Spunweb Co., Ltd. Oriental Securities Corporation Yuan Ding Co., Ltd. Far Eastern International Leasing Corporation Oriental Textile (Holding) Ltd. Pacific Liu Tong Investment Co., Ltd. (Note E) Yu Yuan Investment Co., Ltd. Far Eastern General Contractor Inc. Oriental Petrochemical (Taiwan) Corporation Far Eastern International Bank	Taiwan Taiwan Taiwan Taiwan Taiwan Bermuda Taiwan Taiwan Taiwan Taiwan Taiwan	Industrial gas production and sales Production of nonwoven industrial fabrics Brokering Real estate leasing and hotels Leasing Investment Investment Investment Real estate construction Petrochemical materials production Petrochemical materials production Deposit, loan and guarantee services	504,806 144,786 255,424 188,846 1,012,057 7,142,602 796,491 14,682 519,599 1,095,981	504,806 144,786 255,424 188,846 1,012,057 7,142,602 796,491 14,682 519,599 1,095,981	86,615 20,585 185,247 64,759 75,268 110 119,653 98,198 1,490 117,351 106,321	35.00 29.80 25.96 12.86 16.87 100.00 100.00 18.96 1.00 5.20 3.56	1,987,889 446,214 2,690,905 1,127,799 927,437 7,990,711 1,616,208 435,943 22,595 647,199 1,394,151	1,652,276 503,039 46,790 164,472 57,007 146,724 313,472 435,943 130,685 (716,742) 3,524,201	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A and L)			
	Flisyn Corporation PETG Investment Antilles N.V. PET Far Eastern (M) Sdn. Bhd. Com2B Far Eastern Apparel (Vietnam) Ltd. Worldwide Polychem (HK) Ltd. Opus Fund Segregated Portfolio Company Far Eastern Polytex (Vietnam) Ltd. Far Eastern New Apparel (Vietnam) Ltd. Magna View Sdn. Bhd. Catalyst 207 SPC APG Polytech USA Holdings, Inc. Catalyst 207 SPC-SP Tranche One Far Eastern International Garments Cenlex Apparel Inc.	Philippines Netherlands Antilles Malaysia Cayman Islands Vietnam Hong Kong Cayman Islands Cayman Islands Vietnam Malaysia Singapore Cayman Islands America Cayman Islands Philippines Philippines	Polychemical products Investment Bottle production E-business Clothing production Foreign trade Investment Chemical fiber and textile production Garment production Investment Garment production and investment Investment Investment Garment production Clothing O.E.M.	US\$ 225,324 US\$ 6 MYR 8,000 US\$ 3,375 US\$ 9,000 US\$ 3,500 US\$ 51 US\$ 240,000 US\$ 18,000 US\$ 3,465 US\$ 15,849 US\$ 17 US\$ 30,000 US\$ 4,000 US\$ 1 US\$ 1	US\$ 225,324 US\$ 6 MYR 8,000 US\$ 3,375 US\$ 9,000 US\$ 3,500 US\$ 51 US\$ 240,000 US\$ 18,000 US\$ 3,465 US\$ 15,849 US\$ 17 US\$ 30,000 US\$ 4,000 US\$ 1 US\$ 1	45,066 6 (Note C) 9,000 (Note D) 2,700 (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D) (Note D)	21.85 50.00 50.00 20.00 100.00 100.00 34.00 100.00 100.00 30 37.92 34.00 100.00 4 59 90	- 35,244 226,753 12,283 1,034,933 59,327 1,659 6,788,893 284,701 189,390 485,716 526 15,365,656 122,862 (12,652) (11,740)	- (30,112) 32,555 (2,489) 265,551 1,643 - (359,362) 29,520 16,187 4,739 8 113,727 8 - -	(Note A) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note A) (Note A) (Note A) (Note A)			
	APG Polytech USA Holdings, Inc.	America	Petrochemical materials production and chemical fiber production	US\$ 415,800	US\$ -	(Note D)	33.33	12,771,297	-		(Note N)		
	Magna View Sdn. Bhd.	APG Polytech, LLC	America	Chemical fiber production	US\$ 90,000	US\$ -	(Note D)	100.00	2,880,211	113,723		(Note B)	
		PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	226,753	32,555		(Note B)	
	Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation Far Eastern Department Stores Co., Ltd. Everest Textile Corporation Oriental Union Chemical Corporation Far EastOne Telecommunications Co., Ltd. Pacific Liu Tong Investment Co., Ltd. (Note E) Yu Ding Industry Co., Ltd. Far Eastern International Bank	Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan Taiwan	Cement production Department store operations Chemical fiber production Petrochemical materials production Telecommunications Investment Department store operations Deposit, loan and guarantee services	375,512 110,306 34,561 677,665 38,457 90,000 95,624 814,399	375,512 110,306 34,561 677,665 38,457 90,000 95,624 814,399	13,222 5,903 1,160 27,365 920 18,000 14,159 86,435	0.39 0.42 0.23 3.09 0.03 2.24 13.20 2.64	472,031 124,500 9,658 1,836,159 42,427 237,735 382,977 1,035,713	11,117,094 1,318,150 157,365 1,836,159 9,381,351 313,472 171,300 3,524,201		(Note A) (Note A) (Note A) (Note A) (Note B) (Note A) (Note A) (Notes A and L)	
		Asia Cement Corporation Far EastOne Telecommunications Co., Ltd. Oriental Union Chemical Corporation Far Eastern Department Stores Co., Ltd. Kowloon Cement Corporation Kowloon International Leasing Corporation Pacific Liu Tong Investment Co., Ltd. (Note E) Far Eastern International Bank	Taiwan Taiwan Taiwan Taiwan Hong Kong Taiwan Taiwan Taiwan	Cement production Telecommunications Petrochemical materials production Department store operations Cement production Leasing Investment Deposit, loan and guarantee services	483,448 793,702 793,702 32,419 32,419 32,419 1,026,489 988,714	483,448 793,702 793,702 32,419 32,419 32,419 1,026,489 988,714	20,207 34,149 34,149 3,67 4,66 4,66 71,970 104,936	0.60 1.05 1.05 3.67 4.66 4.66 16.80 3.21	711,358 1,160,859 1,836,159 700,536 572,798 438,159 928,475 1,257,628	11,117,094 9,381,351 1,836,159 1,318,150 1,318,150 1,318,150 57,007 313,472		(Note A) (Note B) (Note A) (Note A) (Note A) (Note A) (Note A) (Notes A and L)	
		PET Far Eastern (Holding) Ltd. FEDP (Holding) Ltd. Far Eastern Ishizuka Green Pet Corporation	Bermuda Bermuda Japan	Investment Investment Production and sale of recycled plastic resins and their waste and general industrial waste handling	US\$ 17,622 US\$ 29,240 JPY 2,991,678	US\$ 17,622 US\$ 29,240 JPY 2,991,678	35 240 3,578	8.05 49.57 90.00	541,147 905,294 817,095	1,015,901 1,614,524 157,008		(Note B) (Note B) (Note B)	
		Far Eastern Polychem Industries Ltd.	Asia Cement Corporation Far Eastern General Contractor Inc.	Taiwan Taiwan	Cement production Real estate construction	216,959 271,587	216,959 271,587	17,726 147,413	0.53 98.95	574,816 2,066,115	11,117,094 130,685		(Note A) (Note B)
			Asia Cement Corporation Far EastOne Telecommunications Co., Ltd.	Taiwan Taiwan	Cement production Telecommunications	16,246 6,353	16,246 6,353	469 90	0.01 -	15,336 6,181	11,117,094 9,381,351		(Note A) (Note B)
			Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	29	29	9	0.01	134	171,300		(Note A)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	Investment Amount December 31, 2017	Shares (Thousands)	Balance as of December 31, 2018 % of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	\$ 3,864	\$ 3,864	450	9.00	\$ 5,916	\$ 4,457		(Note B)
	Waldorf Services B.V.	The Netherlands	Investment	US\$ -	US\$ -	2	100.00	-	(31,320)		(Note O)
	Filsyn Corporation	Philippines	Polychemical products	PESO 102,565	PESO 102,565	20,513	9.95	-	-		(Note A)
	PT Malaysia Garment Bntan	Indonesia	Garment production	SGD -	SGD -	(Note D)	99.00	(45)	-		(Note B)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,094,243	9,381,351		(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	244,111	11,117,094		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	0.26	271,067	1,836,159		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	10,483	10,483	370	1.15	11,402	1,318,150		(Note A)
	Oriental Securities Corporation	Taiwan	Brokerage	118,125	118,125	8,193	1.15	110,595	46,790		(Note A)
	U Ding Industry Co., Ltd.	Taiwan	Department store operations	11,125	11,125	1,150	0.03	32,500	11,058		(Note A)
An Ho Garment Co., Ltd.	Yuan Ding Investment Co., Ltd. (Note E)	Taiwan	Investment	67,285	67,285	9,688	1.29	133,188	313,472		(Note A)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	148,994	148,994	5,502	0.30	172,684	4,947,757		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	202,798	202,798	21,524	0.66	258,030	3,524,201		(Notes A and L)
	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	13,295	4,285		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	42,973	42,973	4,561	0.14	54,684	3,524,201		(Notes A and L)
	Far East Tone Telecommunications Co., Ltd.	Taiwan	Telecommunications	19,663	19,663	520	0.02	19,988	9,381,351		(Note B)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,857,287	9,381,351		(Note B)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.61	1,242,223	1,318,150		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,727,225	1,836,159		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,108,250	11,117,094		(Note A)
Yuan Tong Investment Co., Ltd.	Pacific Lin Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	94,000	94,000	18,000	2.24	236,338	235,472		(Note A)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Electronic toll collection services	787,140	787,140	35,934	11.98	408,838	235,472		(Note B)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Electronic gas production and sales	20	20	29	0.00	29	1,652,276		(Note B)
	Sino Belgium (Holding) Ltd.	Bermuda	Investment	2,255,510	2,255,510	36	90.88	(618,616)	(23,292)		(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	43	503,039		(Note A)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Singapore	Production and investment	SGD 7,354	SGD 7,354	10	13.00	166,516	4,739		(Note B)
	Malaysia Garment Manufacturers Pte. Ltd.	Taiwan	Deposit, loan and guarantee services	986,735	986,735	104,726	3.20	1,254,944	3,524,201		(Notes A and L)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	100,000	100,000	13,992	100.00	242,412	(3,219)		(Note B)
	YDT Technology International Co., Ltd.	Taiwan	Electronic material and relevant by-product sales	558,000	558,000	20,393	60.00	218,651	26,089		(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	451,182	451,182	4,550	91.00	58,606	4,457		(Note B)
Yuan Ding Co., Ltd.	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	US\$ 200	US\$ 200	(Note D)	17.70	9,035	171		(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	566,896	566,896	4,995	4.79	(22,450)	(335,442)		(Notes B and K)
	Yuanish Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	342,701	342,701	37,000	100.00	58,256	(4,494)		(Note B)
	FET Consulting Engineers Co., Ltd.	Taiwan	Business management consultants, piping engineering, cable installation, automatic control installation and investment business	136,037	136,037	5,329	0.16	202,491	11,117,094		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	100,412	100,412	4,164	0.13	114,968	9,381,351		(Note B)
	Far EastOne Telecommunications Co., Ltd.	Taiwan	Telecommunications	411,187	411,187	129,637	25.02	1,622,820	435,943		(Note A)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	787	787	104	1.00	762	3,047		(Note A)
	Yue Ming Corporation	Taiwan	Trading	22,676	22,676	2,781	2.59	58,545	171,300		(Note A)
	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Department store operations	100,000	100,000	131,964	5.00	152,406	131,964		(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Department store operations	977,650	977,650	44,796	14.93	504,286	235,353		(Note B)
Ding Ding Integrated Marketing Service Co., Ltd.	Far Eastern International Bank	Taiwan	Electronic toll collection services	76,665	76,665	8,137	0.25	97,567	3,524,201		(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	400,000	400,000	20,418	20.00	155,351	(344,144)		(Notes A and L)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	1,645,021	1,645,021	102,509	98.52	164,987	(335,855)		(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	1,828	1,828	17	0.02	(94)	(335,442)		(Notes B and K)
	Yuanish Digital Technology Co., Ltd. (former name is Huir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	300,200	300,200	15,323	15.01	116,587	(244,144)		(Note B)
	Yuanish Digital Payment Co., Ltd.	British Virgin Islands	Investment	US\$ 11,000	US\$ 11,000	(Note D)	46.13	29,847	(10,880)		(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	(Note D)	53.87	34,855	(10,880)		(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	(Note D)	53.87	34,855	(10,880)		(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2018	Investment Amount December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
YDT Technology International Co., Ltd.	Everest Textile Corporation	Taiwan	Chemical fiber production	\$ 2,451	\$ 2,451	128	0.03	\$ 1,224	\$ 157,365		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	51,673	51,673	2,764	0.20	95,474	1,318,150		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	862	862	61	-	2,291	11,117,094		(Note A)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	930	930	(Note D)	82.30	42,011	171		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	26,960	26,960	2,861	0.09	34,407	3,524,201		(Notes A and L)
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	Taiwan	Dispatched labor, procuring equipment, and sales agent services	200,000	200,000	20,000	100.00	149,994	30,805		(Note B)
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	2,100,000	100.00	27,069,715	1,964,654		(Note B)
	ARCOA Communication Co., Ltd.	Taiwan	Telecommunications services, sales of telecommunications products and office equipment	1,305,802	1,305,802	82,762	61.63	995,299	136,361		(Note B)
	KGE's.com Co., Ltd.	Taiwan	Type II telecommunications services	2,340,472	2,340,472	68,897	99.99	863,666	151,136		(Note B)
	Yuanhsi Digital Marketing Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	886,169	886,169	90,014	86.41	(405,011)	(335,442)		(Notes B and K)
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000	100.00	35,243	12,833		(Notes B and J)
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	5,023	(37,532)		(Note B)
	O-music Co., Ltd.	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	10,599	2,187		(Note B)
	Q-ware Communications Corporation	Taiwan	Type II telecommunications services	832,038	832,038	-	-	-	(19,602)		(Notes B and M)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	2,542,396	2,542,396	118,251	39.42	924,758	235,353		(Note B)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	600,000	600,000	30,626	30.00	233,080	244,144		(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,098	15.00	54,287	26,089		(Note B)
	Alliance Digital Technology Co., Ltd.	Taiwan	Electronic information providing services	60,000	60,000	6,000	14.40	-	(66,405)		(Note P)
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	216,051	84,693		(Note B)
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investment	540,000	540,000	54,000	100.00	86,982	(52,408)		(Note B)
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	118,958	14,868		(Note B)
	Yuanhsi Digital Technology Co., Ltd. (former name is Hiir Digital Marketing Co., Ltd.)	Cyprus Islands	Investment	317,446	132,406	10,320	100.00	198,197	245		(Notes B and K)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Electronic information providing services	20,000	20,000	2,300	2.40	(11,247)	(335,442)		(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,699	5.00	18,096	26,089		(Note B)
	Energy Technology Services	Taiwan	Energy technology services	160,000	160,000	16,000	100.00	155,316	(4,684)		(Note B)
	Catalyst_207 SPC-SP Tranche One	Cyprus Islands	Investment	123,220	-	4	25.00	123,220	8		(Note A)
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	30	100.00	241	16		(Note B)
	Far East New Diligent Company Ltd.	British Virgin Islands	Investment	330,598	330,598	(Note D)	100.00	24,823	(52,865)		(Note B)
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	3,051	3,051	(Note D)	100.00	2,935	70		(Note B)
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	51,751	10,075		(Note B)
	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	48,731	50,105		(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

C. Including 5,000 thousand common stock and 3,000 thousand preferred shares.

D. Company limited.

E. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Lin Tong Investment Co., Ltd.

F. Shares in thousands.

G. For investments in mainland China, refer to Table 15.

H. Under the "IFRSs Questions and Answers" issued by Taiwan Stock Exchange Corporation (TWSE), the Company recognized these items as investment properties in its parent-company-only financial statements and reclassified them to property, plant and equipment in the consolidated financial statements. The Company used the equity method and share of the profit or loss of associates to adjust the differences between the investment property amounts presented in the parent-company-only financial statements and the consolidated financial statements.

I. The effects from the adjustments of FENC shares which are held by Yuan Ding Co., Ltd. and the transactions between subsidiaries amounted to \$7,492 thousand.

J. The ending balance of the investment is zero in 2016 because the amount of reduction in capital was over the original investing value.

K. Hiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd. were merged on August 1, 2017. Hiir Digital Marketing Co., Ltd. was the surviving company while Far Eastern Electronic Commerce Co., Ltd. was dissolved. The surviving company was renamed as Yuanhsi Digital Technology Corporation.

L. The adjustment of the difference between the acquisition cost and net value was included in the investment gain or loss in current period.

(Continued)

M. Far EastTone Telecommunications Co., Ltd. and Q-ware Communications Corporation were merged on June 30, 2018. Far EastTone Telecommunications Co., Ltd. was the surviving company while Q-ware Communications Corporation was dissolved.

N. Joint operation entity.

O. Based on the resolution in the shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. The subsequent obligations will be responsible by FETG Investment Antilles N.V.

P. The date of the company dissolution of Alliance Digital Technology Co., Ltd was set on December 31, 2018. The Group ceased using the equity method and transferred the estimated returns from liquidation to other current assets.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2018 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Ltd.	Manufacture and sales of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 8,409,146	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 327,776	100.00	\$ 327,776	\$ 8,520,499	\$ 853,493	Notes D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	914,869	2	1,010,901	-	-	1,010,901	73,134	100.00	73,134	1,565,276	233,172	Notes F and G
Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	1,062,630	3	-	-	-	-	(223)	100.00	(223)	1,062,411	-	
Far Eastern Industries (Wuxi) Ltd.	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, grieco woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,153,136	2	2,018,430	-	-	2,018,430	69,735	100.00	69,735	2,923,834	313,458	Notes H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products	8,020,932	2	3,791,007	-	-	3,791,007	692,647	61.35	424,940	3,502,914	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and sales of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,651,389	2	1,342,854	-	-	1,342,854	34,885	100.00	34,885	2,772,836	159,799	Notes H and R
Far Eastern Industries (Suzhou) Ltd.	Production and marketing of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	1,763,621	2	1,765,319	-	-	1,765,319	1,606,477	100.00	1,606,477	1,606,212	-	Note K
Wuhan Far Eastern New Material Ltd.	Manufacture and sales of PET sheets, chips, and filaments PET performs and garments and its by-products	764,925	2	724,110	-	-	724,110	3,234	100.00	3,234	938,185	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Not Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2018 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Oriental Industries (Suzhou) Ltd.	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	\$ 4,896,154	2	\$ 4,957,248	\$ -	\$ -	\$ 4,957,248	\$ 231,958	100.00	\$ 231,958	\$ 5,931,621	\$ -	Note H
Far Eastern New Century (China) Investment Co., Ltd.	Investment	2,775,688	2	2,795,325	-	-	2,795,325	(3,943)	100.00	(3,943)	1,736,289	-	
Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	1,704,539	2	1,763,952	-	-	1,763,952	(31,572)	100.00	(31,572)	(538,013)	-	Note L
Martens Beers (Shanghai) Ltd.	Beer brewing	350,633	2	231,475	-	-	231,475	17,043	100.00	17,043	15,300	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,499,387	2	4,181,323	-	-	4,181,323	406	60.00	243	3,924,119	-	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,381,411	2	1,436,190	-	-	1,436,190	(1,984)	100.00	(1,984)	1,395,689	-	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	3,649,646	2	1,962,908	-	-	1,962,908	1,048,333	50.00	524,166	2,475,596	-	
Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	56,839	3	-	-	-	-	(2,426)	100.00	(2,426)	58,254	-	
Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	84,968	3	-	-	-	-	4,619	100.00	4,619	135,099	-	
Suzhou An Ho Apparel Ltd.	Garment production	4,472	3	-	-	-	-	1,319	100.00	1,319	55,041	-	
Yuan Ding Enterprise (Shanghai) Limited	Liquid oxygen, oxygen, nitrogen and hydrogen warehousing	1,144,832	3	-	-	-	-	(104,231)	100.00	(104,231)	599,593	-	
Tong Da Air Industry (Yangzhou) Co., Ltd.	Computer software and internet software design and development	1,840,112	2	1,020,489	-	-	1,020,489	209,641	50.00	104,821	1,151,560	-	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	673,699	2	598,270	-	-	598,270	(10,893)	100.00	(10,893)	64,642	-	Note M
Speedy (Shanghai) digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	29,244	2	24,220	-	-	24,220	254	100.00	254	49,246	-	Note N
Digital United Information Technology (Shanghai) Ltd.	Research and design of computer systems	95,217	2	95,217	-	-	95,217	(274)	100.00	(274)	1,883	-	Note P
Far Eastern New Century Information Technology (Beijing) Limited	Electronic information providing services	353,223	2	316,365	-	-	316,365	(1,035)	90.52	(937)	-	-	Note Q
Far Eastern Tech-Info Ltd. (Shanghai)	Computer software, data processing and provision of network information services	184,290	2	200,119	-	-	200,119	(90,103)	100.00	(90,103)	11,605	-	Note O

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA	
		Investment Commission, MOEA		Investment Commission, MOEA	
Far Eastern New Century Corporation (Notes S and T)	\$ 20,655,177	\$ 23,734,395		\$ -	

(Continued)

Notes: A. Investment types are classified as follows:

- 1 The investment was made directly in China.
 - 2 The investment was made through a company registered in a third region. Companies which registered in a third region are: Far Eastern Polychem Industries Ltd., PET Far Eastern (Holding) Ltd., Far Eastern Apparel (Holding) Ltd., Oriental Textile (Holding) Ltd., FEDP (Holding) Ltd., Far Eastern Polytex (Holding) Ltd., Sino Belgium (Holding) Ltd., YDC (Virgin Islands) Ltd., DDIM (Virgin Islands) Ltd., Digital United (Cayman) Ltd. and Far East New Diligent Company Ltd.
 - 3 Other types.
- B. Recognition of gains or losses was based on the following four information:
1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Far Eastern Apparel (Suzhou) Co., Ltd., Far Eastern Industries (Wuxi) Ltd., Oriental Petrochemical (Shanghai) Corporation, Far Eastern Dyeing and Finishing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Oriental Industries (Suzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation and Tong Da Air Industry (Yangzhou) Co., Ltd.
 2. Financial statements of these companies, which were audited by the parent company's accounting firm: Digital United Information Technology (Shanghai) Ltd., Far Eastern Tech-Info Ltd. (Shanghai) and New Diligence Corporation (Shanghai).
 3. Others: Far Eastern New Century (China) Investment Co., Ltd., Sino Belgium Beer (Suzhou) Ltd., Martens Beers (Shanghai) Ltd., Far Eastern Industries (Yangzhou) Corporation, Shanghai Yuan Zi Information Technology Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Corporation, Suzhou An Ho Apparel Ltd., Yuan Ding Enterprise (Shanghai) Limited, Yuan Ding Integrated Information Service (Shanghai) Inc. and Speedy (Shanghai) digital Tech. Co., Ltd.
 4. Financial statements of these companies, which were not audited by the accounting firm: Far Eastern Tech-Info Ltd. (Shanghai) and Far Eastern New Century Information Technology (Beijing) Limited.
- C. The ending balance of long term investment.
- D. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$3,700,967 thousand which NT\$3,134,807 thousand where from the Company and the other was from Yuan Ding Investment Co., Ltd.
 - E. As of December 31, 2018, the remitted amount of profit of investment was the total cash dividend of Far Eastern Polychem Industries Ltd. received by FENC and Yuan Ding Investment Co., Ltd.
 - F. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$1,010,901 thousand which NT\$509,725 thousand was remitted by FENC the other was by Yuan Ding Investment Co., Ltd.
 - G. As of December 31, 2018, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Co., Ltd. which remitted through FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
 - H. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
 - I. As of December 31, 2018, the profit of investment was cash dividend paid by Far Eastern Industries (Wuxi) Ltd. remitted through a FENC's subsidiary, Oriental Textile (Holding) Ltd.
 - J. As of December 31, 2018, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corporation remitted through FENC's subsidiaries, PET Far Eastern (Holding) Ltd. and Far Eastern Polytex (Holding) Ltd.
 - K. As of December 31, 2018, the accumulated outflow of investment from Taiwan was NT\$1,765,319 thousand which NT\$1,099,293 thousand was remitted by FENC, and the other was by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Co., Ltd.
 - L. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Yuan Tong Investment Co., Ltd.
 - M. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by FENC's subsidiaries, YDT Technology International Co., Ltd., PET Consulting Engineers Co., Ltd. and Ding Ding Integrated Marketing Service Co., Ltd.
 - N. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, YDT Technology International Co., Ltd.
 - O. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Far EastOne Telecommunications Co., Ltd.
 - P. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, New Century InfoComm Tech Co., Ltd.
 - Q. The dissolution of this investment had been approved by the local government on February 9, 2018.
 - R. As of December 31, 2018, the profit from investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. which remitted through a FENC subsidiary, Far Eastern Apparel (Holding) Ltd.
 - S. Investment amounts authorized by the Investment Commission of the MOEA include US\$771,755 thousand, and the original investment RMB6,695 thousand from Far Eastern Polytex (Holding) Ltd. which approved by Investment Commission under the Ministry of Economic Affairs were calculated based on the ending exchange rates of US\$1:30.715 and RMB1:4.472.
 - T. Based on MOEA Approval Letter No. 10620430940, there is no limitation on the amount of the parent company's investment in China.
 - U. The paid-in capital was calculated based on the ending exchange rate of RMB1:NT\$4.472.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE

FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of U.S. Dollars)

Investee Company	Investor Company	Authorized by Investment Commission, MOEA			Investment Type			
		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\$)	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.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	24,000	24,000	\$ 1,712	
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,712			
	Far Eastern New Century Corporation	2004.12.30	No. 093032240	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. 093032329	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	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	4,800	4,800		
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	8,198			
	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	(Note E) 11,500	11,500		
	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000		
Far Eastern Apparel (Suzhou) Co., Ltd.	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 Polyex (Holding) Ltd.	11,000	11,000		
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polyex (Holding) Ltd.	5,000	5,000		
	Yuan Ding Investment Co., Ltd.	2018.07.16	No. 10730028260	Far Eastern Apparel (Holding) Ltd.	35,000			\$ 35,000
Far Eastern Industries (Wuxi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960		
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000		
	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			
Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	Far Eastern Polychem Industries Ltd.	49,500	49,500		
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	PET Far Eastern (Holding) Ltd.	4,800	4,800		
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	Far Eastern Polychem Industries Ltd.	2,936			
	Far Eastern New Century Corporation	2017.09.18	No. 10630056570	PET Far Eastern (Holding) Ltd.	(Note F) 41,171	41,171		
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	27,000	27,000		
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	20,000	20,000		
	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	30,000	30,000		
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd.	9,352			9,352
Far Eastern Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2004.10.11	No. 093025506	Far Eastern Polychem Industries Ltd.	1,569		1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	FEDP (Holding) Ltd.	713			713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288		
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524		

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd.	\$ 4,800 754 (Note G)	\$ 4,800	-		
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	18,224	18,224			
	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
	Yuan Ding Investment Co., Ltd.	2013.04.29	No. 10200127470	Oriental Textile (Holding) Ltd.	8,000	8,000			
	Yuan Ding Investment Co., Ltd.	2014.09.11	No. 10300223190 (Note K)	Oriental Textile (Holding) Ltd.	43,000	43,000			
	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
	Far Eastern New Century Corporation	2009.6.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000			
Wuhan Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695	RMB 6,695			RMB 6,695
	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			
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			4,304
Far Eastern Tech-Info Ltd. (Shanghai)	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500			
	Yuan Tong Investment Co., Ltd.	2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Ltd.	1,100	1,100			
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastone Telecommunications Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000			
	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,500	2,500			
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000			
	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			
	Far Eastern New Century Corporation	2013.11.08	No. 10200399280	PET Far Eastern (Holding) Ltd.	1,000	1,000			
Yuan Ding Enterprise (Shanghai) Limited	Far Eastern New Century Corporation	2017.11.17	No. 10600282650 (Note Q)	Far Eastern Polytex (Holding) Ltd. Investment Co., Ltd.	82,340	82,340			
	Far Eastern New Century Corporation			Far Eastern New Century (China) Investment Co., Ltd.					
Tong Da Air Industry (Yangzhou) Co., Ltd.	Far Eastern New Century Corporation	2014.09.05	No. 10300203670 (Note P)	PET Far Eastern (Holding) Ltd.	33,500	33,500			
	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110			
Yuan Ding Integrated Information Service (Shanghai) Inc.	PET 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\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Tech-Info Ltd. (Shanghai)	Far EastTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Ltd.	\$ 2,500	\$ 2,500		
Digital United Information Technology (Shanghai) Ltd.	New Diligent Co., Ltd.	2014.01.29	No. 10300022990	Far East New Diligent Company Ltd.	3,500	3,500		
Far Eastern New Century Information Technology (Beijing) Limited	New Century InfoComm Tech Co., Ltd.	2002.10.07	No. 091041498	Digital United (Cayman) Ltd.	3,100			\$ 3,100
	New Century InfoComm Tech Co., Ltd.	2013.08.09	No. 10200302730	Digital United (Cayman) Ltd.	1,000	1,000		
	New Diligent Co., Ltd.	2012.11.19	No. 10100496420	Far East New Diligent Company Ltd.	4,000	4,000		

Notes: A. Far Eastern New Century (China) Investment Co., Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Corporation.

B. Document No. 092035971 had been canceled and replaced with document No. 09800408170.

C. Document No. 092035970 had been canceled and replaced with document No. 09800408160.

D. The approved amount of US\$12,000 thousand on September 18, 2009 as stated in document No. 09800283970, had been changed to US\$11,500 thousand and updated to document No. 09900142680 on April 19, 2010 while completed the review process.

E. The shares offered for the privatization of FEPI had antitdilutive 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 antitdilutive effects; thus, FEPI's ownership and amount invested in Oriental Petrochemical (Shanghai) Corporation increased.

G. The shares offered for the privatization of FEPI had antitdilutive 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. 099000470520), 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 Petrochemical (Yangzhou) Corporation.

N. After obtaining MOEA approval (No. 10200451570), FENC's subsidiary, Yuan Tong Investment Co., Ltd., indirectly invest US\$1,100 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Martens Beers (Shanghai) Ltd.

O. After obtaining MOEA approval (No. 10300249370), FENC's subsidiary Yuan Tong Investment Co., Ltd. indirectly invest US\$10,000 thousand and US\$1,000 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers (Shanghai) Ltd.

P. After modifying MOEA approval from No. 10200478110 to No. 10300203670, FENC amended its indirect investment to US\$33,500 thousand, and invested through its subsidiary, PET Far Eastern (Holding) Ltd., indirectly in Tong Da Air Industry (Yangzhou) Co., Ltd.

Q. After modifying MOEA approval from No. 10200399290 to No. 10500382440, FENC invested US\$82,340 thousand through its subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly in Far Eastern New Century (China) Investment Co., Ltd., then capitalized to Yuan Ding Enterprise (Shanghai) Limited.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

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FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Maturity	Annual Rate (%)	Amount
Cash			
Cash on hand			\$ 2,000
Petty cash			<u>3,768</u>
Cash in banks			
Checking accounts			11,016,815
Demand deposits (Note A)			<u>697,936</u>
			<u>11,714,741</u>
Cash equivalents			
Repurchase of commercial paper	2018.12.22-2019.01.02	0.56	4,139,814
Time deposits	2018.12.10-2019.02.25	0.40-0.50	<u>390,000</u>
			<u>4,529,814</u>
			<u>\$ 16,250,323</u>

Note A: Including US\$14,944 thousand, JPY627,009 thousand, RMB2,781 thousand, EUR335 thousand, and GBP1 thousand.

Note B: Based on the exchange rate of US\$1:NT\$30.715, JPY1:NT\$0.2782, RMB1:NT\$4,472, EUR1:NT\$35.2, and GBP1:NT\$38.88, respectively.

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
SUMINISTRO Y DISTRIBUCIÓN DE POLÍMEROS S.A.	\$ 450,841
ALPLA Group	405,972
Far Eastern Industries (Shanghai) Ltd.	382,072
Others (Note)	<u>6,408,238</u>
	7,287,123
Less: Allowance for doubtful accounts	<u>283,174</u>
Notes and accounts receivable, net	<u>\$ 7,003,949</u>

Note: The amount from each client which included in others does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Value (Note)
Finished goods	\$ 2,134,153	\$ 1,972,399
Work in progress	2,261,482	2,227,766
Raw materials	2,176,360	2,018,084
Supplies	436,368	415,647
Materials in transit	<u>176,357</u>	<u>176,357</u>
	7,183,720	<u>\$ 6,810,253</u>
Less: Allowance for valuation loss	<u>511,220</u>	
Inventories, net	<u>\$ 6,672,500</u>	

Note: Market value is net realizable value.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS AND FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Par Value	Balance, January 1, 2018		Annual Changes		Increase (Decrease) in Using the Equity Method		Balance, December 31, 2018		Market Value or Net Assets Value		Pledged Shares (In Thousands)	Notes
		Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	%	Unit Price (NT\$)	Total Amount		
Shares													
Investments accounted for using the equity method													
Publicly traded companies													
Asia Cement Corporation	\$	10	16,414,157	-	-	-	\$	1,525,691	22.33	\$	17,937,848	19,900	(Notes C and D)
Asia Cement Corporation		10	241,770	-	-	-	-	895,538	17.06	-	4,793,720	-	(Notes C and D)
Far Eastern Department Stores Co., Ltd.		10	4,704,162	-	-	-	-	-	-	-	-	-	-
Everest Textile Corporation		10	81,216	1,332,527	-	-	18,387	18,387	9.17	25.80	2,095,373	-	(Notes C and D)
Far Eastern International Bank		10	134	1,534	3	-	51	137	0.03	11.60	1,590	-	(Notes C, D and F)
Private companies		10	83,245	2,256	-	-	152,839	85,501	2.62	10.00	855,011	-	(Notes C, D and F)
Yuan Ding Investment Co., Ltd.		10	23,324,459	-	-	-	1,784,326	-	-	-	25,108,985	-	-
Yuan Ding Resources Development Co., Ltd.		10	1,822,822	-	-	-	1,675,935	1,822,822	99.40	-	42,750,905	-	(Note D)
Far Eastern Polytech (Holding) Ltd.	US\$	0.01	102,111,323	-	-	-	838,356	667,242	100.00	-	102,949,679	-	(Note D)
Far Eastern Polychem Industries Ltd.	US\$	0.0001	7,708,078	-	-	-	(126,123)	135	100.00	-	7,581,955	-	(Note D)
Yuan Ding Investment Co., Ltd.	HKS	10	6,861,798	-	-	-	778,665	830,815	73.04	-	7,640,463	-	(Note D)
Kai Yuen International Investment Co., Ltd.		10	5,167,778	37,123	-	-	26,511	339,966	100.00	-	5,429,289	-	(Notes D and F)
Far Eastern Investment (Holding) Ltd.	US\$	0.01	8,739,241	2,316	-	-	710,677	4,016	100.00	-	22,068,603	-	(Notes D and E)
PET Far Eastern (Holding) Ltd.	US\$	10	5,341,354	-	-	-	816,303	397	91.95	-	6,157,657	-	(Note D)
Oriental Petrochemical (Taiwan) Co., Ltd.		10	7,492,270	2,266,745	-	-	(575,983)	1,861,102	75.86	-	9,183,052	-	(Notes D and E)
Far Eastern Construction Co., Ltd.		10	8,238,170	-	-	-	23,003	198,791	65.11	-	8,471,173	-	(Note D)
An Ho Garment Co., Ltd.		10	3,075,962	-	-	-	118,519	186,929	37.13	-	3,194,481	-	(Note D)
Ding Yuan International Investment Co., Ltd.		10	2,019,899	-	-	-	97,009	66,346	100.00	-	2,116,908	-	(Note D)
FEI (Holding) Ltd.	US\$	0.01	282,313	30,601	-	-	183,299	235,601	100.00	-	3,003,612	-	(Notes D and F)
Fu Kwok Knitting & Garment Co., Ltd.		10	222,774	-	-	-	798,226	244	50.43	-	921,000	-	(Note D)
Ding Ding Hotel Co., Ltd.		10	10,882	-	-	-	(2,549)	4,000	100.00	-	224,804	-	(Note D)
Far Eastern Textile Ltd.		10	1,524	-	-	-	(66)	769	0.74	-	8,333	-	(Note D)
Oriental Securities Corporation		10	1,945,424	-	-	-	1,1539	100	100.00	-	1,956,963	-	(Note D)
Pacific Lin Tong Investment Co., Ltd.		10	212,256,380	-	-	-	6,338,360	135,000	16.83	-	234,150,180	-	(Note D)
			\$ 236,760,849	\$ 14,885,430	\$ -	\$ -	\$ 8,112,886	\$ 259,259,165			\$ 267,084,519		

Note A: Including:

1. Current net profit of investee recognized based on the percentage of shares
2. Current cash dividends distributed by investee
3. Effect of retrospective application and retrospective restatement
4. Changes in capital surplus of investee
5. Changes in undistributed earnings of investee
6. Dividend income of investee based on the calculation of foreign operations
7. Unrealized loss on financial assets at FVOCI
8. Hedging instrument of investee
9. Changes in actuarial profit and loss on benefit plans of investee
10. Cash dividends distributed to subsidiaries

Note B: Shares was provided to financial organization as collaterals for issuing long-term loans.

Note C: The market value is calculated based on the share's closing market price on December 28, 2018 from Taiwan Stock Exchange.

Note D: The amount is calculated by the percentage of holding shares based on the audited financial statement as of December 31, 2018.

Note E: There was an increase in shares or value because of purchasing the investee's shares or participating in cash issuance of new shares from the investee.

Note F: There was an increase in shares because the investee increase the capital from retain earnings.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type	Contract Period	Interest Rates (%)	Original Currency	In New Taiwan Dollars
Bank loans				
First Commercial Bank	2018.11.21-2019.05.24	3.14-3.28	US\$ 3,762	\$ 115,539
Chinatrust Commercial Bank	2018.12.17-2019.06.14	3.55	US\$ 130	3,980
Bank of Taiwan	2018.12.13-2019.03.13	3.8901	US\$ 558	17,154
Bank SinoPac	2018.12.06-2019.05.29	3.35	US\$ 20,804	638,991
Hua Nan Commercial Bank	2018.12.12-2019.05.29	3.49-3.52	US\$ 167	5,134
The Bank of Tokyo-Mitsubishi UFJ	2018.12.06-2019.06.14	3.23-3.47	US\$ 43,765	1,344,249
J.P. Morgan	2018.12.17-2019.06.14	3.52	US\$ 114	3,512
DBS Bank Limited	2018.12.10-2019.05.29	3.96	US\$ 355	10,893
OCBC Bank of Singapore	2018.12.19-2019.05.29	3.25-3.33	US\$ 19,677	604,382
				<u>\$ 2,743,834</u>

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
SABIC	\$ 263,911
Formosa Chemicals and Fibre Corporation	147,680
CMFC	120,526
Others (Note)	<u>1,084,390</u>
	<u><u>\$ 1,616,507</u></u>

Note: The amount from each vendor in others does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount
Director remuneration payable	\$ 1,166,484
Payroll and bonus payable	1,182,162
Interest payable	394,096
Process expense payable	238,986
Employee remuneration payable	414,416
Others (Note)	<u>790,230</u>
	<u>\$ 4,186,374</u>

Note: The amount from each item does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type/Creditor Bank	Repayment (Note)	Interest Rate (%)	Original Currency	Balance		Total Amount	Collateral
				In New Taiwan Dollars Expired in A Year	Expired after A Year		
Bank loans							
Secured loans							
First Commercial Bank	2018.11.02-2020.05.02, lump sum repayment on maturity, interest payment monthly	1.0000	\$	-	\$ 2,640,000	\$ 2,640,000	Building and land in Bangiao Ren-Ai section
Taiwan Cooperative Bank	2018.12.19-2021.12.19, lump sum repayment on maturity, interest payment monthly	1.3500	-	-	200,000	200,000	Buildings and lands in Bangiao Xinyi section, Zhongxiao section, Guangxing section, Bade Yongfeng section, Zhongtong section, Chenggong section
Taiwan Cooperative Bank	2018.12.19-2020.12.19, lump sum repayment on maturity, interest payment monthly	1.3500	-	-	100,000	100,000	Building and land in Wugu Denglin section
Far Eastern International bank	2018.12.27-2021.11.21, lump sum repayment on maturity	1.5500	-	-	300,000	300,000	Building, land and equipment in Hualien, industries
					<u>3,240,000</u>	<u>3,240,000</u>	
Credit loans							
First Commercial Bank	2018.11.02-2020.05.02, lump sum repayment on maturity, interest payment monthly	1.0000	-	-	1,360,000	1,360,000	19,900 thousand of Asia Cement Corporation shares
Bank of Taiwan	2018.08.27-2022.02.27, lump sum repayment on maturity, interest payment monthly	1.0148	-	-	2,000,000	2,000,000	Building and land in Ximpu Far Eastern section and Shuehketou section
Bank of Taiwan	2017.09.27-2021.03.27, lump sum repayment on maturity, interest payment monthly	1.0148	-	-	700,000	700,000	Building and land in Ximpu Far Eastern section and Shuehketou section
The Bank of Tokyo-Mitsubishi UFI	2016.01.25-2019.01.25, lump sum repayment on maturity, interest payment half-yearly	1.1000	1,500,000	-	-	1,500,000	
The Bank of Tokyo-Mitsubishi UFI	2018.03.30-2021.03.30, lump sum repayment on maturity, interest payment half-yearly	0.9300	-	-	1,500,000	1,500,000	
The Bank of Tokyo-Mitsubishi UFI	2017.04.26-2020.04.26, lump sum repayment on maturity, interest payment half-yearly	0.9600	-	-	1,000,000	1,000,000	
Bank of America	2018.05.15-2020.10.09, lump sum repayment on maturity	0.8700	-	-	570,000	570,000	
Mizuho Bank	2018.06.29-2021.06.29, lump sum repayment on maturity, interest payment quarterly	0.9800	-	-	2,500,000	2,500,000	
Mizuho Bank	2018.12.27-2020.06.22, lump sum repayment on maturity	0.8610	-	-	1,650,000	1,650,000	
Mizuho Bank	2018.12.22-2020.06.22, lump sum repayment on maturity	0.8610	-	-	1,300,000	1,300,000	
Sunimoto Misui Banking Corporation	2018.12.03-2020.05.14, lump sum repayment on maturity	0.6000	-	-	1,650,000	1,650,000	
Sunimoto Misui Banking Corporation	2018.12.13-2020.05.14, lump sum repayment on maturity	0.6000	-	-	1,350,000	1,350,000	
Sunimoto Misui Banking Corporation	2018.12.25-2020.05.14, lump sum repayment on maturity	0.6000	-	-	70,000	70,000	
Standard Chartered Bank	2018.12.27-2020.12.31, lump sum repayment on maturity	1.1500	-	-	1,840,000	1,840,000	
Taiwan International Bank	2018.12.22-2020.01.31, lump sum repayment on maturity	1.3300	-	-	200,000	200,000	
E-SUN Commercial Bank	2018.12.12-2020.08.31, lump sum repayment on maturity, interest payment monthly	1.3000	-	-	500,000	500,000	
E-SUN Commercial Bank	2018.12.12-2020.08.31, lump sum repayment on maturity, interest payment monthly	1.3000	-	-	500,000	500,000	
E-SUN Commercial Bank	2018.12.24-2020.08.31, lump sum repayment on maturity, interest payment monthly	1.3500	-	-	200,000	200,000	
Bank of China	2018.12.11-2020.07.16, lump sum repayment on maturity	1.5000	-	-	1,000,000	1,000,000	
Bangkok Bank	2018.12.19-2020.02.28, lump sum repayment on maturity	1.3000	-	-	700,000	700,000	
First Commercial Bank	2018.12.22-2020.02.28, lump sum repayment on maturity	1.3000	-	-	60,000	60,000	
Chinatrust Commercial Bank	2018.12.25-2020.06.30, lump sum repayment on maturity	1.3900	-	-	1,500,000	1,500,000	
Chang Hwa Bank	2018.12.25-2020.12.25, lump sum repayment on maturity	1.1000	-	-	280,000	280,000	
Shin Kong Bank	2018.12.24-2021.06.20, lump sum repayment on maturity	1.2000	-	-	1,300,000	1,300,000	
Land Bank of Taiwan	2018.12.24-2020.11.20, lump sum repayment on maturity	1.3400	-	-	500,000	500,000	
Mega International Commercial Bank	2018.12.22-2020.08.26, lump sum repayment on maturity	1.1500	-	-	1,200,000	1,200,000	
Hua Nan Commercial Bank	2018.12.24-2020.12.24, lump sum repayment on maturity	1.0500	-	-	2,350,000	2,350,000	
Bank SinoPac	2018.12.24-2020.05.31, lump sum repayment on maturity	1.1500	-	-	2,100,000	2,100,000	
Fubon Bank	2018.12.24-2020.03.02, lump sum repayment on maturity	1.1515	-	-	1,660,000	1,660,000	
KGI Bank	2018.12.25-2021.12.25, lump sum repayment on maturity	1.2393	-	-	1,200,000	1,200,000	
BNP Paribas	2018.12.13-2020.01.08, lump sum repayment on maturity	1.1800	-	-	700,000	700,000	
Bank loan					<u>35,040,000</u>	<u>36,540,000</u>	
Commercial paper							
IBFC	2018.12.25-2022.06.24, Interest prepayment, lump sum repayment on maturity	1.0800	-	-	2,995,383	2,995,383	
KGI Bank	2018.11.15-2020.11.20, Interest prepayment, lump sum repayment on maturity	0.9600	-	-	1,498,199	1,498,199	
					<u>1,500,000</u>	<u>\$ 42,773,582</u>	

Note: Expiration date is the date for loans or cycle contracts.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance		
									Expired Within A Year	Expired After A Year	Total Amount
Ordinary Bonds No. 103-1	Unsecured	2014.08.21-2019.08.21	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		\$ 3,200,000	\$ 1,600,000	\$ 612	\$ 1,599,388	\$ -	\$ 1,599,388
No. 103-2	Unsecured	2014.12.04-2019.12.04	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		2,200,000	1,100,000	611	1,099,389	-	1,099,389
No. 103-3	Unsecured	2015.02.06-2020.02.06	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.38		2,600,000	-	1,146	1,299,894	1,298,960	2,598,854
No. 104-1	Unsecured	2015.06.25-2020.05.25	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.39		8,000,000	-	4,476	3,998,730	3,996,794	7,995,524
No. 104-2	Unsecured	2015.10.02-2020.10.02	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.28		5,200,000	-	3,649	2,598,435	2,597,916	5,196,351
No. 104-3	Unsecured	2015.11.16-2020.11.16	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.25		2,800,000	-	2,103	-	2,797,897	2,797,897
No. 105-1-A	Unsecured	2016.04.29-2021.04.29	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.88		6,000,000	-	4,526	-	5,995,474	5,995,474
No. 105-1-B	Unsecured	2016.04.29-2021.04.29	The bond is repayable in lump sum at the 104.8411% of total amount on maturity.	-		2,000,000	-	2,930	-	1,997,070	1,997,070

(Continued)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance			Collateral
									Expired Within A Year	Expired After A Year	Total Amount	
No. 105-2	Unsecured	2016.09.20-2021.09.20	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.72		\$ 3,800,000	\$ -	\$ 4,137	\$ -	\$ 3,795,863	\$ 3,795,863	-
No. 106-1	Unsecured	2017.05.17-2022.05.17	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.15		5,000,000	-	6,752	-	4,993,248	4,993,248	-
No. 106-2	Unsecured	2018.01.08-2023.01.08	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.95		3,000,000	-	4,827	-	2,995,173	2,995,173	-
No. 107-1	Unsecured	2018.05.18-2023.05.18	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.92		6,000,000	-	10,508	-	5,989,492	5,989,492	-
No. 107-2	Unsecured	2018.07.18-2023.07.18	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.90		8,000,000	-	14,545	-	7,985,455	7,985,455	-
						<u>\$ 57,800,000</u>	<u>\$ 2,700,000</u>	<u>\$ 60,822</u>	<u>\$ 10,595,836</u>	<u>\$ 44,443,342</u>	<u>\$ 55,039,178</u>	(Concluded)

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Quality	Amount
Sales of goods		
Solid-state polymer	583,058 tones	\$ 23,073,399
Polyester staple fiber	219,804 tones	10,759,853
Knitted fabrics	14,085 tones	3,862,597
Greige yarn	232,696 pieces	3,319,965
Others (Note)		<u>13,024,291</u>
		54,040,105
Processing revenue		<u>23,696</u>
		<u>\$ 54,063,801</u>

Note: The amount of each item does not exceed 5% of total revenue.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF COST OF OPERATING REVENUE
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 2,628,805
Raw material purchased	36,660,573
Less: Raw materials, end of year	<u>(2,352,717)</u>
Raw materials consumption	<u>36,936,661</u>
Materials consumption	<u>1,387,128</u>
Direct labor	<u>1,794,117</u>
Manufacturing expenses	
Process expense	1,703,199
Depreciation	1,720,142
Electricity	1,575,596
Payroll	1,698,841
Fuel expense	851,340
Others	<u>1,492,257</u>
	<u>9,041,375</u>
Manufacturing cost	49,159,281
Work in process, beginning of year	2,157,618
Work in process, end of year	<u>(2,261,482)</u>
Cost of finished goods	49,055,417
Finished goods, beginning of year	1,774,296
Finished goods, end of year	<u>(2,134,153)</u>
	48,695,560
Transferred cost to related parties	(47,315)
Reversal of write-down of inventories	(100,378)
Idle capacity	<u>289,178</u>
	48,837,045
Conversion cost	<u>29,703</u>
	<u>\$ 48,866,748</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss (Gain)	Total Amount
Transportation expense	\$ 1,922,859	\$ -	\$ -	\$ -	\$ 1,922,859
Payroll and bonus expense	304,789	760,789	395,455	-	1,461,033
Contract fee	-	187,661	-	-	187,661
Rental expense	-	146,868	-	-	146,868
Expected credit gain	-	-	-	(306)	(306)
Depreciation expense	-	-	99,068	-	99,068
Remuneration to directors	-	225,812	-	-	225,812
Others (Note)	<u>511,037</u>	<u>63,730</u>	<u>319,028</u>	<u>-</u>	<u>893,795</u>
	<u>\$ 2,738,685</u>	<u>\$ 1,384,860</u>	<u>\$ 813,551</u>	<u>\$ (306)</u>	<u>\$ 4,936,790</u>

Note: The amount of each item does not exceed 5% of the account balance.

VII. Review and Analysis of the Financial Condition, Performance and Risk Management

1. Review and Analysis of Financial Conditions

Financial Conditions Analysis (on a consolidated basis)

Unit: NT\$ thousands

Item \ Year	2018	2017	Variance	
			Amount	%
Current assets	129,188,871	100,053,197	29,135,674	29.12
Property, plant and equipment	164,557,019	152,732,987	11,824,032	7.74
Intangible assets	57,997,019	60,311,664	(2,314,645)	(3.84)
Other assets	213,846,511	203,668,432	10,178,079	5.00
Total assets	565,589,420	516,766,280	48,823,140	9.45
Current liabilities	128,880,103	101,640,620	27,239,483	26.80
Non-current liabilities	168,979,880	159,586,567	9,393,313	5.89
Total liabilities	297,859,983	261,227,187	36,632,796	14.02
Common stock	53,528,751	53,528,751	-	-
Capital surplus	2,908,631	2,859,569	49,062	1.72
Retained earnings	149,192,149	141,693,400	7,498,749	5.29
Other equity	(2,069,331)	(3,696,270)	1,626,939	44.02
Treasury stocks	(25,063)	(25,063)	-	-
Total equity attributable to owners of the Company	203,535,137	194,360,387	9,174,750	4.72
Non-controlling interests	64,194,300	61,178,706	3,015,594	4.93
Total equity	267,729,437	255,539,093	12,190,344	4.77
Analysis of variation exceeding 20% and NT\$10 million of the numbers in the previous year: Current assets increased: mainly due to the increase of "cash & cash equivalents" and "inventories" Current liabilities increased: mainly due to the increase of "short-term borrowings" Other equity increased: mainly due to the increase of "share of the other comprehensive income (loss) of associates accounted for using the equity method"				

2. Review and Analysis of Financial Performances

Unit: NT\$ thousands

Item	Year	2018	2017	Variance	
				Amount	%
Operating revenues		228,661,933	217,846,948	10,814,985	4.96
Operating costs		184,261,821	168,148,743	16,113,078	9.58
Gross profit		44,400,112	49,698,205	(5,298,093)	(10.66)
Realized construction income		556	555	1	0.18
Operating expenses		29,616,726	34,264,491	(4,647,765)	(13.56)
Operating income		14,783,942	15,434,269	(650,327)	(4.21)
Nonoperating income (expenses)		6,271,188	1,458,022	4,813,166	330.12
Income before income tax		21,055,130	16,892,291	4,162,839	24.64
Income tax expenses		2,663,528	2,690,954	(27,426)	(1.02)
Net income		18,391,602	14,201,337	4,190,265	29.51
Other comprehensive income (net of income tax)		905,869	(97,661)	1,003,530	1,027.56
Total comprehensive income		19,297,471	14,103,676	5,193,795	36.83

1. Analysis of variance:

Increase in "nonoperating income", "income before income tax" & "net income": mainly due to the increase of "Share of the profit or loss of associates" and "gain on disposal of property, plant and equipment"

Increase in "other comprehensive income (net of income tax)" and "total comprehensive income": mainly due to the change of "share of the other comprehensive income (loss) of associates accounted for using the equity method".

2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company's financial situation and operational performances, and the Company's plan:

Please refer to the "Letter to Shareholders".

3. Review and Analysis of Cash Flow

Unit: NT\$ thousands

Cash and cash equivalents - Beginning balance	Total cash inflows from operating activities	Total cash outflows	Cash and cash equivalents - Ending balance	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
25,464,223	18,800,673	(55,605,163)	(11,340,267)	3,923,529	42,759,298

1. Cash flow analysis for year 2018:

(1) Operating activities : mainly due to the inflow of operating activities and cash dividends received from invested companies.

(2) Investing activities : mainly due to increasing capital expenditures and equity investments.

(3) Financing activities : mainly due to cash dividend payout and repayments of bonds payable.

2. Remedy plans for insufficient liquidity for year 2018: to issue corporate bonds and borrow from banks.

Cash and cash equivalents - Beginning balance (1)	Total cash inflows from operating activities (2)	Total cash outflows (3)	Cash and cash equivalents - Ending balance (1)+(2)-(3)	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
35,342,560	36,191,000	(67,300,447)	4,233,113	—	16,000,000

3. 2019 estimated cash flow analysis of variance in cash flow balance:

(1) The Company expects the profit of production business and affiliate earnings booked from each subsidiary through equity method in 2019 could exceed those in 2018. When including the cash inflow generated from production business and cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2019 to increase compared to those in 2018.

(2) When taking into consideration of the planned capital expenditures and the proposed cash dividends distribution, as the cash inflows from operating activities could be insufficient to meet the needs, the Company plans to issue corporate bonds to finance the insufficient portion.

4. Major Capital Expenditures in Recent Years and Impacts on Financial and Operational Situations

4.1 Major Capital Expenditures and Sources of Funding

Unit: NT\$ thousands

Plan Item	Actual or estimated source of capital	Actual or estimated project completion date	Total capital needed (Note)	Capital utilization schedule				
				Actual		Estimated		
				Before 2017	2018	2019	2020	2021
Vietnam vertical integration plant	Retained earnings and bank borrowings	Dec 2021	18,761,700	8,145,210	4,719,030	2,214,450	2,095,840	1,587,170
3 rd phase of ATG expansion plan		Apr 2017	1,636,064	1,604,536	21,040	10,488	-	-
A new nylon 6,6 industrial yarn plant		Apr 2017	1,576,765	1,357,841	83,948	134,976	-	-
4 th phase of HTY expansion plan		May 2018	1,085,001	904,262	56,844	24,852	99,043	-
The 3 rd apparel expansion project in Vietnam		May 2019	904,470	-	859,246	45,224	-	-
A new cogeneration plant		Sep 2019	1,880,000	313,512	772,748	793,740	-	-
The expansion project in PSF plant 6		Jan 2018	849,200	760,023	83,183	5,994	-	-
Production line modification for Hycare products in PSF plant 6		Sep 2019	470,460	-	60,594	409,866	-	-
Direct melt polymerization of Poly line 8		Dec 2017	642,446	582,029	55,336	5,081	-	-

Note: Working capital is excluded.

4.2 Expected Benefit

4.2.1 Production Volume, Sales Volume, and Sales Revenue Expected to Increase:

Unit: NT\$ thousands

Year	Item	Unit	Production volume	Sales volume	Revenue
2019	PET resins for bottle usage	MT	383,950	383,950	15,101,246
	Knitted fabrics	MT	21,600	15,303	3,414,139
	Polyester staple fiber	MT	5,300	4,200	164,614
	Nylon industrial yarn and tire cord fabric	MT	16,600	17,600	2,242,900
	High stretch industrial yarn	MT	20,000	20,000	1,006,342
	Apparel	equivalent dozens	329	329	399,622
	Hygiene PSF	MT	34,500	34,500	1,973,400
	Eco-friendly PET resin	MT	120,750	90,750	3,417,645
2020	PET resins for bottle usage	MT	337,250	337,250	13,490,207
	Knitted fabrics	MT	28,800	20,700	5,086,287
	Polyester staple fiber	MT	45,200	35,260	1,381,970
	Polyester filament	MT	11,016	3,456	219,110
	Nylon industrial yarn and tire cord fabric	MT	27,800	27,800	3,916,810
	High stretch industrial yarn	MT	20,000	20,000	1,061,376
	Apparel	equivalent dozens	1,440	1,440	1,656,057
	Hygiene PSF	MT	57,900	57,900	3,311,880
	Eco-friendly PET resin	MT	120,750	90,750	3,417,645

4.2.2 Other Expected Benefits:

A new cogeneration plant: Lifting up the reliable access to heat and power in order to lower the cost of heat and power and to enhance the product competency

5. Investment Policies in Recent Years

5.1 Investment Policies :

The Company co-ordinates all resources in the Far Eastern Group to achieve two targets: 1) explore new business opportunities and extend the business territory of the Group; 2) upgrade and improve the existing affiliates and subsidiaries to achieve a sustainable growth of earnings.

5.2 Reasons for Profit/Loss in Recent Years and Plans for Improvement

The total affiliate earnings booked through equity method by the Company in 2018 was NT\$6.2 billion, and the profit generated by invested subsidiaries remained stable.

5.3 Future Investment Plan : (Please refer to page 74-75)

6. Sources of Risks and Evaluations

6.1 Impacts from Fluctuations of Interest Rate and Currency Exchange Rate and Inflation on the Company in Recent Years, and Measures the Company Undertake to Manage the Risks

6.1.1 In 2018, the global financial markets significantly fluctuated due to the disputes of US-China trade tensions, the uncertainty of U.S. Federal Reserve policy and the struggles of geopolitical power, etc. The Central Bank of R.O.C. (Taiwan) has begun to keep the discount rate as 1.375% since the second half of 2016 to stabilize the domestic financial environment and facilitate economic growth. According to the report provided by the Directorate General of Budget, Accounting and Statistics in February, 2019, Taiwan's economy grew at the rate of 2.63% in 2018 with the CPI growth rate being 1.35%. The report estimates that Taiwan's economic growth rate in 2019 at 2.27% and CPI growth rate as 0.73%. In 2019, the global economy would slow down due to the increasing uncertainties such as the continuity of the US-China trade disputes, the fluctuations of oil prices and other commodity prices, and the geopolitical tensions. Given the economic changes down the road and Taiwan's moderate growth and inflation, it is expected that Central Bank of R.O.C. (Taiwan) will continue to adopt expansionary monetary policy to facilitate economic growth.

Although there is ample monetary supply in the country and the interest rates remain low and stable, political and economic climate change rapidly around the world. As such, the Company will use short-term operations with different durations for investments. We will also focus on mid-term and long-term interest rates and plan to use fixed-rate financing instruments to monitor financing rates and hedge against losses, thereby preventing fluctuations of interest rates from adding to the financing costs of the Company. The Company will continue to monitor interest rate trends and maintain a low overall cost of capital through both short- and long-term financial plans.

6.1.2 Assets and liabilities of the foreign currency portion arising from import and export businesses are affected by spot exchange rate fluctuations relative to their recorded costs, and are hedged by the Finance Department through spot or forward positions to minimize foreign exchange risk. Looking ahead, this policy will continue to be carried out in order to minimize the impact from fluctuations in exchange rates on the profit and loss of the Company and its consolidated subsidiaries.

6.2 Major Reasons for Transaction Policies, Gain or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending to Others, Endorsement/Guarantee and Derivatives and Correspondent Procedures

6.2.1 The Company and subsidiaries did not engage in any high-risk or hyper-leveraged investments. The trading of derivative products is to hedge the risks from fluctuations stemming from our exposure to interest and currency exchange rates. Under this policy, all positions of derivative products are covered by physical holdings of assets and liabilities owned by the Company and subsidiaries; in other words, these positions are not naked positions. Therefore, the risks of trading derivatives are minimized and can be effectively controlled. Gains or losses, if occurred, often resulting from reasons such as investment horizon miss-matches, are therefore, little and negligible. The Company and subsidiaries will maintain this policy, and will not proactively engage in naked positions of high-risk or hyper-leveraged derivative products. All trading of derivative products will be managed in accordance with the "Procedures for Acquisition and Disposition of Assets" approved by the Board of Directors and Shareholders' Meeting.

6.2.2 The Company and subsidiaries have established a bylaw on the "Procedures for Lending of Capital to Others" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by the regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding fund lending to others shall comply with the said bylaw to avoid any likely negative impact on the Company and subsidiaries.

6.2.3 The Company and subsidiaries have established a bylaw on the "Procedures for Endorsements and Guarantees" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding making endorsements/guarantees shall comply with the said bylaw to avoid any likely negative impact on the Company and subsidiaries.

6.3 R&D Plans and Estimated Expenses in Coming Years

6.3.1 The R&D projects for the Polyester Material Division :

The projected R&D expenses for 2019 are approximately NT\$ 83.318 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

- (1) Verification of the R&D results
- (2) Product quality stability after the scaling-up production process
- (3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing
- (4) Mutually-beneficial interactive relationships with clients
- (5) Production technology and cost competitiveness

6.3.2 The R&D projects for the Fibers &Textile Division:

The projected R&D expenses for 2019 are approximately NT\$ 238.406 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

- (1) Verification of the R&D results
- (2) Product quality stability after the scaling-up production process
- (3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing
- (4) Mutually-beneficial interactive relationships with clients
- (5) Production technology and cost competitiveness

6.3.3 The R&D projects for the New Materials Division:

The projected R&D expenses for 2019 are approximately NT\$ 152.223 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

- (1) Verification of the R&D results
- (2) Product quality stability after the scaling-up production process
- (3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing
- (4) Mutually-beneficial interactive relationships with clients
- (5) Production technology and cost competitiveness

6.3.4 The R&D projects for the Biotech & Energy Division:

The projected R&D expenses for 2019 are approximately NT\$ 71.999 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

- (1) Verification of the R&D results
- (2) Product quality stability after the scaling-up production process
- (3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing
- (4) Mutually-beneficial interactive relationships with clients
- (5) Production technology and cost competitiveness

6.4 Impacts and Responses of the Company in Regard to Material Changes of Policies and Regulations in Taiwan and Foreign Countries

The management team closely monitors and evaluates the changes and impacts of policies and regulations in domestic and overseas markets on the Company. Responsive measures will be planned and implemented accordingly.

6.5 Technology Developments and Impacts on the Company

The innovation and breakthrough of technology have changed the world in several ways, be it good or bad. The innovation of plastics is one such example. Plastic products provide convenience in our daily lives, but generate pollution as well, stemming from inappropriate disposals of plastic wastes. Therefore, developing a new material that is as convenient as plastic but more environmentally friendly is one of the most popular research projects in the world, and may also be the most important trend in the future of material development.

Given that the usage of plastic products is constrained by the Taiwanese government while green products are being promoted globally, the Company believes that the applications of conventional petrochemical products will be limited. Therefore, the Company vows to be a pioneer to create more environmentally friendly materials, in hopes of enjoying the first-mover advantages. The Company has already engaged in the production of several bio-based or bio-degradable products such as polylactic acid (PLA), a material made from the fermentation process of corn. A wide range of product mix has been created via this or similar technologies and more applications are currently being innovated.

At this time, non-textile products account for more than 60% of the Company's sales. To name but a few, PLA materials, shoes materials, diapers, bio-degradable heat shrinkable films, bio-degradable shopping bags, bio-medical products, health care products special industrial yarns, PET bottles, and PET packaging sheets are all considered non-textile products. These recycled, bio-based or bio-degradable products are widely used for textile, packaging, bottling, and bio-medical dressing. In the future, the Company aims to be one of the largest providers of these products.

The Company considers information security management system to be very important. It has adopted ISO 27001 since 2014, and ensures that information security engineers' capabilities are consistently up-to-date and ready for their duties. As China's Cyber Security Law came into effect in June 2017, the Company had put together a taskforce in charge of information security management for business operations in China. This team integrates the information security management measures for all the production sites in compliance with the law. They have an IT audit trail system in place, and also promote the management protocol for information security, making the Company's management and maintenance of information security solid and comprehensive. To raise employees' awareness of information security, an introductory course has also been built into the Company's online learning program.

6.6 Changes of Corporate Image and Impacts on the Company's Crisis Management: None

6.7 Expected Benefits and Risks from Mergers and Acquisitions: None

6.8 Expected Benefits and Risks from Plant Expansion: Please refer to page 122

6.9 Risks from Concentration in Supply and Sales and Measures the Company Undertake:

In order to secure the supplies of raw materials, the Company invested in Oriental Petrochemical (Shanghai) Corporation and Oriental Petrochemical (Taiwan) Co., Ltd. and actively integrated upward its production process; the Company's products are sold worldwide with a diversified client portfolio.

6.10 Impacts and Risks from Changes in Directors, Supervisors and Shareholders with Greater than 10% Shareholding or Their Selling of a Large Number of Shares in Recent Years until the Annual Report Being Published: The change is mainly due to the individual financial behaviors of Directors and there is no significant influence on the Company's operations.

6.11 Impact and Risks from Change of Ownership in Recent Year until the Annual Report Being Published: None

6.12 Material Impacts on Shareholders' Equity or Share Price from Litigations, Non-Litigations or Administrative Actions in Directors, Supervisors, Chairman, President, Shareholders with Greater than 10% Shareholding and Subsidiaries in Recent Year until the Annual Report being Published:

None

6.13 Other Major Risks: None

7. Others

7.1 Valuation techniques and Assumptions Applied to Measure Fair Value of the Company and Subsidiaries:

- 7.1.1 The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined by referring to quoted market prices. If these prices are not available, valuation techniques are applied.
- 7.1.2 The fair values of derivative instruments are calculated using quoted prices. If these prices are not available, a discounted cash flow analysis is made using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- 7.1.3 The fair values of other financial assets and financial liabilities (i.e., excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- 7.1.4 Categories of financial instruments:
 - (1) Financial assets: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.
 - (2) Financial liabilities: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, amortized cost

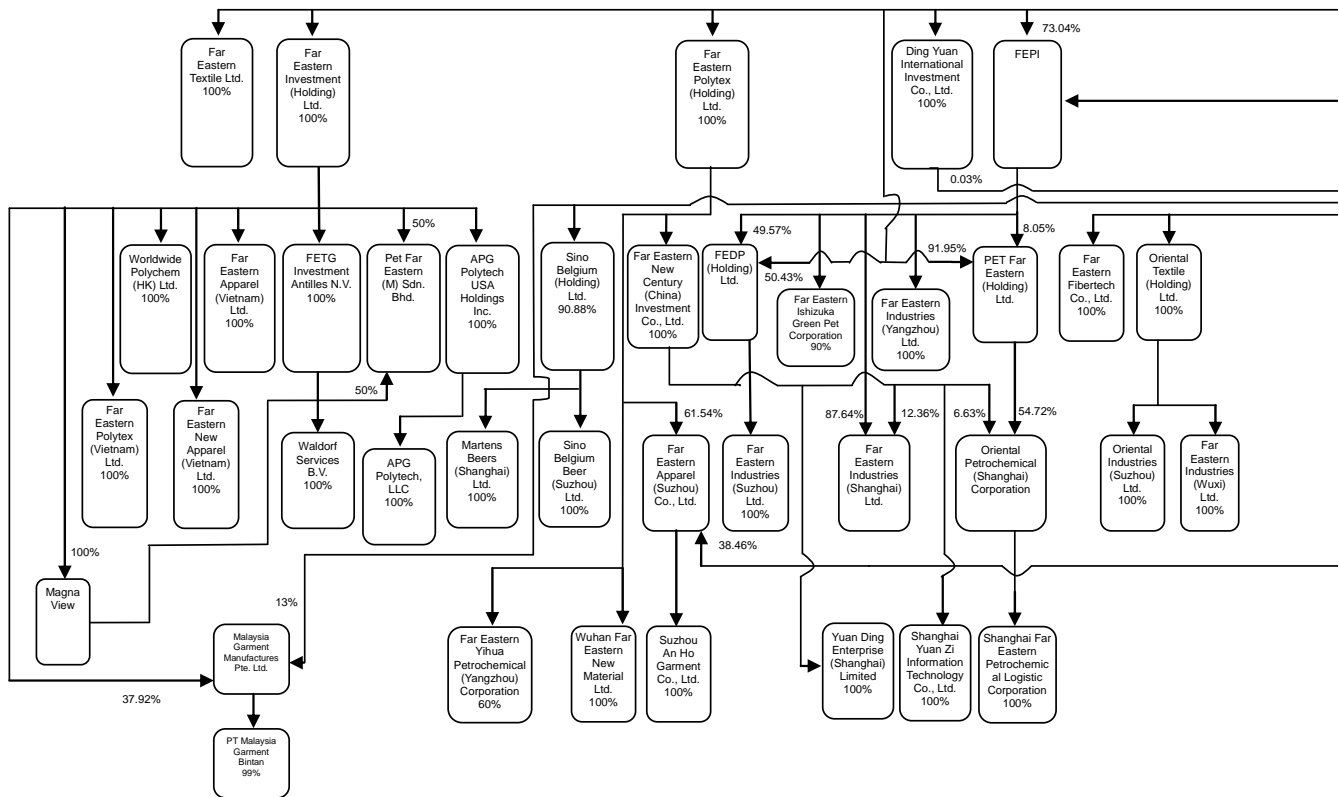
7.2 Estimated Impairment of Notes and Accounts Receivable: When there is objective evidence of impairment loss, the Company and subsidiaries take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

VIII. Special Disclosure

1. Affiliated Companies

1.1 Subsidiaries and Affiliated Companies in the Consolidated Financial Report

1.1.1 Holding Structure of the Organization





Special Disclosure

1.1.2 Information of Far Eastern New Century and Subsidiaries and Affiliates:

Unit: NT\$ thousands, unless stated otherwise

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
0	Far Eastern New Century Corp.	1954/1/13	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	53,528,751	Petrochemical and polyester materials, semi-finished products, finished goods, woven and knitted garments
1	Yuan Ding Investment Co., Ltd.	1986/11/7	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	18,338,262	Investment
2	Oriental Petrochemical (Taiwan) Co., Ltd.	1987/1/26	47, Jingjian 4th Road, Guanyin Industrial Park, Guanyin, Taoyuan City, Taiwan	20,660,930	Production and sales of PTA
3	Yuan Tong Investment Co., Ltd.	1999/12/3	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	7,051,468	Investment
4	Far Eastern Resources Development Co., Ltd.	2003/9/30	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	6,672,419	Development, sales and lease of real estates
5	Far Eastern Construction Co., Ltd.	1978/9/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,053,206	Construction contractor for residential housings; broker of housing rental and sales service
6	Kai Yuan International Investment Co., Ltd.	1998/10/6	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,399,659	Investment
7	Ding Yuan International Investment Co., Ltd.	1998/10/2	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	2,356,005	Investment
8	Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,489,776	Construction of housing and public infrastructures.
9	Far Eastern Fibertech Co., Ltd.	1995/4/10	17, Gongye 5th Rd., Guanyin Industrial Park, Guanyin, Taoyuan City, Taiwan	910,000	Production of nylon fibers
10	An Ho Garment Co., Ltd.	1977/1/24	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	663,462	Garment and apparel production
11	Oriental Resources Development Co., Ltd.	1988/6/27	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	489,176	Production and wholesale of medical supplies; Waste recycling and re-processing
12	Far Eastern Apparel Co., Ltd.	1976/2/27	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	247,723	Sales of textile, garments, and clothing
13	Yuan Faun Co., Ltd.	1980/12/13	33F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	50,000	Sales of PET bottles and paper boxes
14	Fu Kwok Knitting & Garment Co., Ltd.	1971/3/6	110, Neihuan S. Rd., Nanzi District, Kaohsiung City, Taiwan	40,000	Garment production and sales
15	Yuan Cheng Human Resources Consultant Corp.	1999/6/8	18F, No.655, Bannan Rd., Zhonghe Dist, New Taipei City , Taiwan	13,500	Personnel recruitment; temporary employment arrangement
16	Far Eastern Textile Ltd.	2011/12/28	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,000	Garment production and sales
17	Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	1,234 USD 40	Investment and sales of petrochemical products
18	Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	446 HKD 114	Investment and sales of polyester products
19	FEDP (H) Ltd.	2002/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	161 USD 5	Investment
20	PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	128 RMB 29	Investment
21	Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	42 USD 1.4	Investment
22	Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	34 USD 1.1	Investment and sales of textile products
23	Oriental Textile (H) Ltd.	2001/1/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	34 USD 1.1	Investment and sales of polyester products
24	Sino Belgium (H) Ltd.	2007/8/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	12 USD 0.4	Investment
25	Magna View Sdn.Bhd	1996/8/9	Suite 6.1A,Level 6,Menara Pelangi, Jalan Kuning,Taman Pelangi,80400, Johor Bahru, Johor	21,336 MYR 3,000	Investment

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
26	Far Eastern Industries (Shanghai) Ltd.	1996/9/25	198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	8,409,146 RMB 1,880,399	Production and sales of polyester staple, filament, and resins.
27	Oriental Petrochemical (Shanghai) Corp.	2003/1/21	Suite 3201, 32F, 800, Dongfang Road, Pudong New Area, Shanghai, China	8,020,932 RMB 1,793,590	Production and sales of PTA
28	Far Eastern New Century (China) Investment Co., Ltd.	2007/6/18	Suite 3301, 33F, 800, Dongfang Road, Pudong New Area, Shanghai, China	2,775,688 RMB 620,682	Investment
29	Martens Beers (Shanghai) Ltd.	2007/10/26	Suite 2701, 27F, 800, Dongfang Road, Pudong New Area, Shanghai, China	350,633 RMB 78,402	Trading of beer and relevant beverages
30	Shanghai Yuan Hua Logistic Corp.	2006/3/2	198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	84,968 RMB 19,000	Transportation and storage
31	Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, 18F, 800, Dongfang Road, Pudong New Area, Shanghai, China	56,839 RMB 12,710	Software development, equipment maintenance and consulting services
32	Yuan Ding Enterprise (Shanghai) Limited	2013/8/20	17, Lane 855, Chengshan Road, Pudong New Area, Shanghai, China	1,144,832 RMB 256,000	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses
33	Wuhan Far Eastern New Material Ltd.	2003/7/9	93, Zhushanhu Rd., Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China	764,925 RMB 171,048	Production and sales of PET sheet, chip, filament, staple fibers, and apparel
34	Oriental Industries (Suzhou) Ltd.	2005/6/24	1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	4,896,154 RMB 1,094,847	Production and sales of polyester resins and industrial fabrics.
35	Far Eastern Industries (Suzhou) Ltd.	2004/3/22	6, Hengshan Road, New District, Suzhou, China	1,763,621 RMB 394,370	Production and sales of polyester products
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	1588, Yin Zhong South Road, Wu Zhong Economic Development District, Suzhou, China	1,651,389 RMB 369,273	Spinning, weaving and dyeing of high-end apparel, and sales and production of specialty garments
37	Sino-Belgium Beer (Suzhou) Ltd.	2007/9/4	6, Hengshan Road, New District, Suzhou, China	1,704,539 RMB 381,158	Development of beer brewing technology
38	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	2018/5/22	South Zone in Ducun Industrial Park, Linhu Town, Wu Zhong District, Suzhou, China	1,062,630 RMB 237,619	Production of knitted and woven garments and beddings
39	Far Eastern Apparel (Suzhou) Co., Ltd.	1996/10/24	88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou, China	914,869 RMB 204,577	Production of knitted and woven garments and beddings
40	Suzhou An Ho Apparel Ltd.	2008/1/31	88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou, China	4,472 RMB 1,000	Production and sales of knitting and weaving garments
41	Far Eastern Industries (Wuxi) Ltd.	2002/5/28	Wuxi WNDZ 89 Land, WuXi, Jiangsu Province, China	2,153,136 RMB 481,471	Production of cotton yarn, other natural fibers, and chemical fibers
42	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	2011/12/9	3, Yadong Road, Yangzhou Chemical Industry Park, Yangzhou, China	6,499,387 RMB 1,453,351	PTA and its by-product production and sales
43	Far Eastern Industries (Yangzhou) Ltd.	2012/5/10	9, Won Nien South Road, Yangzhou, China	1,381,411 RMB 308,902	Production and sales of polyester products
44	Far Eastern Ishizuka Green PET Corporation.	2012/5/11	880, Aza-Semino, Ohaza-Shimokobashi, Sakaimachi, Sashima-Gun, Ibaraki-Pref. Japan	27,820 JPY 100,000	Recycled PET production and sales
45	Far Eastern Apparel (Vietnam) Ltd.	2007/2/23	46 Dai Lo Tu Do, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	356,294 USD 11,600	Apparel production
46	Far Eastern Polytex (Vietnam) Ltd.	2015/6/23	Land lot B_4B_CN and B_5B_CN, Road DC, Bau Bang Industrial Park, Bau Bang District, Binh Duong Province, Vietnam	7,371,600 USD 240,000	Production of petrochemical and textile products
47	Far Eastern New Apparel (Vietnam) Ltd.	2016/6/30	D1 Street, Bac Dong Phu Industrial Park, Dong Phu District, Binh Phuoc Province, Vietnam	552,870 USD 18,000	Apparel production
48	PET Far Eastern (M) Sdn Bhd	1995/7/22	Plot 69 ,Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru,Johor Malaysia	113,792 MYR 16,000	Production of PET bottles and preforms

Special Disclosure

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
49	Worldwide Polychem (HK) Limited	2011/8/30	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	107,503 USD 3,500	Import & export trading
50	Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	606 USD 19	Investment
51	FETG Investment Antilles N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao, the Netherlands Antilles	189 USD 6	Investment
52	Malaysia Garment Manufacturers Private Ltd.	1963/8/6	No.9, Little Road #02-02 Singapore 536985	177,862 SGD 7,912	Apparel production and investment
53	PT Malaysia Garment Bintan	1998/8/4	No.9, Little Road #02-02 Singapore 536986	4,634 IDR 2,175,600	Apparel production
54	Far EasTone Telecommunications Co., Ltd.	1997/4/11	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	32,585,008	Wireless telecommunications service, leased circuit service, ISR and internet services and sale of cellular phone equipments and accessories
55	Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	369 USD 12	International investments
56	KGEx.com Co., Ltd.	2000/8/9	4F, 468, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	689,074	Type II telecommunications service
57	Far Eastern Tech-Info Ltd. (Shanghai)	2002/11/18	3F, Building No. 23, Pudong Software District, 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China	188,858 RMB 42,231	Computer software, data processing and internet content providing services
58	Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	20,000	Phone subscriber service
59	ARCOA Communication Co., Ltd.	1981/5/4	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,342,800	Sale of cell phones and other telecom equipments
60	Omusic Co., Ltd.	2010/10/5	12F, 468, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	50,000	Electronic information providing services
61	Data Express Infotech Co., Ltd.	2004/7/22	2F, 218, Ruei-Guang Rd., Neihu Dist., Taipei City, Taiwan.	183,805	Sale of communication products
62	Linkwell Tech Co., Ltd.	2005/4/8	2F, 218, Ruei-Guang Rd., Neihu Dist., Taipei City, Taiwan.	45,804	Sales of communication products
63	Home Master Technology Ltd	2011/8/11	2F, 218, Ruei-Guang Rd., Neihu Dist., Taipei City, Taiwan.	12,725	Sales of communication products
64	New Century InfoComm Tech Co., Ltd.	2000/6/1	1-11Fl., 218, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	21,000,000	Type I & II telecom services
65	New Diligent Co., Ltd.	2001/5/2	1F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	540,000	Investment
66	New Diligent Hong Kong Co. Ltd.	2014/12/04	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	3,051 USD 100	Investment
67	Sino Lead Enterprise Limited.	2006/4/11	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	125 HKD 30	telecommunications services
68	Information Security Service Digital United	2004/12/22	2F, 218, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	102,490	Security and monitoring services via Internet
69	Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	316,979 USD 10,320	Investment
70	Digital United Information Technology (Shanghai) Ltd.	2000/10/8	Room 22301-918, Building No. 14, Pudong Software District, 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China.	105,327 RMB 23,553	Design and research of computer system
71	Far Eastern New Diligence Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	439,225 USD 14,300	Investment
72	Yuanshi Digital Technology Co., Ltd.	2013/8/8	10 F, 220, Gangqian Rd., Neihu Dist, Taipei City, Taiwan	1,041,675	Electronic information providing services
73	Prime Ecopower Co., Ltd.	2018/8/1	4F-1&2, No. 271, Sec. 4, Ximen Rd., North Dist., Tainan City, Taiwan	160,000	Energy technology services
74	Yuan-Ding Co., Ltd.	1984/10/1	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	5,034,047	Lease of real estates and hotel management
75	Ding Ding Hotel Co., Ltd.	1983/3/22	1-5F, 201&203, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	1,040,470	Hotel management

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
76	Yuan Hong Electric Co., Ltd.	1999/12/13	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	370,000	Corporate management consulting, pipe & cable installment and replacement
77	Far Eastern Technical Consultants Co., Ltd.	1996/1/17	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	50,000	Construction management and consulting service
78	Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	22F, No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan	339,880	Market research and advertisement
79	YDT Technology International Co., Ltd.	1989/8/4	23F, No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan	139,920	Sale of communication products
80	Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,000,000	Information software service, telecom hardware construction, engineering design of auto-controlling system
81	Yuan Hsin Digital Payment Co.,Ltd.	2014/6/27	5F,1, Yuan don Road, Banqiao Dist., New Taipei City, Taiwan	1,020,882	Digital Payment
82	FETC International Co., Ltd.	2017/5/19	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	200,000	Dispatched labor, procuring equipment, and sales agent services
83	DDIM (Virgin Islands) Ltd.	2011/08/31	P.O.Box.957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands.	732,482 USD 23,846	Investment
84	YDC (Virgin Islands) Ltd.	1998/2/11	Columbus Centre Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands.	34,708 USD 1,130	Investment
85	Yuan Ding Integrated Information Service Inc. (Shanghai)	2011/8/10	Room 1506, 719, Yan'an West Road, Changning District, Shanghai, China	673,699 RMB 150,648	Software development and internet service design
86	Speedy (Shanghai) digital Tech. Co., Ltd.	2004/4/27	Room 1502, 719, Yan'an West Road, Changning District, Shanghai, China	29,244 RMB 6,539	Intelligent control equipment and security
87	APG Polytech USA Holdings, Inc.	2018/2/9	1209 Orange Street, Wilmington, Delaware, 19801.	2 USD 0.05	Investment
88	APG Polytech, LLC	2018/2/9	1209 Orange Street, Wilmington, Delaware, 19801.	2,764,350 USD 90,000	Production and sales of PET.

1.1.3 Companies Presumed to Have a Relationship of Control and Subordination with Far Eastern New Century under Article 369-3 of the R.O.C. Company Act: None

1.1.4 Industries Covered by the Business Operated by the Affiliates and Description of the Mutual Dealings and Division of Work among Such Affiliates:

Petrochemical, Polyester, Textile, Garment and apparel, Investment, Construction, General Contractor, Leasing, Management consulting, Human resources consulting, Wireless telecommunication services, mobile virtual network operator services, wholesale and retail sale of telecom related products and equipments...etc. Please refer the aforesaid table of "Information of Far Eastern New Century and Subsidiaries and Affiliates" for major business activities of the Company's affiliates.

Special Disclosure

1.1.5 Information about Directors, Supervisors, and Managers at Each Subsidiary and Affiliate:

Unit: Number of shares; %

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
0	Far Eastern New Century Corp.	Directors	Douglas Tong Hsu (Chairman)	91,748,698	1.71
			Asia Cement Corp.	1,272,277,085	23.77
			Johnny Hsi, Peter Hsu, Shaw Y. Wang, Raymond Hsu	-	-
			Far Eastern Department Stores Ltd.	19,964,370	0.37
			Richard Yang, Tonia Katherine Hsu	-	-
			U-Ming Marine Transport Corp.	31,181,470	0.58
			Kwan Tao Li, Alice Hsu	-	-
			Yue Ding Industries Co., Ltd.	22,243,781	0.42
		Independent Directors	Champion Lee	-	-
			Bing Shen, Johnsee Lee	-	-
1	Yuan Ding Investment Co., Ltd.	Directors	Y.H. Tseng, Eric Hu, K.S. Wu, Humphrey Cheng	-	-
			Far Eastern New Century Corp.	1,822,822,230	99.40
			Douglas Tong Hsu (Chairman), Johnny Hsi, Peter Hsu, Shaw Y. Wang, C.S. Tu, Alan Tsai, David Wang	-	-
		Supervisors	Da Ju Fiber Co., Ltd.	5,502,000	0.30
			Humphrey Cheng, Mark Lu	-	-
2	Oriental Petrochemical (Taiwan) Co., Ltd.	Directors	C.S. Tu	-	-
			Far Eastern New Century Corp.	1,561,101,788	75.56
			Douglas Tong Hsu (Chairman), Johnny Hsi, K.S. Wu, H.D. Zhou, David Shih, Eric Chueh	-	-
		Supervisors	Oriental Union Chemical Corp.	282,033,256	13.65
			Justin Tsai	-	-
3	Yuan Tong Investment Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	107,353,885	5.20
			David Wang, Humphrey Cheng	-	-
			Eric Chueh	-	-
		Supervisors	Far Eastern New Century Corp.	705,146,840	100.00
			David Wang (Chairman), Humphrey Cheng, Allen Sha	-	-
4	Far Eastern Resources Development Co., Ltd.	Directors	Far Eastern New Century Corp.	705,146,840	100.00
			Alan Tsai	-	-
			David Wang	-	-
		Supervisors	Far Eastern New Century Corp.	667,241,923	100.00
			Douglas Tong Hsu (Chairman), Johnny Hsi, Peter Hsu, Shaw Y. Wang, C.S. Tu	-	-
5	Far Eastern Construction Co., Ltd.	Directors	Far Eastern New Century Corp.	667,241,923	100.00
			Humphrey Cheng	-	-
			C.S. Tu	-	-
		Supervisors	Far Eastern New Century Corp.	198,791,401	65.11
			Shaw Y. Wang (Chairman), Douglas Tong Hsu, Peter Hsu, S.F. Cheng, Lin Kuo, D.F. Yang, C.C. Liao, S.Y. Wei, H.R. Gao, C.M. Chen, T.Z. Chang	-	-
6	Kai Yuan International Investment Co., Ltd.	Directors	Der Ching Investment Co., Ltd.	103,080,349	33.76
			Charles Wang, S.Y. Gao	-	-
			Far Eastern New Century Corp.	339,965,890	100.00
		Supervisors	Humphrey Cheng (Chairman), David Wang, Allen Sha	-	-
			Far Eastern New Century Corp.	339,965,890	100.00
6	Kai Yuan International Investment Co., Ltd.	President	Alan Tsai	-	-
			Humphrey Cheng	-	-

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
7	Ding Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp.	235,600,500	100.00
		Supervisors	Alan Tsai (Chairman), Humphrey Cheng, Allen Sha	-	-
			Far Eastern New Century Corp.	235,600,500	100.00
			David Wang	-	-
8	Far Eastern General Contractor Inc	Directors	Far Eastern Construction Co., Ltd.	147,412,850	98.95
		Supervisors	S.F. Cheng (Chairman), Douglas Tong Hsu, Shaw Y. Wang, Lin Kuo, J.H. Li, Ying Wei, D.F. Yang, W.L. Chen, Z.C. Ku	-	-
			Yuan Ding Investment Co., Ltd.	1,490,174	1.00
			Jackson Wu, Li-Chi Chen	-	-
9	Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	91,000,000	100.00
		Supervisors	Douglas Tong Hsu (Chairman), Johnny Hsi, B.C. Chang, Humphrey Cheng, Eric Huang	-	-
			Yuan Ding Investment Co., Ltd.	91,000,000	100.00
			David Wang	-	-
10	An Ho Garment Co., Ltd.	Directors	Far Eastern New Century Corp.	66,346,200	100.00
		Supervisors	Alan Tsai (Chairman), David Wang, Li-Chi Chen	-	-
			Far Eastern New Century Corp.	66,346,200	100.00
			Benjamin Shih	-	-
11	Oriental Resources Development Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	48,917,569	100.00
		Supervisors	Y.H. Tseng (Chairman), Donald Fan, Fanny Liao, Ru Yu Wu, C.T. Peng	-	-
			Yuan Ding Investment Co., Ltd.	48,917,569	100.00
			Davis Dai	-	-
12	Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	24,772,263	100.00
		Supervisors	Benjamin Shih (Chairman), Eric Hu, Li-Chi Chen, Y.J. Luo, Jenny Ho	-	-
			Yuan Ding Investment Co., Ltd.	24,772,263	100.00
			Alan Tsai	-	-
13	Yuan Faun Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	5,000,000	100.00
		Supervisors	K.S. Wu (Chairman), Y.H. Tseng, Eric Hu, David Wang, Humphrey Cheng	-	-
			Yuan Ding Investment Co., Ltd.	5,000,000	100.00
			Alan Tsai, Emily Wu	-	-
14	Fu Kwok Knitting & Garment Co., Ltd.	Directors	Far Eastern New Century Corp.	4,000,000	100.00
		Supervisors	Alan Tsai (Chairman), Eric Hu, Tony Liang, Jenny Ho	-	-
			Far Eastern New Century Corp.	4,000,000	100.00
			Li-Chi Chen	-	-
15	Yuan Cheng Human Resources Consultant Corp.	Directors	Yuan Faun Co., Ltd.	744,999	55.19
		Supervisors	Benjamin Shih (Chairman), Emily Wu, David Wang, C.Y. Lin	-	-
			Taiwan Chang Cheng (H) Co., Ltd.	600,001	44.44
			J.C. Wang	-	-
16	Far Eastern Textile Ltd.	Directors	Far Eastern New Century Corp.	100,000	100.00
		Supervisors	Douglas Tong Hsu (Chairman), Johnny Hsi, Peter Hsu	-	-
			Far Eastern New Century Corp.	100,000	100.00
			Shaw Y. Wang	-	-
		President	C.S. Tu	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
17	Far Eastern Investment (H) Ltd.	Directors	Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	4,016,384 -	100.00 -
18	Far Eastern Polychem Industries Ltd.	Directors	Yuan Ding Investment Co., Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	306,643,943 830,814,727 -	26.96 73.04 -
19	FEDP (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	240,304 244,480 -	49.57 50.43 -
20	PET Far Eastern (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	34,793 397,393 -	8.05 91.95 -
21	Far Eastern Polytex(H) Ltd.	Directors	Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	152,926 -	100.00 -
22	Far Eastern Apparel (H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	111,200 -	100.00 -
23	Oriental Textile (H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	109,620 -	100.00 -
24	Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd. Martens HK Limited Shaw Y. Wang, Humphrey Cheng, Jan Martens	36,025 3,615 -	90.88 9.12 -
25	Magna View Sdn. Bhd	Directors	Far Eastern Investment (H) Ltd. Donald Fan, Daniel Tsai, Leong Siew Foong	3,000,000 -	100.00 -
26	Far Eastern Industries (Shanghai) Ltd.	Directors Supervisors President	Far Eastern Polychem Industries Ltd. Far Eastern New Century (China) Investment Co., Ltd. R.H. Shao (Chairman), C.Y. Dai, K.S. Wu, Humphrey Cheng, Donald Fan Brian Lee C.Y. Dai	- - - - -	87.64 12.36 - - -
27	Oriental Petrochemical (Shanghai) Corp.	Directors Supervisors President	PET Far Eastern (H) Ltd. Pacific Petrochemical (H) Ltd. Far Eastern New Century (China) Investment Co., Ltd. R.H. Shao (Chairman), Y.H. Tseng, Paul Chuang, Humphrey Cheng, K.S. Wu, Justin Tsai Alan Tsai Paul Chuang	- - - - - -	54.72 38.65 6.63 - - -
28	Far Eastern New Century (China) Investment Co., Ltd.	Directors Supervisors President	Far Eastern Polytex (H) Ltd. R.H. Shao (Chairman), Humphrey Cheng, David Wang, Alan Tsai, Allen Sha Charles Wang Humphrey Cheng	- - - - -	100.00 - - - -
29	Martens Beer (Shanghai) Ltd.	Directors Supervisors President	Sino Belgium (H) Ltd. Eric Hu (Chairman), Jan Martens, Alfons Martens, S.Y. Lai, Fanny Liao Brian Lee S.Y. Lai	- - - -	100.00 - - -
30	Shanghai Yuan Hua Logistic Corp.	Directors Supervisors President	Oriental Petrochemical (Shanghai) Corp. K.S. Wu (Chairman), C.Y. Dai, Paul Chuang, Steve Liu, Li-Chi Chen Brian Lee Paul Chuang	- - - -	100.00 - - -
31	Shanghai Far Eastern IT Corp.	Directors Supervisors President	Far Eastern New Century (China) Investment Co., Ltd. Alan Tsai (Chairman), Li-Chi Chen, Mike Wu, Steve Liu, H.L. Yi Brian Lee H.L. Yi	- - - -	100.00 - - -

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
32	Yuan Ding Enterprise (Shanghai) Limited	Directors	Far Eastern New Century (China) Investment Co., Ltd.	-	40.00
			Oriental Holdings Co., Ltd.	-	40.00
			FEDS Development Ltd.	-	20.00
			Humphrey Cheng (Chairman), Douglas Tong Hsu, Peter Hsu, David Wang, R.H. Shao, C.L. Wu, S.F. Cheng	-	-
33	Wuhan Far Eastern New Material Ltd.	Supervisors	Alan Tsai, James Tang	-	-
			Far Eastern Polytex (H) Ltd.	-	100.00
			Donald Fan (Chairman), C.Y. Dai, S.Y. Lai, T.M. Kuo, Y.H. Wang	-	-
			Brian Lee	-	-
34	Oriental Industries (Suzhou) Ltd.	President	C.Y. Dai	-	-
			Oriental Textile (H) Ltd.	-	100.00
			Eric Hu (Chairman), Brian Lee, M.J. Wu, Eric Huang, Steve Liu	-	-
			P.T. Huang	-	-
35	Far Eastern Industries (Suzhou) Ltd.	President	M.J. Wu	-	-
			FEDP (H) Ltd.	-	100.00
			Eric Hu (Chairman), S.Y. Lai, Brian Lee, Steve Liu, M.J. Wu	-	-
			Davis Dai	-	-
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	President	S.Y. Lai	-	-
			Far Eastern Apparel (H) Ltd.	-	100.00
			Eric Hu (Chairman), Kwen Lin Ho, Brian Lee, Allen Sha, Steve Liu	-	-
			Davis Dai	-	-
37	Sino-Belgium Beer (Suzhou) Ltd.	President	Kwen Lin Ho	-	-
			Sino Belgium (H) Ltd.	-	100.00
			Eric Hu (Chairman), S.Y. Lai, Brian Lee, Allen Sha, Jenny Ho	-	-
			P.T. Huang	-	-
38	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	President	S.Y. Lai	-	-
			Far Eastern Apparel (H) Ltd.	-	100.00
			Eric Hu (Chairman), Judy Lee, Steve Liu, Allen Sha, Jenny Ho	-	-
			Davis Dai	-	-
39	Far Eastern Apparel (Suzhou) Co., Ltd.	President	Judy Lee	-	-
			Far Eastern Polytex (H) Ltd.	-	61.54
			Far Eastern Apparel (H) Ltd.	-	38.46
			Eric Hu (Chairman), Brian Lee, Allen Sha, Judy Lee, Steve Liu	-	-
40	Suzhou An Ho Apparel Ltd.	President	Davis Dai	-	-
			Judy Lee	-	-
			Far Eastern Apparel (Suzhou) Co., Ltd.	-	100.00
			Eric Hu (Chairman), Judy Lee, Brian Lee, Allen Sha, Steve Liu	-	-
41	Far Eastern Industries (Wuxi) Ltd.	President	Davis Dai	-	-
			Judy Lee	-	-
			Oriental Textile (H) Ltd.	-	100.00
			Eric Hu (Chairman), T.K. Wei, Brian Lee, Allen Sha, Mingo A. Chen	-	-
		Supervisors	Mike Wu	-	-
			Mingo A. Chen	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
42	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	Directors	Far Eastern Polytex (H) Ltd. K.S. Wu (Chairman), Humphrey Cheng, H.D. Zhou	-	60.00
			Sinopec Yizheng Chemical Fibre Co. Ltd.	-	-
			T. Wan, J.P. Li	-	40.00
		Supervisors	S.M. Peng, C.P. Lu	-	-
43	Far Eastern Industries (Yangzhou) Ltd.	President	T. Wan	-	-
		Directors	Far Eastern Polychem Industries Ltd. Humphrey Cheng (Chairman), Brian Lee, Donald Fan, M. Y. Yeh, Allen Sha	-	100.00
		Supervisors	Davis Dai	-	-
		President	Donald Fan	-	-
44	Far Eastern Ishizuka Green PET Corporation	Directors	Far Eastern Polychem Industries Ltd. Y.H. Tseng (Chairman), Humphrey Cheng, Donald Fan, David Wang, Yasuda Shinichi	3,578,040	90.00
			Ishizuka Glass Co., Ltd.	-	-
			Kuroyanagi Hiroshi	397,560	10.00
		Supervisors	Alan Tsai	-	-
45	Far Eastern Apparel (Vietnam) Ltd.	President	Yasuda Shinichi	-	-
		Directors	Far Eastern Investment (H) Ltd. Alan Tsai (Chairman), Judy Lee, Tony Liang, Allen Sha, Carol Wang	-	100.00
		Supervisors	Davis Dai	-	-
		President	Tony Liang	-	-
46	Far Eastern Polytex (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Humphrey Cheng (Chairman), Y.H. Tseng, Judy Lee, M.Y. Yeh, Mingo A. Chen, David Wang, Li-Chi Chen	-	100.00
		Supervisors	Alan Tsai	-	-
		President	Y.H. Tseng	-	-
		Directors	Far Eastern Investment (H) Ltd. Alan Tsai (Chairman), Allen Sha, Judy Lee, Tony Liang, Carol Wang	-	100.00
47	Far Eastern New Apparel (Vietnam) Ltd.	Supervisors	Davis Dai	-	-
		President	Tony Liang	-	-
		Directors	Far Eastern Investment (H) Ltd. Magna View Sdn. Bhd	8,000,000	50.00
			Y.H. Tseng (Chairman), Donald Fan, David Wang, S.Y. Lai, Daniel Tsai, Leong Siew Foong	8,000,000	50.00
48	PET Far Eastern (M) SDN BHD	President	Donald Fan	-	-
		Directors	Far Eastern Investment (H) Ltd. Y.J. Lou, Mike Wu, Alan Tsai	2,700,000	100.00
				-	-
				-	-
49	Worldwide Polychem (HK) Limited	Directors	FETG Investment (Antilles) N.V. K.S. Wu, Humphrey Cheng, Marlon Antonio Hironimo Martis, Trust International Management (T.I.M.) B.V.	1,750	100.00
				-	-
				-	-
				-	-
50	Waldorf Services B.V. (Note)	Directors	Far Eastern Investment (H) Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng, Orangefield (Caribbean) N.V.	6,000	100.00
				-	-
				-	-
				-	-
51	FETG Investment Antilles N.V.	Directors	Da Ju Fiber Co., Ltd. Humphrey Cheng, Raymond Hsu	34,160	43.17
			Yuan Tong Investment Co., Ltd.	-	-
			Shaw Y. Wang	10,285	13.00
			Far Eastern Investment (H) Ltd.	-	-
52	Malaysia Garment Manufacturers Private Ltd.		K.L. Li	30,000	37.92
			YUE MING CO Ltd.	-	-
			C.L. Meng	4,675	5.91
				-	-

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
53	PT Malaysia Garment Bintan	Directors	Malaysia Garment Manufacturers Private Ltd. K.L. Li, Austin Lee, C.T. Hu, M.J. Wang	2,970	99.00
		Supervisors	W.H. Wu, C.S. Lin	-	-
				30	1.00
54	Far EasTone Telecommunications Co., Ltd.	Directors	Yuan-Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Peter Hsu (Managing Director), Jan Nilsson (Managing Director)	1,066,657,614	32.73
			U-Ming Marine Transport Corp. Keijiro Murayama	331,000	0.01
			Yuan Ding Co., Ltd. Champion Lee, Jeff Hsu	4,163,500	0.13
			Asia Investment Corporation Bonnie Peng	-	-
			Ding Yuan International Investment Co., Ltd. Toon Lim	1,426,303	0.04
				919,653	0.03
		Independent Directors	Lawrence Juen-Yee Lau, Tim Pan, Chung Laung Liu	-	-
		President	Chee Ching	-	-
55	Far Eastern Info Service (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Chee Ching (Chairman), T.Y. Yin, Eton Shu, Andrea Shen, Andy Kuo	1,200	100.00
		President	Chee Ching	-	-
56	KGEx.com Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Philip Tseng (Chairman), Vivian Lee, Bruce Yu, James Lee, Leon Li	68,897,234	99.99
		Supervisors	Sherman Lee	-	-
		President	Philip Tseng	-	-
57	Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd. Yvonne Li (Chairman), Eton Shu, Jennifer Liu, Maggie Mei	-	41.67
		President	Far Eastern New Diligence Ltd T.Y. Yin	-	58.33
58	Yuan Cing Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Maxwell Cheng (Chairman), Maggie Mei, Vivian Lee	2,000,000	100.00
		Supervisors	Far EasTone Telecommunications Co., Ltd. Sherman Lee	-	-
		President	Andy Kuo	2,000,000	100.00
59	ARCOA Communication Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Chee Ching (Chairman), Alan Tsai, T.Y. Yin, Brian Chao, Jessie Teng, Vivan Lee	82,762,221	61.63
			Wan-Shih-Shin Co., Ltd. Gary Lin	470,325	0.35
		Supervisors	Li-Chi Chen, David Tsai, Sharon Lin	-	-
		President	Andy Tu	-	-
60	O-music Co., Ltd.	Directors	Universal Music Ltd. Sunny Chang (Chairman)	225,000	4.50
			Far EasTone Telecommunications Co., Ltd. Chee Ching, Magdalena Lin, Belinda Chen, Eton Shu	2,500,000	50.00
			Sony Music Entertainment Taiwan Ltd. Forward Music Co., Ltd.	225,000	4.50
			Katia Lin	-	-
		Supervisors	T.Y. Yin	-	-
			Otiga Technologies Limited Ipang Lin	475,000	9.50
			HIM International Music Inc. Lydia Ho	225,000	4.50
		President	Belung Chang	-	-
				225,000	4.50

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
61	Data Express Infotech Co., Ltd.	Directors	ARCOA Communications Co., Ltd.	12,866,353	70.00
			T.Y. Yin (Chairman), Eric Li, Brian Chao	-	-
			Jing Ho Tech	3,490,724	18.99
		Supervisors	Grace Chu	-	-
			Ann Chang	-	-
62	Linkwell Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd.	-	100.00
			T.Y. Yin	-	-
63	Home Master Technology Ltd	Directors	Data Express Infotech Co., Ltd.	-	100.00
			T.Y. Yin	-	-
64	New Century InfoComm Tech Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd.	2,100,000,000	100.00
			Douglas Tong Hsu (Chairman), Chee Ching, Philip Tseng	-	-
		Supervisors	Far EasTone Telecommunications Co., Ltd.	2,100,000,000	100.00
			Sherman Lee	-	-
		President	Chee Ching	-	-
65	New Diligent Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd.	54,000,000	100.00
			Eric Li (Chairman), Philip Tseng, James Lee	-	-
		Supervisors	New Century InfoComm Tech Co., Ltd.	54,000,000	100.00
			Sherman Lee	-	-
66	New Diligent Hong Kong Co. Limited	Directors	New Diligent Co., Ltd.	-	100.00
			Sherman Lee, T. Y. Yin	-	-
67	Sino Lead Enterprise Limited.	Directors	New Diligent Co., Ltd.	30,000	100.00
			Philip Tseng	-	-
68	Information Security Service Digital United	Directors	New Century InfoComm Tech Co., Ltd.	10,249,047	100.00
			Philip Tseng (Chairman), Eton Shu, Mark Lee, Eric Li	-	-
		Supervisors	New Century InfoComm Tech Co., Ltd.	10,249,047	100.00
			Sherman Lee	-	-
69	Digital United (Cayman) Ltd.	Directors	New Century InfoComm Tech Co., Ltd.	10,320,000	100.00
			Philip Tseng (Chairman), T.Y. Yin	-	-
70	Digital United Information Technology (Shanghai) Ltd.	Directors	Digital United (Cayman) Ltd.	-	100.00
			Philip Tseng (Chairman), James Lee, Eric Li	-	-
		Supervisors	Digital United (Cayman) Ltd.	-	100.00
			Sherman Lee	-	-
71	Far Eastern New Diligence Corporation	Directors	New Diligent Co., Ltd.	-	100.00
			Jennifer Liu, T.Y. Yin, Mike Lee	-	-
72	Yuanshi Digital Technology Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd.	90,014,424	86.41
			T. Y. Yin (Chairman), Sherman Lee, Oliver Chew, Philby Lee, John Yeh	-	-
		Supervisors	Far EasTone Telecommunications Co., Ltd.	-	-
			Sharon Lin	-	-
		President	Terrance Yang	-	-
73	Prime Ecopower Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd.	16,000,000	100.00
			Philip Tseng (Chairman), Eric Li, Andy Kuo	-	-
		Supervisors	New Century InfoComm Tech Co., Ltd.	16,000,000	100.00
			Sherman Lee	-	-
		President	Oliver Liu	-	-

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
74	Yuan-Ding Co., Ltd.	Directors	Douglas Tong Hsu (Chairman)	3,144	-
			Far Eastern New Century Corp.	186,928,831	37.13
			Morton Mate Huang, Alan Tsai, Humphrey Cheng	-	-
			Asia Cement Corp.	178,707,648	35.50
			K.Y. Lee, Peter Hsu, X.Y. Kao	-	-
			Far Eastern Department Stores Ltd.	2,796	-
			Nancy Hsu	-	-
			U-Ming Commerce Co., Ltd.	12,585	-
			David Wang	-	-
		Supervisors	Yuan Ding Investment Co., Ltd.	64,758,813	12.86
			Shaw Y. Wang	-	-
			Der Ching Investment Co., Ltd.	72,989,090	14.50
		President	Y.F. Chang	-	-
			Humphrey Cheng	-	-
75	Ding Ding Hotel Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	102,508,865	98.52
			Douglas Tong Hsu (Chairman), J.W. Huang, T.Z. Chang	-	-
			Far Eastern New Century Corp.	769,052	0.74
			Nancy Hsu, F. Hsu	-	-
			Asia Cement Corp.	555,625	0.53
		Supervisors	Humphrey Cheng, K.Y. Lee	-	-
			Der Ching Investment Co., Ltd.	213,428	0.21
		President	Charles Wang	-	-
76	Yuan Hong Electric Co., Ltd.	Directors	Randy Zupanski	-	-
			Yuan-Ding Co., Ltd.	37,000,000	100.00
		Supervisors	Humphrey Cheng (Chairman), D.H. Xiong, Z.K. Dai	-	-
			Yuan-Ding Co., Ltd.	37,000,000	100.00
77	Far Eastern Technical Consultants Co., Ltd.	Directors	M.G. Chang	-	-
			Yuan-Ding Co., Ltd.	4,550,000	91.00
			Humphrey Cheng (Chairman), D.H. Xiong, T.Z. Chang, Z.K. Dai, P.C. Hu	-	-
		Supervisors	Far Eastern General Contractor Inc.	450,000	9.00
			S.F. Cheng	-	-
		President	T.Z. Chang	-	-
78	Ding Ding Integrated Marketing Service Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	20,392,800	60.00
			Douglas Tong Hsu (Chairman), Humphrey Cheng, D.H. Xiong, T.C. Zhou	-	-
			Far EastTone Telecommunications Co., Ltd.	5,098,200	15.00
			T.Y. Yin	-	-
			Far Eastern Department Stores Ltd.	3,398,800	10.00
			Nancy Hsu	-	-
			Pacific Sogo Co., Ltd.	3,398,000	10.00
		Supervisors	J.W. Huang	-	-
			New Century InfoComm Tech Co., Ltd.	1,699,400	5.00
			Sherman Lee	-	-
79	YDT Technology International Co., Ltd.	Directors	G.L. Liang	-	-
			Yuan-Ding Co., Ltd.	13,992,000	100.00
		Supervisors	Y.S. Yang (Chairman), D.H. Xiong, Z.K. Dai	-	-
			Yuan-Ding Co., Ltd.	13,992,000	100.00
			H.W. Tu	-	-
		President	F.H. Ho	-	-
				-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
80	Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far EastTone Telecommunications Co., Ltd.	118,250,967	39.42
			Douglas Tong Hsu (Chairman), T.Y. Yin, C. K. Ong	-	-
			Yuan Tong Investment Co., Ltd.	35,933,614	11.98
			Y.C. Chang	-	-
			SYSTEX Corporation	25,263,076	8.42
			S.C. Yang	-	-
			MITAC Information Technology Corp.	27,724,093	9.24
		Supervisors	Liang Su	-	-
			TECO Electric & Machinery Co., Ltd.	32,979,907	10.99
			Sophia Chiu	-	-
			S.J. Hsu	-	-
			S.W. Chao	-	-
			Eton Shu	-	-
			W.C. Yeh	-	-
President	Ching Pu Investment Corporation	7,716,831	2.57		
	Larry Chung	-	-		
	He Li Investment	5,255,813	1.75		
	B.L. Tsai	-	-		
	Y.C. Chang	-	-		
81	Yuan Hsin Digital Payment Co., Ltd.	Directors	Ding Ding Integrated Marketing Service Co., Ltd.	15,323,445	15.01
			G.L. Liang(Chairman)	-	-
			Yuan Ding Co., Ltd.	20,417,648	20.00
			Y.S. Yang, Y.C. Chang	-	-
			Far EastTone Telecommunications Co., Ltd.	30,626,472	30.00
		Supervisors	Eton Shu	-	-
			Far Eastern Department Stores Ltd.	15,313,236	15.00
			Greg Tseng	-	-
			Pacific Sogo Co., Ltd.	15,313,236	15.00
			H.T. Peng	-	-
		President	Far Eastern International Bank	5,094,204	4.99
			S.J. Dai	-	-
	S.H. Tsai	-	-		
82	FETC International Co., Ltd.	Directors	Far Eastern Electronic Toll Collection Co., Ltd.	20,000,000	100.00
		Supervisors	Far Eastern Electronic Toll Collection Co., Ltd.	20,000,000	100.00
83	DDIM (Virgin Islands) Ltd.	Directors	Yuan Hong Electric Co., Ltd.	1,501	53.87
84	YDC (Virgin Islands) Ltd.	Directors	Yuan-Ding Co., Ltd.	200	17.70
85	Yuan Ding Integrated Information Service Inc. (Shanghai)	Directors	DDIM(Virgin Islands) Ltd.	-	99.54
			YDC(Virgin Islands) Ltd.	-	0.46
			R.H. Shao, G.L. Liang, D.H. Xiong	-	-
		Supervisors	Y.Z. Tsai	-	-
86	Speedy (Shanghai) digital Tech. Co., Ltd.	President	R.H. Shao	-	-
		Directors	YDC (Virgin Islands) Ltd.	-	100.00
			F.H. Ho	-	-
		Supervisors	D.H. Xiong	-	-
87	APG Polytech USA Holdings, Inc.	President	F.H. Ho	-	-
		Directors	Far Eastern Investment (H) Ltd.	4,965	100.00
88	APG Polytech, LLC		Humphrey Cheng, David Wang, L.C. Kuo Tung, Fanny Liao, Justin Tsai	-	-
		Board of Managers	APG Polytech USA Holdings, Inc.	-	100.00
			Donald Fan, P.T. Huang, C.H. Tseng	-	-

Note: Dissolved on February 9, 2018 with the approval of the local government.

Operation Results of Each Subsidiary and Affiliate

Unit: NT\$ thousands, unless stated otherwise
Book closure date: 31 December 2018

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
0	Far Eastern New Century Corp.	53,528,751	565,589,420	297,859,983	267,729,437	228,661,933	14,783,942	12,028,294	2.41
1	Yuan Ding Investment Co., Ltd.	18,338,262	77,280,425	33,923,037	43,357,388	32,254,772	5,734,668	4,947,986	2.70
2	Oriental Petrochemical (Taiwan) Co., Ltd.	20,660,930	39,134,455	26,678,277	12,456,178	26,114,130	(894,501)	(716,742)	(0.35)
3	Yuan Tong Investment Co., Ltd.	7,051,468	9,207,294	303,136	8,904,158	696,290	692,447	687,793	0.98
4	Far Eastern Resources Development Co., Ltd.	6,672,419	114,693,235	11,657,836	103,035,399	933,361	(154,434)	776,892	1.16
5	Far Eastern Construction Co., Ltd.	3,053,206	19,053,021	5,375,094	13,677,927	858,740	410,711	834,116	2.73
6	Kai Yuan International Investment Co., Ltd.	3,399,659	6,030,051	600,622	5,429,429	470,860	470,406	449,290	1.32
7	Ding Yuan International Investment Co., Ltd.	2,356,005	3,024,576	308	3,024,268	323,352	322,827	321,228	1.36
8	Far Eastern General Contractor Inc.	1,489,776	5,221,665	3,097,010	2,124,655	6,901,498	148,298	130,685	0.88
9	Far Eastern Fibertech Co., Ltd.	910,000	2,266,789	1,101,608	1,165,181	2,419,800	147,763	121,822	1.34
10	An Ho Garment Co., Ltd.	663,462	2,653,191	460,673	2,192,518	250,702	250,323	244,283	3.68
11	Oriental Resources Development Co., Ltd.	489,176	1,046,003	493,376	552,627	1,058,451	63,414	59,320	1.21
12	Far Eastern Apparel Co., Ltd.	247,723	974,342	794,672	179,670	876,166	(98,852)	(68,162)	(2.75)
13	Yuan Faun Co., Ltd.	50,000	147,790	207	147,583	-	(1,911)	10,867	2.17
14	Fu Kwok Knitting & Garment Co., Ltd.	40,000	445,784	222,130	223,654	1,062,461	35,735	32,653	8.16
15	Yuan Cheng Human Resources Consultant Corp.	13,500	35,753	11,625	24,128	335,037	3,249	4,285	3.17
16	Far Eastern Textile Ltd.	1,000	1,614	24	1,590	-	(222)	66	0.66
17	Far Eastern Investment (H) Ltd.	1,234 USD 40	29,993,362 976,505	7,924,759 258,009	22,068,603 718,496	1,840,526 61,047	310,337 10,293	464,068 15,392	115.54 3.83
18	Far Eastern Polychem Industries Ltd.	446 HKD 114	13,336,184 3,401,220	2,875,528 733,366	10,460,656 2,667,854	6,185,708 1,608,277	(95,670) (24,874)	1,193,063 310,195	1.05 0.27
19	FEDP (H) Ltd.	161 USD 5	1,826,405 59,463	110 4	1,826,295 59,459	1,606,477 53,284	1,601,697 53,126	1,614,524 53,551	3,330.40 110.46
20	PET Far Eastern (H) Ltd.	128 RMB 29	7,147,493 1,598,277	425,184 95,077	6,722,309 1,503,200	1,008,003 221,048	946,054 207,463	1,015,901 222,779	2,350.61 515.47
21	Far Eastern Polytex (H) Ltd.	42 USD 1.4	7,600,838 247,463	15,184 494	7,585,654 246,969	44,541 1,477	33,797 1,121	32,311 1,072	239.42 7.94
22	Far Eastern Apparel (H) Ltd.	34 USD 1.1	5,955,394 193,892	2,396,961 78,039	3,558,433 115,853	8,271,365 274,347	183,944 6,101	171,994 5,705	1,546.71 51.30
23	Oriental Textile (H) Ltd.	34 USD 1.1	11,748,749 382,509	3,758,038 122,352	7,990,711 260,157	4,276,676 141,850	(32,443) (1,076)	146,724 4,867	1,338.48 44.40
24	Sino Belgium (H) Ltd.	12 USD 0.4	18,383 599	698,848 22,753	(680,465) (22,154)	(12,774) (424)	(13,688) (454)	(23,292) (773)	(587.58) (19.49)
25	Magna View Sdn.Bhd	21,336 MYR 3,000	226,755 31,883	37,365 5,253	189,390 26,630	16,280 2,262	16,187 2,249	16,187 2,249	5.40 0.75
26	Far Eastern Industries (Shanghai) Ltd.	8,409,146 RMB 1,880,399	15,998,237 3,577,423	7,477,738 1,672,124	8,520,499 1,905,299	28,338,007 6,214,312	726,644 159,348	327,776 71,879	NA NA
27	Oriental Petrochemical (Shanghai) Corp.	8,020,932 RMB 1,793,590	10,399,530 2,325,476	4,693,368 1,049,501	5,706,162 1,275,975	19,427,123 4,260,222	444,207 97,411	692,647 151,892	NA NA
28	Far Eastern New Century (China) Investment Co., Ltd.	2,775,688 RMB 620,682	6,505,645 1,454,751	4,769,356 1,066,493	1,736,289 388,258	(20,221) (4,434)	(21,594) (4,735)	(3,943) (865)	NA NA
29	Martens Beers (Shanghai) Ltd.	350,633 RMB 78,402	21,604 4,831	6,304 1,410	15,300 3,421	3,675 806	(7,277) (1,596)	17,043 3,737	NA NA
30	Shanghai Yuan Hua Logistic Corp.	84,968 RMB 19,000	179,174 40,066	44,076 9,856	135,098 30,210	230,302 50,503	4,969 1,090	4,619 1,013	NA NA
31	Shanghai Far Eastern IT Corp.	56,839 RMB 12,710	65,919 14,740	7,665 1,714	58,254 13,026	117,063 25,671	2,732 599	2,426 532	NA NA
32	Yuan Ding Enterprise (Shanghai) Limited	1,144,832 RMB 256,000	5,128,755 1,146,859	4,529,162 1,012,782	599,593 134,077	112 25	(116,226) (25,488)	(104,231) (22,857)	NA NA
33	Wuhan Far Eastern New Material Ltd.	764,925 RMB 171,048	1,328,764 297,130	390,579 87,339	938,185 209,791	1,537,513 337,165	(10,492) (2,301)	3,234 709	NA NA
34	Oriental Industries (Suzhou) Ltd.	4,896,154 RMB 1,094,847	14,496,698 3,241,659	8,565,077 1,915,268	5,931,621 1,326,391	8,791,711 1,927,956	385,478 84,533	231,958 50,867	NA NA
35	Far Eastern Industries (Suzhou) Ltd.	1,763,621 RMB 394,370	1,610,540 360,139	4,328 968	1,606,212 359,171	308,620 67,678	(76,673) (16,814)	1,606,477 352,288	NA NA
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	1,651,389 RMB 369,273	5,515,225 1,233,279	2,742,389 613,236	2,772,836 620,043	5,151,775 1,129,745	21,268 4,664	34,885 7,650	NA NA
37	Sino-Belgium Beer (Suzhou) Ltd.	1,704,539 RMB 381,158	375,116 83,881	683,144 152,760	(308,028) (68,879)	4,406 966	(30,886) (6,773)	(31,572) (6,924)	NA NA
38	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	1,062,630 RMB 237,619	1,076,464 240,711	14,053 3,142	1,062,411 237,569	-	223 49	223 49	NA NA
39	Far Eastern Apparel (Suzhou) Co., Ltd.	914,869 RMB 204,577	2,349,824 525,453	784,547 175,436	1,565,277 350,017	2,810,743 616,375	51,015 11,187	73,134 16,038	NA NA
40	Suzhou An Ho Apparel Ltd.	4,472 RMB 1,000	55,145 12,331	104 23	55,041 12,308	-	(13) (3)	1,319 289	NA NA

Special Disclosure

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
41	Far Eastern Industries (Wuxi) Ltd.	2,153,136 RMB 481,471	3,420,541 764,879	496,707 111,070	2,923,834 653,809	3,184,891 698,423	100,478 22,034	69,735 15,292	NA NA
42	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	6,499,387 RMB 1,453,351	7,043,996 1,575,133	503,798 112,656	6,540,198 1,462,477	- -	(64,086) (14,054)	406 89	NA NA
43	Far Eastern Industries (Yangzhou) Ltd.	1,381,411 RMB 308,902	1,431,395 320,079	35,706 7,984	1,395,689 312,095	- -	(18,545) (4,067)	1,984 435	NA NA
44	Far Eastern Ishizuka Green PET Corporation.	27,820 JPY 100,000	1,848,055 6,642,900	940,172 3,379,480	907,883 3,263,420	1,414,276 5,180,878	171,618 628,684	157,008 575,162	39.49 144.67
45	Far Eastern Apparel (Vietnam) Ltd.	356,294 USD 11,600	2,262,543 73,662	1,226,803 39,941	1,035,740 33,721	4,848,644 160,821	325,571 10,799	265,551 8,808	NA NA
46	Far Eastern Polytex (Vietnam) Ltd.	7,371,600 USD 240,000	18,943,111 616,738	12,153,944 395,700	6,789,167 221,038	705,802 23,410	(266,243) (8,831)	(359,362) (11,919)	NA NA
47	Far Eastern New Apparel (Vietnam) Ltd.	552,870 USD 18,000	1,407,206 45,815	1,122,705 36,552	284,501 9,263	991,232 32,878	41,303 1,370	29,520 979	NA NA
48	PET Far Eastern (M) Sdn Bhd	113,792 MYR 16,000	1,084,642 152,509	631,136 88,742	453,506 63,767	1,398,682 194,332	39,104 5,433	32,555 4,523	2.03 0.28
49	Worldwide Polychem (HK) Ltd.	107,503 USD 3,500	1,064,508 34,658	1,012,080 32,951	52,428 1,707	2,453,695 81,385	(6,496) (215)	1,643 54	0.61 0.02
50	Waldorf Services B.V.	606 USD 19	- -	- -	- -	- -	(2,042) (68)	(31,320) (1,039)	(17,897.10) (593.62)
51	FETG Investment Antilles N.V.	189 USD 6	35,344 1,151	100 3	35,244 1,148	(31,320) (1,039)	(31,668) (1,050)	(30,112) (999)	(5,018.64) (166.46)
52	Malaysia Garment Manufacturers Private Ltd.	177,862 SDG 7,912	1,586,223 70,562	305,327 13,582	1,280,896 56,980	- -	(33,858) (1,515)	4,739 212	59.89 2.68
53	PT Malaysia Garment Bintan	4,634 IDR 2,175,600	10 4,768	50 23,445	(40) (18,677)	- -	- -	- -	- -
54	Far EasTone Telecommunications Co., Ltd.	32,585,008	126,816,509	52,780,326	74,036,183	86,634,971	12,373,173	9,381,351	2.88
55	Far Eastern Info Service (H) Ltd.	369 USD 12	5,023 164	- -	5,023 164	- -	- -	(38,500) (1,277)	(32,085.00) (1,064.21)
56	KGEx com Co., Ltd.	689,074	912,455	51,350	861,105	581,983	132,078	151,136	2.19
57	Far Eastern Tech-Info Ltd. (Shanghai)	188,858 RMB 42,231	11,605 2,595	- -	11,605 2,595	- -	(131) (29)	(92,425) (20,268)	NA NA
58	Yuan Cing Co., Ltd.	20,000	47,763	12,520	35,243	80,908	15,824	12,833	6.42
59	ARCOA Communication Co., Ltd.	1,342,800	3,426,812	1,654,844	1,771,968	15,574,148	98,821	136,561	1.02
60	Omusic Co., Ltd.	50,000	91,911	70,793	21,118	168,275	2,486	2,187	0.44
61	Data Express Infotech Co., Ltd.	183,805	1,312,056	1,015,707	296,349	4,904,458	30,865	84,693	4.61
62	Linkwell Tech Co., Ltd.	45,804	140,838	89,087	51,751	647,809	11,489	10,075	NA
63	Home Master Technology Ltd	12,725	399,882	351,151	48,731	1,679,846	58,931	50,105	NA
64	New Century InfoComm Tech Co., Ltd.	21,000,000	27,256,280	2,880,801	24,375,479	11,152,520	2,403,506	1,964,654	0.94
65	New Diligent Co., Ltd.	540,000	87,082	100	86,982	-	(112)	(52,408)	(0.97)
66	New Diligent Hong Kong Co. Limited	3,051 USD 100	3,196 104	260 8	2,936 96	72 2	(38) (1)	70 2	NA NA
67	Sino Lead Enterprise Limited.	125 HKD 30	17,587 4,485	17,346 4,424	241 61	109,806 28,549	9 2	16 4	0.53 0.14
68	Information Security Service Digital United	102,490	259,828	140,870	118,958	385,096	14,569	14,868	1.45
69	Digital United (Cayman) Ltd.	316,979 USD 10,320	198,266 6,455	69 2	198,197 6,453	- -	(361) (12)	233 8	0.05 0.00
70	Digital United Information Technology (Shanghai) Ltd.	105,327 RMB 23,553	2,106 471	223 50	1,883 421	- -	(305) (67)	(278) (61)	NA NA
71	Far Eastern New Diligence Ltd.	439,225 USD 14,300	24,892 810	69 2	24,823 808	- -	(252) (8)	(54,222) (1,798)	NA NA
72	Yuanshi Digital Technology Co., Ltd.	1,041,675	263,376	732,067	(468,691)	2,584,036	(336,279)	(335,442)	(3.22)
73	Prime Ecopower Co., Ltd.	160,000	157,964	2,648	155,316	-	(4,707)	(4,684)	(0.29)
74	Yuan-Ding Co., Ltd.	5,034,047	10,409,753	1,411,021	8,998,732	1,677,070	401,462	164,472	0.33
75	Ding Ding Hotel Co., Ltd.	1,040,470	1,700,922	1,520,632	180,290	1,818,690	(331,262)	(335,855)	(3.23)
76	Yuan Hong Electric Co., Ltd.	370,000	47,244	45	47,199	-	(92)	(4,494)	(0.12)
77	Far Eastern Technical Consultants Co., Ltd.	50,000	112,636	47,048	65,588	64,641	(118)	4,457	0.89
78	Ding Ding Integrated Marketing Service Co., Ltd.	339,880	839,048	475,317	363,731	373,029	63,438	26,089	0.77
79	YDT Technology International Co., Ltd.	139,920	308,219	36,696	271,523	106,889	(13,946)	(3,219)	(0.23)
80	Far Eastern Electronic Toll Collection Co., Ltd.	3,000,000	6,835,993	4,493,299	2,342,694	2,096,764	399,210	235,353	0.78
81	Yuan Hsin Digital Payment Co.,Ltd.	1,020,882	946,571	169,833	776,738	21,699	(248,133)	(244,144)	(2.39)
82	FETC International Co., Ltd.	200,000	180,759	28,736	152,023	80,735	(33,135)	30,805	1.54
83	DDIM (Virgin Islands) Ltd.	732,482 USD 23,846	64,706 2,107	4 -	64,702 2,107	- -	(38) (1)	(10,880) (361)	(4,182.91) (138.74)
84	YDC (Virgin Islands) Ltd.	34,708 USD 1,130	51,046 1,662	- -	51,046 1,662	- -	(37) (1)	171 6	151.66 5.03

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
85	Yuan Ding Integrated Information Service Inc. (Shanghai)	673,699 RMB 150,648	80,682 18,042	16,039 3,587	64,643 14,455	36,619 8,030	(9,358) (2,052)	(10,893) (2,389)	NA NA
86	Speedy (Shanghai) digital Tech. Co., Ltd.	29,244 RMB 6,539	58,211 13,017	8,965 2,005	49,246 11,012	36,595 8,025	(237) (52)	254 56	NA NA
87	APG Polytech USA Holdings, Inc.	2 USD 0.05	16,389,490 533,599	1,023,833 33,333	15,365,657 500,266	113,727 3,772	113,727 3,772	113,727 3,772	22,905.73 759.74
88	APG Polytech, LLC	2,764,350 USD 90,000	5,747,008 187,108	2,866,797 93,336	2,880,211 93,772	4,061,886 134,726	36,744 1,219	113,723 3,772	NA NA

1.2 Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

REPRESENTATION LETTER

The affiliates that should be included in the combined financial statements of FENC as of and for the year ended December 31, 2018 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" in the Republic of China (ROC) are the same as those prepared under the International Accounting Standard 10 - "Consolidated and Separate Financial Statements." The information required to be disclosed in the combined financial statements has already been disclosed in the consolidated financial report. Thus, FENC and its affiliates do not prepare a separate set of combined financial statements.

Very truly yours,
Far Eastern New Century Corporation
By

Douglas Tong Hsu
Chairman



March 22, 2019

1.3 Affiliation Report: Not applicable

Special Disclosure

2. Private Placement Securities in the Latest Year

None

3. The Company's Shares Held or Disposed by Subsidiaries in Recent Years until the Annual Report being Published

Name	Paid-in Capital (NT\$ million)	Source of funding	Holdings percentage	Date of acquisition or disposal	Number & amount of shares acquired	Number & amount of shares disposed	Investment income (loss)	Number & amount of shares held until the annual report being published	Creation of pledge	Amount of loan guaranteed by the Company	Amount of loan lent by the Company
Yuan-Ding Co., Ltd.	5,034,047	-	37.13%	-	-	-	-	Shares: 779,000 Amount: NT\$ 25.063 million	-	-	-

4. Other Supplementary Information

None

5. Pursuant to the Article 36-3-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Latest Year until the Annual Report being Published

None.



FAR EASTERN NEW CENTURY

36F, Taipei Metro Tower 207, Tun Hwa South Rd., Sec.2, Taipei, Taiwan, R.O.C
Tel +886 2 2733-8000