Far Eastern Department Stores, Ltd.

Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors’ Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Department Stores, Ltd.

We have audited the accompanying balance sheets of Far Eastern Department Stores, Ltd. (the "Company") as of December 31, 2015, December 31, 2014 and January 1, 2014 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

As disclosed in Note 3 to the financial statements, the Company applies the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) starting in 2015. Thus, this accounting policy was retrospectively applied to prior Standards, Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC), and the items of the prior financial statements have been restated.

March 24, 2016

<u>*Notice to Readers*</u>

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014 (Retrospectively Applied)		January 1, 2014 (Retrospectively Applied)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash (Note 6)	$ 522,970	1	$ 453,650	1	$ 516,953	1
Available-for-sale financial assets - current (Notes 7 and 32)	247,350	-	251,769	1	285,698	1
Debt investments with no active market - current (Notes 9 and 32)	-	-	192,371	-	191,594	-
Notes receivable (Note 10)	1,037	-	223	-	26,350	-
Trade receivables (Note 10)	254,301	-	245,217	-	242,626	-
Trade receivables from related parties (Notes 10 and 31)	22,857	-	12,039	-	15,676	-
Other receivables (Notes 10 and 31)	93,185	-	66,111	-	329,741	1
Current tax assets (Note 26)	4,270	-	20,163	-	20,163	-
Inventories (Note 11)	390,075	1	413,419	1	384,916	1
Prepayments (Note 31)	261,345	1	249,054	-	247,658	-
Other current assets (Notes 17 and 31)	17,609	-	15,151	-	21,801	-
Total current assets	1,814,999	3	1,919,167	3	2,283,176	4
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 7 and 32)	2,185,496	4	2,993,608	5	2,968,556	5
Financial assets measured at cost - non-current (Note 8)	107,433	-	109,488	-	111,543	-
Investments accounted for using the equity method (Notes 3, 12 and 32)	17,866,126	30	19,188,257	31	19,555,805	32
Property, plant and equipment (Notes 13, 14, 31 and 32)	26,098,891	44	27,090,806	43	31,227,060	51
Investment properties (Notes 14 and 32)	9,144,466	15	8,734,944	14	1,771,695	3
Intangible assets (Note 15)	12,553	-	21,897	-	5,494	-
Deferred income tax assets (Note 26)	106,958	-	69,505	-	52,901	-
Net defined benefit assets (Notes 3 and 22)	-	-	185,782	-	222,615	1
Long-term prepayments for lease (Note 16)	2,360,977	4	2,423,382	4	2,485,787	4
Other non-current assets (Notes 17, 28 and 31)	211,072	-	207,026	-	218,746	-
Total non-current assets	58,093,972	97	61,024,695	97	58,620,202	96
TOTAL	$ 59,908,971	100	$ 62,943,862	100	$ 60,903,378	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18, 31 and 32)	$ 4,900,000	8	$ 1,800,000	3	$ 2,650,000	4
Short-term bills payable (Notes 18 and 32)	1,049,686	2	1,649,460	3	1,598,491	3
Notes payable and trade payables (Note 20)	3,355,590	6	3,345,297	5	3,328,710	5
Trade payables to related parties (Notes 20 and 31)	66,998	-	65,002	-	65,113	-
Other payables (Notes 21 and 31)	1,847,950	3	2,487,711	4	1,765,311	3
Current tax liabilities (Note 26)	65,194	-	166,765	-	40,192	-
Deferred revenue - current (Note 21)	38,775	-	14,892	-	6,257	-
Advance receipts (Note 31)	3,163,444	5	3,106,025	5	3,088,826	5
Current portion of bonds payable (Notes 19 and 32)	-	-	1,000,000	2	2,493,512	4
Current portion of long-term borrowings (Notes 18 and 32)	300,000	1	999,429	1	997,159	2
Other current liabilities (Notes 21 and 31)	137,093	-	55,658	-	77,358	-
Total current liabilities	14,924,730	25	14,690,239	23	16,110,929	26
NON-CURRENT LIABILITIES						
Bonds payable (Notes 19 and 32)	-	-	-	-	1,000,000	2
Long-term borrowings (Notes 18 and 32)	13,596,945	23	14,846,606	24	12,749,762	21
Deferred tax liabilities (Note 26)	1,840,126	3	1,633,110	3	1,388,989	2
Net defined benefit liabilities (Note 22)	176,764	-	-	-	-	-
Other non-current liabilities (Notes 12, 21, 28 and 31)	123,407	-	106,854	-	85,108	-
Total non-current liabilities	15,737,242	26	16,586,570	27	15,223,859	25
Total liabilities	30,661,972	51	31,276,809	50	31,334,788	51
EQUITY						
Share capital						
Common shares	14,169,406	24	14,391,956	23	14,109,761	23
Capital surplus	3,315,420	5	3,498,252	5	3,498,174	6
Retained earnings						
Legal reserve	2,728,379	5	2,575,473	4	2,358,917	4
Special reserve	2,461,168	4	2,461,168	4	1,931,285	3
Unappropriated earnings	2,673,946	4	2,936,463	5	4,107,920	7
Total retained earnings	7,863,493	13	7,973,104	13	8,398,122	14
Other equity	3,995,790	7	5,900,851	9	3,659,643	6
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity	29,246,999	49	31,667,053	50	29,568,590	49
TOTAL	$ 59,908,971	100	$ 62,943,862	100	$ 60,903,378	100

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

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 31)	$ 10,348,566	100	$ 10,193,869	100
OPERATING COSTS (Notes 3, 11, 25 and 31)	3,710,684	36	3,559,957	35
GROSS PROFIT	6,637,882	64	6,633,912	65
OPERATING EXPENSES (Notes 3, 25 and 31)				
Selling and marketing expenses	481,701	4	470,142	4
General and administrative expenses	4,625,049	45	4,578,721	45
Total operating expenses	5,106,750	49	5,048,863	49
OPERATING PROFIT	1,531,132	15	1,585,049	16
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	169,662	2	143,061	1
Other gains and losses (Notes 3, 25 and 31)	483,759	5	61,343	1
Finance costs (Notes 25 and 31)	(228,199)	(2)	(214,344)	(2)
Share of profit of subsidiaries and associates accounted for using the equity methods (Note 3)	142,971	1	213,916	2
Total non-operating income and expenses	568,193	6	203,976	2
PROFIT BEFORE INCOME TAX	2,099,325	21	1,789,025	18
INCOME TAX EXPENSE (Notes 3 and 26)	384,555	4	264,584	3
NET PROFIT FOR THE YEAR	1,714,770	17	1,524,441	15
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(354,195)	(3)	(28,858)	-
Gains on property revaluation	-	-	2,328,026	23
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity methods	(46,074)	(1)	(21,133)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	60,213	1	(151,706)	(2)
	(340,056)	(3)	2,126,329	21

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale financial assets	$ (812,531)	(8)	$ (8,877)	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity methods	(1,092,530)	(11)	79,115	-
	(1,905,061)	(19)	70,238	-
Other comprehensive (loss) income for the year	(2,245,117)	(22)	2,196,567	21
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (530,347)	(5)	$ 3,721,008	36
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.20		$ 1.07	
Diluted	$ 1.20		$ 1.07	

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

			Retained Earnings (Notes 3, 23 and 26)			Other Equity (Note 23)				
	Share Capital (Note 23)	Capital Surplus (Note 23)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Gain on Property Revaluation	Treasury Shares (Note 23)	Total Equity
BALANCE AT JANUARY 1, 2014	$ 14,109,761	$ 3,498,174	$ 2,358,917	$ 1,931,285	$ 4,095,216	$ 10,256	$ 3,649,387	$ -	$ (97,110)	$ 29,555,886
Effect of retrospective application and retrospective restatement	-	-	-	-	12,704	-	-	-	-	12,704
BALANCE AT JANUARY 1, 2014 RETROSPECTIVE APPLICATION	14,109,761	3,498,174	2,358,917	1,931,285	4,107,920	10,256	3,649,387	-	(97,110)	29,568,590
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	529,883	(529,883)	-	-	-	-	-
Appropriation of the 2013 earnings										
Legal reserve	-	-	216,556	-	(216,556)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)
Share dividends	282,195	-	-	-	(282,195)	-	-	-	-	-
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78
Net profit for the year ended December 31, 2014	-	-	-	-	1,524,441	-	-	-	-	1,524,441
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(44,641)	60,743	9,495	2,170,970	-	2,196,567
BALANCE AT DECEMBER 31, 2014 RETROSPECTIVE APPLICATION	14,391,956	3,498,252	2,575,473	2,461,168	2,936,463	70,999	3,658,882	2,170,970	(97,110)	31,667,053
Appropriation of the 2014 earnings										
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(340,056)	(13,516)	(1,891,545)	-	-	(2,245,117)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(405,304)
Cancelation of treasury shares	(222,550)	(182,754)	-	-	-	-	-	-	405,304	-
BALANCE AT DECEMBER 31, 2015	$ 14,169,406	$ 3,315,420	$ 2,728,379	$ 2,461,168	$ 2,673,946	$ 57,483	$ 1,767,337	$ 2,170,970	$ (97,110)	$ 29,246,999

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

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD.

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

	For the Years Ended December 31	
	2015	**2014 (Retrospectively Applied)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,099,325	$ 1,789,025
Adjustments for:		
Depreciation expenses	1,287,152	1,252,030
Amortization expenses	11,107	5,377
Impairment loss recognized on receivables	19	-
Amortization of prepayments	8,363	8,786
Finance costs	228,199	214,344
Reversal of deferred revenue	(14,892)	(6,257)
Share of profit of subsidiaries and associates accounted for using the equity methods	(142,971)	(213,916)
Interest income	(991)	(2,966)
Dividend income	(168,671)	(140,095)
Loss on disposal of property, plant and equipment	4,994	2,662
Loss on disposal of investment properties	145	42
Impairment loss recognized on financial assets	2,055	2,055
Gain on change in fair value of investment properties	(398,179)	(4,469)
Net changes in operating assets and liabilities		
Notes receivable	(814)	26,127
Trade receivables	(9,103)	(2,591)
Trade receivables from related parties	(10,818)	3,637
Other receivables	(26,419)	19,084
Inventories	23,344	(28,503)
Prepayments	(12,512)	(1,580)
Other current assets	(2,458)	6,650
Net defined benefit assets	8,351	7,975
Notes payable and trade payables	10,293	16,587
Trade payables to related parties	1,996	(111)
Other payables	(95,057)	(43,450)
Deferred revenue	38,775	14,892
Advance receipts	271,148	196,800
Other current liabilities	81,435	(21,700)
Cash generated from operations	3,193,816	3,100,435
Interest paid	(263,830)	(268,123)
Interest received	336	995
Dividends received	632,296	1,226,802
Income tax returned	18,988	-
Income tax paid	(259,445)	(62,200)
Net cash generated from operating activities	3,322,161	3,997,909

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

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

	For the Years Ended December 31	
	2015	2014 (Retrospectively Applied)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) of debt investments with no active market	$ 192,371	$ (777)
Purchase of investments accounted for using the equity method	(203,000)	(180,000)
Payments for property, plant and equipment	(953,756)	(1,044,231)
Payments for investment properties	(11,488)	(42)
Decrease in other non-current assets	2,224	6,692
Payments for intangible assets	(1,763)	(21,780)
Proceeds from disposal of property, plant and equipment	726	375
Net cash used in investing activities	(974,686)	(1,239,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	17,300,000	24,100,000
Repayments of short-term borrowings	(14,200,000)	(24,950,000)
Proceeds from short-term bills payable	11,097,355	11,671,438
Repayments of short-term bills payable	(11,697,129)	(11,620,469)
Repayments of bonds payable	(1,000,000)	(2,500,000)
Proceeds from long-term borrowings	38,300,910	39,499,114
Repayments of long-term borrowings	(40,250,000)	(37,400,000)
Increase in other non-current liabilities	15,224	1,080
Dividends paid	(1,439,211)	(1,622,612)
Payments for buy-back of treasury shares	(405,304)	-
Net cash used in financing activities	(2,278,155)	(2,821,449)
NET INCREASE (DECREASE) IN CASH	69,320	(63,303)
CASH AT BEGINNING OF THE YEAR	453,650	516,953
CASH AT END OF THE YEAR	$ 522,970	$ 453,650

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

(With Deloitte & Touche audit report dated March 24, 2016) (Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the Company also FEDS) was incorporated in the Republic of China (ROC) in August 31, 1967 and operated a nationwide chain of department stores. The Company's shares have been listed on the Taiwan Stock Exchange since October 11, 1978. The Company's registered address is 18F., No. 16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan, ROC; its main operating branches are as follows:

Branches	Addresses
Taipei Store	No. 32, Paoching Rd., Taipei City
Mega City Banqiao Store	No. 18 and 28, Xinzhan Rd., Banqiao Dist., New Taipei City
Banqiao Store	No. 152, Section 1, Zhongshan Rd., Banqiao Dist., New Taipei City
Taoyuan Store	No. 20, Zhongzheng Rd., Taoyuan City
Hsinchu Store	No. 323, Xida Rd., Hsinchu City
Top City Taichung Store	No. 251, Section 3, Taiwan Blvd., Xitun Dist., Taichung City
Hualien Store	No. 581, Heping Rd., Hualien City
Chiayi Store	No. 537, Chuiyang Rd., Chiayi City
Tainan Gongyuan Store	No. 60, Gongyuan Rd., Tainan City
Tainan Chenggong Store	No. 210, Qianfeng Rd., Tainan City
Kaohsiung Store	No. 21, Sanduo 4th Rd., Kaohsiung City

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 24, 2016.

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 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Order No. 1030029342 and Order No. 1030010325 issued by the FSC on April 3, 2014 stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   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 2013 IFRSs version would not have any material impact on the Company's accounting policies:

1) IFRS 13 Fair Value Measurement

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

The IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 14 for related disclosures.

2) Amendment to IAS 1 Presentation of Items of Other Comprehensive Income

According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The aforementioned allocation basis will not be strictly enforced prior to the adoption of amendments.

The Company will apply the above amendments starting from 2015, items not expected to be reclassified to profit or loss are remeasurements of defined benefit plans, revaluation gains, share of the actuarial gains or losses of subsidiaries and associates as well as the related income tax on such items. Items expected to be reclassified to profit or loss are unrealized gains (loss) on available-for-sale financial assets and share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (except the share of the remeasurements of the defined benefit plans). However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income (loss) for the year, net of income tax, and total comprehensive income for the year.

3) Revision to IAS 19 Employee Benefits

The amendments to IAS 19 require the Company to calculate a net interest amount by applying the discount rate to asset to replace the interest cost and expected return on planned assets used in current IAS 19 and past service cost should be recognized to profit or loss when it occurs. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit costs, and also includes more extensive disclosures.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit assets and retained earnings. In addition, in preparing the financial statements for the year ended December 31, 2015, the Company elects not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact in the prior year is set out below:

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Retrospectively Applied
December 31, 2014			
Prepaid pension cost	$ 185,519	$ (185,519)	$ -
Net defined benefit assets	-	185,782	185,782
Investment accounted for using equity method	19,177,267	10,990	19,188,257
Total effect on assets	$ 19,362,786	$ 11,253	$ 19,374,039
Retained earnings	$ 7,961,851	$ 11,253	$ 7,973,104
Total effect on equity	$ 7,961,851	$ 11,253	$ 7,973,104
January 1, 2014			
Prepaid pension cost	$ 222,285	$ (222,285)	$ -
Net defined benefit assets	-	222,615	222,615
Investment accounted for using equity method	19,543,431	12,374	19,555,805
Total effect on assets	$ 19,765,716	$ 12,704	$ 19,778,420
Retained earnings	$ 8,385,418	$ 12,704	$ 8,398,122
Total effect on equity	$ 8,385,418	$ 12,704	$ 8,398,122

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Retrospectively Applied
For the year ended December 31, 2014			
Operating expense	$ 5,046,182	$ 2,681	$ 5,048,863
Share of profit of subsidiaries and associates accounted for using the equity methods	215,859	(1,943)	213,916
Impact on net profit for the year	1,529,065	(4,624)	1,524,441
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit plan	(31,472)	2,614	(28,858)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity methods	-	(21,133)	(21,133)

	As Originally Stated	Adjustments Arising from Initial Application	Retrospectively Applied
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of subsidiaries and associates accounted for using the equity methods	$ 57,423	$ 21,692	$ 79,115
Impact on other comprehensive income for the year	2,193,394	3,173	2,196,567
Impact on total comprehensive income for the year	$ 3,722,459	$ (1,451)	$ 3,721,008
Impact on earnings per share:			
For the year ended December 31, 2014			
Basic	$ 1.07	$ -	$ 1.07
Diluted	$ 1.07	$ -	$ 1.07

b. The IFRSs issued by IASB but not yet endorsed by the FSC

The Company has not applied the following new, amended or revised standards and interpretations (the New IFRSs) issued by the IASB but not yet endorsed by the FSC. On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed which will be in effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 with effective dates on or before January 1, 2017, meaning the scope excludes those that are not yet effective as of January 1, 2017, such as IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC had not announced the effective dates of other the new IFRSs as well as the amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 Financial Instruments	January 1, 2018
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2018
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
Amendment to IAS 7 Disclosure Initiative	January 1, 2017
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	January 1, 2016
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to IAS 27 Equity Method in Separate Financial Statements	January 1, 2016
Amendment to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 Levies	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above new IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 Financial Instruments

Recognition and measurement of financial assets

All recognized financial assets currently in the scope of IAS 39, Financial Instruments: Recognition and Measurement, will be subsequently measured at either the amortized cost or the fair value.

For the equity instruments invested by the Company, the equity instruments should be measured at the fair value through profit or loss. However, the Company may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified to profit or loss.

The impairment of financial assets

IFRS 9 adds a new expected credit loss impairment model to measure the impairment of financial assets. A loss allowance for expected credit losses should be recognized on financial assets measured at amortized cost. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company should measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition and is not deemed to be a low credit risk, the Company should measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. The Company should always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

2) Amendment to IAS 36 Recoverable Amount Disclosures for Non-financial Assets

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

3) IFRS 15 Revenue from Contracts with Customers

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

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

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

When IFRS 15 is effective, the Company may select to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the aforementioned impact, as of the date that the financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. 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

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

In preparing the financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net profit for the year, other comprehensive (loss) income and equity attributable to owner of the Company in the consolidated financial statements, the difference of the accounting treatment between the Company only basis and the consolidated basis would be adjusted under the heading of investments accounted for using the equity method, share of (loss) profit of subsidiaries and associates accounted for using the equity method, share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method and related equity items.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. 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:

a. Liabilities held primarily for the purpose of trading;

b. 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 financial statements are authorized for issue; and

c. Liabilities for which the Company 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.

Foreign Currencies

In preparing the financial statements, transactions in currencies other than Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of 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 that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Company) are translated into New Taiwan dollars (presentation currency) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

Inventories

Inventories are stated at the lower of weight-average cost or net realizable value, using the retail method. Comparing the difference between cost and net realizable value is made item by retailing department. Net realizable value is the estimated selling price of inventories less all estimated costs of necessary to make the sale.

Investments in Subsidiaries

The Company uses the equity method of accounting to recognize the investments in subsidiaries.

A subsidiary is an entity over which the Company has control.

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

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

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for using the equity method and long-term interests that, in substance from part of the Company's net investment in the subsidiary), the proportionate share of losses are recognized.

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

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and side stream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

Investments in Associates

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

The Company uses the equity method of accounting to recognize the investments in associates.

The results of assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that subsidiary 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 using 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 using 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.

The Company discontinues the use of the equity method from the date on which its investment ceases to be associates. 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 subsidiary had directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

Property, 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 properties 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. 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.

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

To derecognize of the property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss for the year.

Investment Properties

Investment properties are properties held to earn rentals and/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. Gains or losses arising from 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 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.

To derecognize of the investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss for the year.

Intangible Assets

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 during their expected useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

To derecognize of the intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss for the year.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine any indication of impairment loss on these assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any 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 smallest group of cash-generating units on a reasonable and consistent allocation basis.

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. The impairment loss is 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 (deducting amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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

<u>Financial assets</u>

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

a. Measurement category

   The Company’s financial assets are classified into: Available-for-sale financial assets and loans and receivables.

   1) Available-for-sale financial assets

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

      Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired. Refer to Note 30 for the information on the selected method of fair value.

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets measured 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.

2) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables cash, debt investments with no active market, and refundable deposits) 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.

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivable are considered uncollectable, 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 uncollectable trade receivable that are written off against the allowance account.

c. Derecognition of financial assets

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

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

Financial liabilities

a. Subsequent measurement of financial liabilities

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

b. Derecognition

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.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital and capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Revenue Recognition

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

a. Sale of goods

   Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

   1) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

   2) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   3) The amount of revenue can be measured reliably;

   4) It is probable that the economic benefits associated with the transaction will flow to the Company; and

   5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   Sales of goods that result in award credits for customers, under the Company'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 goods 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 Company's obligations have been fulfilled.

b. Commissions from concessionaires' sales

   Commissions from concessionaires' sales are recognized as goods are sold.

c. Maintenance and promotion fee income

   According to contract agreements, maintenance and promotion fee income are recognized on the right to receive the income signed or as services are provided.

d. Dividend and interest income

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

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

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.

a. The Company as a 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.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term. Lease incentives included in the finance lease are recognized as a reduction of minimum lease payments. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

b. The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company 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 balance sheets as a finance lease obligation.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

c. Leasehold lands and buildings

When a lease includes both land and building elements, the Company assesses the classification of each element as a 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 Company. 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.

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.

Retirement Benefit Costs

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

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 liability (asset) are recognized as employee benefits expense when the plan amendment or curtailment occurs. 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 they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. 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.

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

   Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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. Deductible temporary differences associated with these investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the temporary differences and are expected to reverse in deferred tax assets in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured using the fair value model, the carrying amounts of such assets are presumed to be recovered entirely through sale.

c. Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for acquisition subsidiaries, the tax effect is included in the accounting for investment in subsidiaries.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Income tax

As of December 31, 2015 and 2014, there had been no deferred tax assets recognized on deductible temporary differences of $82,951 thousand and $87,651 thousand, respectively. The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Impairment of tangible and intangible assets

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

c. Estimated impairment of trade receivables

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

d. Fair value measurements and valuation processes

If some of the Company's assets measured at fair value have no quoted prices in active markets, the Company will be determine whether to have engage qualified third party appraisers for the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the engaged appraisers would determine appropriate inputs by referring to the existing lease contracts and rentals of similar properties in the vicinity of the Company's investment properties. If the actual changes of inputs in the future differ from the expectation, fair value might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 14 and 30.

e. Useful lives of property, plant and equipment

As described in Note 4 property, plant and equipment to the financial statements, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The length of useful lives of property, plant and equipment had not been changed by the Company in 2015 and 2014.

f. Impairment of investment accounted for using the equity method

The Company immediately recognizes impairment loss on its net investment accounted for by using the equity method when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the investee company, including future cash flow estimated by the associate's management. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

g. Recognition and measurement of defined benefit plans

Defined benefit costs and defined benefit liabilities (assets) under defined benefit plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, dismission rate and long-term average rate of future salary increases. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expenses and the liabilities (assets).

h. Deferred tax on investment properties

Deferred tax assets or liabilities are generated on the fair value measurement of investment properties. After the Company reviews the investment properties held for own-occupation, the Company thinks that the economic benefits from the investment properties are not consumed over time. Thus, for own-occupied properties, the deferred tax should be calculated on what the fair value of the investment properties received by disposal on the investment properties.

6. CASH

	December 31	
	2015	2014
Cash on hand and revolving funds	$ 56,428	$ 97,141
Checking accounts and demand deposits	466,542	356,509
	$ 522,970	$ 453,650

The market rate intervals of cash in bank at the end of the reporting period was as follow:

	December 31	
	2015	2014
Cash in bank	0.01%-0.30%	0.01%-0.70%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Listed and OTC shares	$ 2,432,846	$ 3,245,377
Current	$ 247,350	$ 251,769
Non-current	2,185,496	2,993,608
	$ 2,432,846	$ 3,245,377

Refer to Note 32 for information relating to available-for-sale financial assets pledged as security.

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2015	2014
Domestic unlisted common shares	$ 107,433	$ 109,488

Management believed that the above unlisted equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

9. DEBT INVESTMENT WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2015	2014
Pledged deposits	$ -	$ 192,371

a. As of December 31, 2014, the annual market interest rate for debt investments with no active market was 0.45%.

b. Refer to Note 32 for information relating to debt investment with no active market pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31	
	2015	2014
Notes receivable		
Notes receivable - operating	$ 1,037	$ 223
Notes receivable - non-operating	1,794	1,794
Less: Allowance for impairment loss	(1,794)	(1,794)
	$ 1,037	$ 223
Trade receivables		
Trade receivables	$ 280,727	$ 260,831
Less: Allowance for impairment loss	(3,569)	(3,575)
	$ 277,158	$ 257,256
Other receivables		
Other receivables	$ 114,235	$ 87,161
Less: Allowance for impairment loss	(21,050)	(21,050)
	$ 93,185	$ 66,111

a. Trade receivables

The Company's trade receivables pertained to revenues on credit cards and goods coupons. The average credit period for revenue from credit cards was 2 to 3 days, and for goods coupons, 15 days. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined with reference to past default experience of the counterparties and an analysis of their current financial position.

The Company's revenue is based on cash transactions. The revenue generated from the sales by debiting trade receivable is only recognized when authorization is given.

For the trade receivables balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements for these balances.

The aging of trade receivables were as follows:

	December 31	
	2015	**2014**
Not overdue	$ 245,749	$ 212,378
Less than 30 days	30,235	42,164
31 to 60 days	451	1,174
Later than 61 days	4,292	5,115
	$ 280,727	$ 260,831

The above aging schedule was presented based on the past due date.

The aging of receivables that were past due but not impaired were as follows:

	December 31	
	2015	**2014**
Less than 30 days	$ 30,235	$ 42,164
31 to 60 days	451	1,174
Later than 61 days	723	1,540
	$ 31,409	$ 44,878

The above aging schedule was based on the past due date.

Movements of the allowance for impairment loss for trade receivables were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2014	$ 25	$ 3,550	$ 3,575
Balance at December 31, 2014	$ 25	$ 3,550	$ 3,575
Add: Impairment losses recognized on receivables	19	-	19
Less: Amounts written off during the year as uncollectable	(25)	-	(25)
Balance at December 31, 2015	$ 19	$ 3,550	$ 3,569

b. Other receivables

For the other receivables balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements for these balances.

The aging of other receivables that were past due but not impaired were as follows:

	December 31	
	2015	**2014**
Less than 30 days	$ -	$ -
31 to 60 days	-	-
Later than 61 days	300	306
	$ 300	$ 306

The above aging schedule was based on the past due date.

11. INVENTORIES

	December 31	
	2015	**2014**
Merchandise	$ 390,075	$ 413,419

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 were $3,535,344 thousand and $3,440,584 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	**2014**
Investments in subsidiaries	$ 15,723,346	$ 16,902,252
Investments in associates	$ 2,142,780	$ 2,286,005

a. Investments in subsidiaries

	December 31	
	2015	**2014**
Bai Yang Investment Co., Ltd. (Bai Yang Investment)	$ 7,323,453	$ 8,099,536
Pacific Liu Tong Investment Co., Ltd. (Pacific Liu Tong Investment)	3,539,169	3,658,675
Bai Ding Investment Co., Ltd. (Bai Ding Investment)	2,231,550	2,599,719
Far Eastern Ai Mai Co., Ltd. (Far Eastern Ai Mai)	1,785,878	1,860,765
FEDS Development Ltd. (FEDS Development)	1,286,401	1,187,339
Yu Ming Advertising Agency Co., Ltd. (Yu Ming Advertising Agency)	87,761	105,435
Far Eastern CitySuper Co., Ltd. (Far Eastern CitySuper)	70,818	38,995
Ya Tung Department Stores, Ltd. (Ya Tung Department Stores)	57,626	(20,666)
Far Eastern Hon Li Do Co., Ltd. (Far Eastern Hon Li Do)	11,274	11,370
Asians Merchandise Company (AMC)	4,723	4,414
	16,398,653	17,545,582

(Continued)

	December 31	
	2015	2014
Add: Credit balance on carrying amount of investments accounted for using the equity method reclassified to other liabilities	$ -	$ 20,666
Less: Common shares held by subsidiaries and reclassified from long-term investments to treasury shares		
Bai Ding Investment	97,110	97,110
	16,301,543	17,469,138
Less: The differences of accounting treatments from the consolidated financial statements (Note)	578,197	566,886
	$ 15,723,346	$ 16,902,252

(Concluded)

Note: Part of the Company's investment properties leased to subsidiaries was evaluated under fair value method. But these investment properties were recognized as property, plant and equipment in consolidated financial statements. In order to agree with the amount of net profit for the year, other comprehensive (loss) income and equity attributable to the owner of the Company in the consolidated financial statements, the difference of the accounting treatment between the Company only basis and the consolidated basis was adjusted under the heading of investments accounted for using the equity method, share of (loss) profit of subsidiaries and associates accounted for using the equity method, share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method and related equity items.

	December 31	
Name of Subsidiaries	**2015**	**2014**
Bai Yang Investment	100%	100%
Pacific Liu Tong Investment	35%	35%
Bai Ding Investment	67%	67%
Far Eastern Ai Mai	100%	100%
FEDS Development	54%	76%
Yu Ming Advertising Agency	100%	100%
Far Eastern CitySuper	96%	96%
Ya Tung Department Stores	100%	100%
Far Eastern Hon Li Do	56%	56%
AMC	100%	100%

The list of subsidiaries indirectly owned by the Company is shown in Note 34.

The Company had 35% equity interest in Pacific Liu Tung Investment. However, the combined equity in Pacific Liu Tung Investment of the Company and its subsidiaries reached 56.6%; thus, this investee was recognized as an entity over which the Company had control.

FEDS Development issued shares for cash in March, 2015. The Company's ownership interest reduced to 54% due to the subscription at a percentage different from its existing ownership percentage.

Ya Tung Department Stores have capital injection and reduction simultaneously at May, 2015. The Company acquired 15,000 thousand shares with $10 per share. The investment amount totaling $150,000 thousand along with reducing of 15,000 thousand shares.

Far Eastern Hon Li Do has capital reduction at November 2014. The Company reduce 1,759 shares in accordance with existing ownership percentage.

The investments in subsidiaries accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 were based on the subsidiaries' financial statements audited for the same years by the auditors.

b. Investments in associates

	December 31	
	2015	2014
Associates that are not individually material	$ 2,142,780	$ 2,286,005

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2015	2014
The Company's share of:		
Profit (loss) from continuing operations	$ (136,666)	$ 34,488
Other comprehensive income	(7,715)	3,636
Total comprehensive income for the year	$ (144,381)	$ 38,124

The Company and grandson company, Pacific Sogo Department Stores Co., Ltd., (SOGO) invested in Ding Ding Integrated Marketing Service Co., Ltd. (Ding Ding Integrated Marketing Service), Far Eastern Electronic Commerce Co., Ltd. (Far Eastern Electronic Commerce) and Yuan Hsin Digital Payment Co., Ltd. (Yuan Hsin Digital Payment) totaling 20% of each company's shares. As a result, these investment were measured with equity method.

Yuan Hsin Digital Payment issued shares at June 2014. The Company acquired 18,000 thousand shares with $10 per share. The investment amount totaling $180,000 thousand.

Ding Ding Integrated Marketing Service issued shares in May 2014. The Company acquired 5,300 thousand shares at $10 per share. The investment totaled $53,000 thousand.

The Company's share of losses of an associate is limited to the percentage of its interest in that associate. The amount of unrecognized share of losses of those associates extracted from the relevant audited financial statements of associates, both for the period and cumulatively, was as follows:

	For the Year Ended December 31	
	2015	2014
Unrecognized share of losses of associates for the year	$ 24,563	$ -
Accumulated unrecognized share of losses of associates	$ 24,563	$ -

Refer to Note 32 for the information on the carrying amount of investments accounted for using the equity method that had been pledged as security.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 were based on the associates' financial statements audited for the same years by the auditors.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held Under Finance Lease	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2014	$ 8,353,415	$ 8,683,755	$ 5,272,560	$ 5,721,789	$ 5,722,673	$ 448,133	$ 5,495,040	$ 39,697,365
Additions (deductions)	-	(4,741)	57,966	251,425	(4,792)	18,937	1,613,947	1,932,742
Disposals	-	-	(28,239)	(253,902)	-	(19,069)	-	(301,210)
Reclassification	(399,463)	676,990	252,716	59,560	-	3,292	(5,227,423)	(4,634,328)
Balance at December 31, 2014	$ 7,953,952	$ 9,356,004	$ 5,555,003	$ 5,778,872	$ 5,717,881	$ 451,293	$ 1,881,564	$ 36,694,569
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ (1,462,827)	$ (2,105,513)	$ (3,272,932)	$ (1,370,092)	$ (258,941)	$ -	$ (8,470,305)
Disposals	-	-	26,723	252,903	-	18,547	-	298,173
Depreciation expense	-	(151,529)	(414,021)	(616,659)	(200,079)	(49,343)	-	(1,431,631)
Balance at December 31, 2014	$ -	$ (1,614,356)	$ (2,492,811)	$ (3,636,688)	$ (1,570,171)	$ (289,737)	$ -	$ (9,603,763)
Carrying amount at December 31, 2014	$ 7,953,952	$ 7,741,648	$ 3,062,192	$ 2,142,184	$ 4,147,710	$ 161,556	$ 1,881,564	$ 27,090,806
Cost								
Balance at January 1, 2015	$ 7,953,952	$ 9,356,004	$ 5,555,003	$ 5,778,872	$ 5,717,881	$ 451,293	$ 1,881,564	$ 36,694,569
Additions (deductions)	-	(350)	50,672	195,646	-	55,757	212,961	514,686
Disposals	-	-	(27,850)	(157,675)	-	(25,162)	-	(210,687)
Reclassification	-	-	8,399	88,628	-	17,298	(114,325)	-
Balance at December 31, 2015	$ 7,953,952	$ 9,355,654	$ 5,586,224	$ 5,905,471	$ 5,717,881	$ 499,186	$ 1,980,200	$ 36,998,568
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ (1,614,356)	$ (2,492,811)	$ (3,636,688)	$ (1,570,171)	$ (289,737)	$ -	$ (9,603,763)
Disposals	-	-	25,854	112,803	-	24,233	-	162,890
Depreciation expense	-	(161,108)	(430,746)	(608,651)	(200,080)	(58,219)	-	(1,458,804)
Balance at December 31, 2015	$ -	$ (1,775,464)	$ (2,897,703)	$ (4,132,536)	$ (1,770,251)	$ (323,723)	$ -	$ (10,899,677)
Carrying amount at December 31, 2015	$ 7,953,952	$ 7,580,190	$ 2,688,521	$ 1,772,935	$ 3,947,630	$ 175,463	$ 1,980,200	$ 26,098,891

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

Buildings	55 years
Buildings and facilities	8 to 15 years
Decorative facilities	6 years
Equipment held under finance lease	20 to 50 years
Plant, transportation, and miscellaneous equipment	5 to 8 years

As to the purposes of some of its property, plant and equipment were changed in September 2014, these assets were revalued by an independent appraisal company, i.e., an unrelated party and transferred the cost plus revaluation increments into investment properties. Revaluation gains on change in fair value were recognized in other comprehensive income.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 32.

14. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2014	$ 1,362,378	$ 409,317	$ 1,771,695
Additions	-	42	42
Disposals	-	(42)	(42)
Transferred from property, plant and equipment	4,451,635	2,507,145	6,958,780
Gain (loss) on change in fair value of investment properties	29,984	(25,515)	4,469
Balance at December 31, 2014	$ 5,843,997	$ 2,890,947	$ 8,734,944
Balance at January 1, 2015	$ 5,843,997	$ 2,890,947	8,734,944
Additions	-	11,488	11,488
Disposals	-	(145)	(145)
Gain on change in fair value of investment properties	340,033	58,146	398,179
Balance at December 31, 2015	$ 6,184,030	$ 2,960,436	$ 9,144,466

Some of the Company's investment properties had been leased out under operating leases in the lease term of 3 to 20 years. Except from the minimum lease payments, some of the Company's lease contracts included contingent lease clauses, and the Company should adjust rentals on the basis of Consumer Price Index per annum. The rental incomes generated for the years ended December 31, 2015 and 2014 were $67,206 thousand and $39,907 thousand, respectively.

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

	December 31	
	2015	2014
Not later than 1 year	$ 96,147	$ 40,950
1 year to 5 years	220,624	149,069
	$ 316,771	$ 190,019

The fair values of the investment properties as of December 31, 2015 and December 31, 2014 were based on the valuations carried out at these dates by an independent qualified professional valuators, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh, and Shih-Kai Liu from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

Except from undeveloped lands, the fair value of investment properties were measured using income approach. The increase in estimated future net cash inflows or the decrease in the discount rates would result in the increase in the fair value.

	December 31	
	2015	2014
Expected future cash inflows	$ 22,543,179	$ 21,731,278
Expected future cash outflows	2,919,728	2,663,071
Expected future cash inflows, net	$ 19,623,451	$ 19,068,207
Discount rate	4.555%-4.855%	4.625%-4.800%

The market rentals in those districts, where the investment property is located, were between $1 thousand and $2 thousand per ping (i.e. 1 ping = 3.3 square meters). The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the existing lease contracts of the Company and comparative market rentals covering 6 to 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the one-year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as house taxes, insurance premium, management fee, 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, the tax rate promulgated under the Construction Cost Index and the House Tax Act and construction cost.

The discount rate was determined by reference to the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75% and plus the risk premium of investment properties 2.5%-2.8%.

Some lands owned by the Company, where are located in the east of Taiwan, were not developed yet. The fair value of these undeveloped lands was measured by land development analysis. The increase in estimated total sale price, the increase in rate of return, or the decrease in overall capital interest rate would result in increase in the fair value. The significant assumptions used were as follows:

	December 31	
	2015	**2014**
Estimated total sales	$ 855,717	$ 999,111
Rate of return	20%	15%-16%
Capital interest rate	1.30%-3.69%	1.99%-3.98%

The total sale 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, optimism of domestic macroeconomic prospects, local land use, and comparable market prices.

Refer to Note 32 for the information on the carrying amount of investment properties that had been pledged as security.

15. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2014	$ 7,891
Additions	21,780
Balance at December 31, 2014	$ 29,671

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2014	$ (2,397)
Amortization expenses	(5,377)
Balance at December 31, 2014	$ (7,774)
Carrying amount at December 31, 2014	$ 21,897
Cost	
Balance at January 1, 2015	$ 29,671
Additions	1,763
Balance at December 31, 2015	$ 31,434
Accumulated amortization and impairment	
Balance at January 1, 2015	$ (7,774)
Amortization expenses	(11,107)
Balance at December 31, 2015	$ (18,881)
Carrying amount at December 31, 2015	$ 12,553

(Concluded)

The following useful lives are used in the calculation of amortization on a straight-line basis:

Computer software	3-5 years

16. LONG-TERM PREPAYMENTS FOR LEASE

	December 31	
	2015	2014
A13 land use rights	$ 2,360,977	$ 2,423,382

In September 2003, the Company acquired the land use rights No. A13 in the Xinyi Division, which is owned by the Taipei City Government. The total amount of the land use rights was $3,196,888 thousand, and the Company completed the registration of its acquisition of the land use rights in October 2003. Under the contract, the Company has the right to use the land for 50 years from the completion of the right registration. The initial monthly rent is $3,771 thousand, to be adjusted annually in accordance with the assessed and publicly announced land value on the contract date.

17. OTHER ASSETS

	December 31	
	2015	2014
Refundable deposits (Note 28)	$ 175,793	$ 167,989
Leasing incentives	18,961	28,989
Long-term prepayments	1,906	10,048
Others	32,021	15,151
	$ 228,681	$ 222,177
Current	$ 17,609	$ 15,151
Non-current	211,072	207,026
	$ 228,681	$ 222,177

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Credit loans	$ 4,200,000	$ 1,800,000
Secured loans (Note 32)	700,000	-
	$ 4,900,000	$ 1,800,000
Interest rate intervals are as follows:		
Credit loans	1.050%-1.100%	1.050%-1.150%
Secured loans	1.100%	-

b. Short-term bills payable

	December 31	
	2015	2014
Commercial papers	$ 1,050,000	$ 1,650,000
Less: Unamortized discount on bills payable	314	540
	$ 1,049,686	$ 1,649,460

Outstanding short-term bills payable were as follows:

December 31, 2015

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 600,000	$ 131	$ 599,869	0.80%	-	$ -
China Bills Finance	300,000	165	299,835	0.55%	-	-
Ta Ching Bills Finance	150,000	18	149,982	0.65%	-	-
	$ 1,050,000	$ 314	$ 1,049,686			$ -

December 31, 2014

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial papers						
Mega Bills Finance	$ 600,000	$ 250	$ 599,750	0.83%	-	$ -
China Bills Finance	350,000	67	349,933	0.75%	-	-
Grand Bills Finance	300,000	113	299,887	0.84%	-	-
Taiwan Finance	200,000	37	199,963	0.90%	-	-
Taiwan Cooperative Bills Finance	200,000	73	199,927	0.88%	-	-
	$ 1,650,000	$ 540	$ 1,649,460			$ -

c. Long-term borrowings

	December 31 2015	December 31 2014
Secured loans	$ 11,900,000	$ 12,850,000
Credit loans	1,000,000	1,000,000
Revolving commercial papers	996,945	1,996,035
	13,896,945	15,846,035
Less: Current portion	300,000	999,429
Long-term borrowings	$ 13,596,945	$ 14,846,606

Interest rate intervals are as follows:

	December 31 2015	December 31 2014
Secured loans	1.080%-1.801%	1.080%-1.801%
Credit loans	1.720%-1.780%	1.720%-1.780%
Revolving commercial papers	0.952%	0.952%-1.000%

In November 2012, the Company and three of its related parties - Bai Ding Investment, Bai Yang Investment and FEDS Asia Pacific Development Co., Ltd. FEDS Asia Pacific Development - jointly signed an unsecured syndicated loan contract with Hua Nan Commercial Bank, Land Bank of Taiwan and Yuanta Commercial Bank. Under this contract, the Company and these three related parties obtained a $2,200,000 thousand credit, with floating interest rate and maturity in November 2015. As of December 31, 2014, Bai Ding Investment had made a drawdown of $165,000 thousand. The loan had redeemed at January, 2015.

Beside the loan of the above unsecured syndicated loan contract, the Company had already signed medium and long-term loan contracts and allowed the extension of the repayment deadlines for these loans.

19. BONDS PAYABLE

	December 31	
	2015	2014
a. Secured domestic bonds payable	$ -	$ 1,000,000
b. Unsecured domestic convertible bonds payable	-	-
Less: Unamortized discount on convertible bonds	-	-
	-	1,000,000
Less: Current portion	-	1,000,000
	$ -	$ -

a. Secured domestic bonds payable

The aggregate face value of secured domestic bonds payable (21st) by the Company on September 7, 2010 was $1,000,000 thousand. The bonds were repayable in lump sum on maturity. Interest on these bonds is 1.38%, payable annually. These bonds matured and were redeemed on September, 2015.

b. Unsecured domestic convertible bonds payable

On March 3, 2011, the Company issued 3-year unsecured domestic convertible bonds payable (first tranche) with a total amount of $2,500,000 thousand at a par value of $100 thousand, a conversion price of $57.84, and at 0% interest rate.

The bondholders may exchange their bonds for common shares at any time between April 4, 2011 and February 21, 2014, except for the period (a) from the 15 day before the book closure date of share dividend issuance to the effective date of dividend distribution, (b) from the 15 day before the book closure date of cash dividend issuance to the effective date of dividend distribution, (c) from the 15 day before the book closure date of new share issuance to the effective date of new share distribution, (d) from the capital reduction record date to the day prior to the trading day for exchange of new shares, or (e) others, by the law.

When the Company issues new shares or converts earnings into capital, the Company should adjust the exchange price using a formula on the basis of the rules of bond issuance. However, adjustments should always be downward, never upward.

Based on the bond issuance rules, the exchange price was $57.84 per share on the issuance date. Because of a capital increase from retained earnings and cash dividends, the exchange price was reset; the adjusted exchange price was $47.17 per share in 2013.

The Company bifurcated the bonds into options and liabilities and recognized these as equities and liabilities, respectively. The option component amount of $108,930 thousand was calculated by deducting the fair value of the liability components, liability component transaction cost and the equity component transaction cost of $277 thousand from the bond issue price, which is recognized as additional paid-in capital - share options. The price of the liability components of $2,385,759 thousand was recognized by deducting the transaction costs $5,034 thousand from the balance of fair value on March 3, 2011.

When the balance of outstanding bonds becomes lower than 10% of the total original issued value at any time between September 4, 2011 (the 6 month after the issuance date) and January 22, 2014 (the 40th the day before the maturity date), the Company has the right to redeem the outstanding bonds at face value in cash.

The convertible bonds contained two components: The liability instrument and the conversion option derivative instrument. The conversion option derivative instrument can be recognized as additional paid-in capital - share options. The effective interest rate of the liability on initial recognition was 1.56% per annum.

The interest expense for the recognized amortization of the discount on bonds payable were $6,488 thousand in 2014.

The domestic convertible bonds payable were repaid in March 2014.

20. NOTES PAYABLE AND TRADE PAYABLES (INCLUDING RELATED PARTIES)

	December 31	
	2015	2014
Notes payable		
Operating	$ -	$ -
Non-operating	10	-
	$ 10	$ -
Trade payables		
Operating	$ 3,422,578	$ 3,410,299

21. OTHER LIABILITIES

	December 31	
	2015	2014
Other payables		
Payable for purchase of equipment	$ 583,435	$ 1,130,674
Payable for salaries or bonus	344,887	358,700
Payable for remuneration to directors and supervisors	164,952	157,504
Payable for bonus to employees	82,226	87,863
Payable for rentals	30,479	36,931
Payable for dividends	21,713	21,844
Others	620,258	694,195
	$ 1,847,950	$ 2,487,711
Deferred revenue		
Arising from customer loyalty program	$ 38,775	$ 14,892

(Continued)

	December 31	
	2015	2014
Other liabilities		
Leasing incentives	$ 68,450	$ 46,455
Deposits received	54,957	39,733
Credits balance on carrying amount of investments accounted for using the equity method	-	20,666
Others	137,093	55,658
	$ 260,500	$ 162,512
Current		
Other payables	$ 1,847,950	$ 2,487,711
Deferred revenue	$ 38,775	$ 14,892
Other liabilities	$ 137,093	$ 55,658
Non-current		
Other liabilities	$ 123,407	$ 106,854

(Concluded)

22. 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 account 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 2% 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 following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2015	2014
Present value of defined benefit obligation	$ 881,675	$ 844,876
Fair value of plan assets	(704,911)	(1,030,658)
Net defined benefit liability (asset)	$ 176,764	$ (185,782)

Movements in the net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	$ 822,008	$ (1,044,623)	$ (222,615)
Service cost			
Current service cost	11,942	-	11,942
Net interest expense (income)	14,335	(18,302)	(3,967)
Recognized in profit or loss	26,277	(18,302)	7,975
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	5,139	5,139
Actuarial loss - changes in demographic assumptions	5,219	-	5,219
Actuarial loss - experience adjustments	18,500	-	18,500
Recognized in other comprehensive income	23,719	5,139	28,858
Benefits paid	(27,128)	27,128	-
Balance at December 31, 2014	844,876	(1,030,658)	(185,782)
Service cost			
Current service cost	11,603	-	11,603
Net interest expense (income)	14,785	(18,037)	(3,252)
Recognized in profit or loss	26,388	(18,037)	8,351
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	299,468	299,468
Actuarial loss - changes in demographic assumptions	16,733	-	16,733
Actuarial loss - changes in financial assumptions	22,250	-	22,250
Actuarial loss - experience adjustments	15,744	-	15,744
Recognized in other comprehensive income	54,727	299,468	354,195
Benefits paid	(44,316)	44,316	-
Balance at December 31, 2015	$ 881,675	$ (704,911)	$ 176,764

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 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.

2) Interest risk: A decrease in the government bond 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 of the plan assets.

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 salary 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	
	2015	**2014**
Discount rate	1.50%	1.75%
Expected rate 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
	2015
Discount rate(s)	
0.25% increase	$ (22,934)
0.25% decrease	$ 23,846
Expected rate(s) of salary increase	
0.25% increase	$ 23,246
0.25% decrease	$ (22,470)

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	
	2015	**2014**
The expected contributions to the plan for the next year	$ 16,633	$ 39,666
The average duration of the defined benefit obligation	10.7 years	10.7 years

23. EQUITY

a. Share capital

Common shares

	December 31	
	2015	**2014**
Number of shares authorized (in thousands)	1,750,000	1,750,000
Shares authorized	$ 17,500,000	$ 17,500,000
Number of shares issued and fully paid (in thousands)	1,416,941	1,439,196
Shares issued	$ 14,169,406	$ 14,391,956

Fully paid common shares, which have a par value of $10, are entitled to one vote and a right to receive dividends per share.

b. Capital surplus

	December 31	
	2015	**2014**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Arising from share issuance in excess of par value	$ 2,142,074	$ 2,175,718
Arising from treasury share transactions	1,173,346	1,322,456
May not be used for any purpose		
Arising from changes in percentage of ownership interest in subsidiaries and associates	-	78
	$ 3,315,420	$ 3,498,252

Note: 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 or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

	Arising from Issuance of Common Shares	**Arising from Treasury Share Transactions**	**Share Options**	**Arising from Changes in Percentage of Ownership Interest in Subsidiaries and Associates**	**Total**
Balance at January 1, 2014	$ 2,175,718	$ 1,213,526	$ 108,930	$ -	$ 3,498,174
Expiry of convertible bonds	-	108,930	(108,930)	-	-
Arising from changes in percentage of ownership interest in subsidiaries and associates	-	-	-	78	78
Balance at December 31, 2014	2,175,718	1,322,456	-	78	3,498,252
Arising from treasury share transactions	(33,644)	(149,110)	-	-	(182,754)
Arising from changes in percentage of ownership interest in subsidiaries and associates	-	-	-	(78)	(78)
Balance at December 31, 2015	$ 2,142,074	$ 1,173,346	$ -	$ -	$ 3,315,420

c. Retained earnings and dividend policy

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

Dividends	60%
Bonus to stockholders	33%
Bonus to employees	4%
Remuneration to directors and supervisors	3%

The Company's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. For an orderly dividend distribution, the dividend is distributed in accordance with the Articles of Incorporation. The cash dividends to be distributed should not be below 10% of total cash and shares dividends for the current accounting year.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 17, 2016. For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, please refer to 7; for employee benefits expense refer to Note 25.

Under Order No. 1010012865, Order No. 1010047490, and Order 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.

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

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

The appropriations of earnings for 2014 and 2013 have been approved in the shareholders' meetings on June 22, 2015 and June 20, 2014, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (Dollars)**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 152,906	$ 216,556		
Cash dividends	1,439,196	1,622,623	$ 1.00	$ 1.15
Share dividends	-	282,195	-	0.20

The appropriations of earnings for 2015 had been proposed by the board of directors on March 24, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (Dollars)**
Legal reserve	$ 171,477	
Special reserve	68,426	
Cash dividends	1,416,940	$ 1.0

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on June 17, 2016.

d. Special reserve

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 2,461,168	$ 1,931,285
Appropriation in respect of		
First application of fair value model for investment properties	-	529,883
Balance, end of year	$ 2,461,168	$ 2,461,168

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve at the amount that were the same as the net increase arising from fair value measurement and transferred to retained earnings. Additional special reserve should be appropriated for subsequent net increase in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 70,999	$ 10,256
Share of exchange difference of subsidiaries and associates of accounted for using the equity method	(13,516)	60,743
Balance, end of year	$ 57,483	$ 70,999

2) Unrealized (loss) gain on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 3,658,882	$ 3,649,387
Unrealized loss on available-for-sale financial assets	(812,531)	(8,877)
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for using the equity method	(1,079,014)	18,372
Balance, end of year	$ 1,767,337	$ 3,658,882

On unrealized gain (loss) on available-for-sale financial assets, the cumulative gains or losses under generated from the fair value measurement of available-for-sale financial assets that are recognized under other comprehensive income and are deducted from the disposal proceeds or the amount of impairment reclassified to profit or loss.

3) Gains on property revaluation

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 2,170,970	$ -
Gains on property revaluation	-	2,328,026
Related income tax	-	(157,056)
Balance, end of year	$ 2,170,970	$ 2,170,970

f. Treasury shares

(In Thousands of Shares)

Purpose of Buy-back	Maintain the Credibility of the Company and Shareholder's Equity	Shares Held by Its Subsidiaries	Total
Number of shares at January 1, 2014	-	8,046	8,046
Increase during the year	-	161	161
Number of shares at December 31, 2014	-	8,207	8,207
Increase during the year	22,255	-	22,255
Decrease during the year	(22,255)	-	(22,255)
Number of shares at December 31, 2015	-	8,207	8,207

On September 8, 2015, the board of directors resolved to buy-back the Company's shares from the open-market to maintain the credibility of the Company and shareholder's equity. Within the buy-back period from September 9, 2015 to November 6, 2015, the total number of shares and value of shares bought-back by the Company were 22,255 thousand shares and $405,304 thousand. On November 10, 2015, the board of directors resolved to cancel all of these shares, and determined the record date of the reduction to be November 20, 2015.

Those share subsidiaries held were acquired before the Company Act was amended. The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

(In Thousands of Shares)

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
December 31, 2015			
Bai Ding Investment	8,207	$ 97,110	$ 149,763
December 31, 2014			
Bai Ding Investment	8,207	$ 97,110	$ 231,437

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. REVENUE

	For the Year Ended December 31	
	2015	2014
Sales of goods (Note)	$ 4,282,528	$ 4,177,594
Commissions from concessionaires' sales (Note)	4,814,070	4,914,273
Maintenance and promotion fee income	536,850	550,757
Rental income from property	390,729	322,458
Others	324,389	228,787
	$ 10,348,566	$ 10,193,869

Note: Gross revenue are presented as follows:

	For the Year Ended December 31	
	2015	2014
Concessionaires' sales	$ 38,154,788	$ 37,407,814
Sales of goods	4,460,982	4,347,699
	$ 42,615,770	$ 41,755,513

25. NET PROFIT FOR THE YEAR

Net profit for the year included some items were as follows:

a. Operating costs

	For the Year Ended December 31	
	2015	2014
Operating costs		
Cost of sales	$ 3,535,344	$ 3,440,584
Rental costs	133,422	77,915
Others	41,918	41,458
	$ 3,710,684	$ 3,559,957

b. Other income

	For the Year Ended December 31	
	2015	2014
Dividends	$ 168,671	$ 140,095
Interest income		
Bank deposits	175	928
Others	816	2,038
	$ 169,662	$ 143,061

c. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Gain arising from the changes in fair value of investment properties	$ 398,179	$ 4,469
Net foreign exchange losses	(136)	(182)
Losses on disposal of investment properties	(145)	(42)
Losses on disposal of property, plant and equipment	(4,994)	(2,662)
Other gains	103,295	80,495
Other losses	(12,440)	(20,735)
	$ 483,759	$ 61,343

d. Financial costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans (Note 31)	$ 254,968	$ 252,603
Interest on bonds	9,414	20,288
Other interest expenses	23,993	43,827
Interest on financial liabilities measured at amortized cost	288,375	316,718
Less: Amounts included in the cost of qualifying assets	(60,176)	(102,374)
	$ 228,199	$ 214,344

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2015	2014
Capitalized interest	$ 60,176	$ 102,374
Capitalization rate	1.36%-1.45%	1.26%-1.43%

e. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 1,458,804	$ 1,431,631
Less: Adjustment to advance receipts and depreciation	(171,652)	(179,601)
	1,287,152	1,252,030
Intangible assets (including amortization expense)	11,107	5,377
	$ 1,298,259	$ 1,257,407
An analysis of deprecation by function		
Operating costs	$ 56,396	$ 56,527
Operating expenses	1,230,756	1,195,503
	$ 1,287,152	$ 1,252,030

An analysis of amortization by function		
Operating expenses	$ 11,107	$ 5,377

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2015	2014
Direct operating expenses from investment properties that generated rental income	$ 36,714	$ 757
Direct operating expenses from investment properties that did not generate rental income	74,209	67,213
	$ 110,923	$ 67,970

g. Employee benefits expenses

	For the Year Ended December 31	
	2015	2014
Post-employment benefits		
Defined contribution plans	$ 37,454	$ 38,429
Defined benefit plans (Note 22)	8,351	7,975
	45,805	46,404
Other employee benefits		
Salary	1,177,277	1,194,340
Labor and health insurance	96,387	98,982
Others	37,521	38,503
	1,311,185	1,331,825
Total employee benefit expenses	$ 1,356,990	$ 1,378,229
Employee benefits expense by function		
Operating expenses	$ 1,356,990	$ 1,378,229

The Company had 1,703 and 1,794 employees as of December 31, 2015 and 2014, respectively.

The existing Articles of Incorporation of the Company stipulate to distribute bonus of employees and remuneration of directors and supervisors of $57,133 thousand and $42,850 thousand, respectively, representing 4% and 3%, respectively, of the base net income. The distribution rate was decided based on the past experiences.

In compliance with the Company Act amended in May 2015, the proposed amended Articles of Incorporation of the Company on March 24, 2016 stipulate to distribute the compensation of employees and remuneration of directors and supervisors at the rates of 2% to 3.5% and rates no higher than 2.5%, respectively, of net profit before paying income tax, compensation of employees, and remuneration of directors and supervisors. For the year ended December 31, 2015, the compensation of employees and the remuneration of directors and supervisors were $71,163 thousand and $53,373 thousand, respectively, representing 3.2% and 2.4%, respectively, of the base net profit. The board of directors had resolved to distribute the compensation and the remuneration thereof in cash on March 24, 2016; this resolution was to be approved in the shareholders' meeting held for the amendment to the Company's Articles of Incorporation on June 17, 2016.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The bonuses of employees and remuneration of directors and supervisors for 2014 and 2013 approved in the shareholders' meetings on June 22, 2015 and June 20, 2014, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash Dividends	**Share Dividends**	**Cash Dividends**	**Share Dividends**
Bonus to employees	$ 61,901	$ -	$ 81,927	$ -
Remuneration of directors and supervisors	46,426	-	61,446	-

The bonus of employees and the remuneration of directors and supervisors for the years ended December 31, 2014 and 2013, were approved respectively in the shareholders' meetings on June 22, 2015 and June 20, 2014, and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Bonus to Employees	**Remuneration of Directors and Supervisors**	**Bonus to Employees**	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meetings	$ 61,901	$ 46,426	$ 81,927	$ 61,446
Amounts recognized in respective financial statements	57,133	42,850	83,828	62,871
	$ 4,768	$ 3,576	$ (1,901)	$ (1,425)

The differences were adjusted to profit and loss for the years ended December 31, 2015 and 2014, respectively.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2016 and the bonus of employees, directors and supervisors resolved by the shareholders' meeting in 2015 and 2014 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

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

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 167,798	$ 185,067
Additional income tax on unappropriated earnings	-	3,858
Adjustment of prior year	(3,019)	5,198
Investment tax credit	(10,000)	-
	154,779	194,123
Deferred tax		
In respect of the current year	195,416	70,277
Adjustment of prior year	34,360	184
	229,776	70,461
Income tax expense recognized in profit or loss	$ 384,555	$ 264,584

A reconciliation of accounting profit and income tax expenses and the applicable tax rate was as follows:

	For the Year Ended December 31	
	2015	2014
Profit before income tax	$ 2,099,325	$ 1,789,025
Income tax expense calculated at the statutory rate	$ 356,885	$ 304,134
Nondeductible expenses in determining taxable income	1,610	2,250
Tax-exempt income	(105,299)	(48,080)
Investment tax credit	(10,000)	-
Additional income tax on unappropriated earnings	-	3,858
Land value increment tax	114,317	(845)
Unrecognized deductible temporary differences	(4,847)	(2,837)
Adjustments for prior years' income tax	(3,019)	5,198
Adjustments for prior years' deferred tax	34,360	184
Others	548	722
Income tax expense recognized in profit or loss	$ 384,555	$ 264,584

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company.

As the status of the 2016 appropriation of the 2015 earnings is uncertain, the potential income tax consequences of the 2015 additional tax of 10% on unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
Current tax		
Remeasurement of defined benefit plans	$ 60,213	$ 5,350
Revaluation gain	-	(157,056)
Income tax recognized in other comprehensive income	$ 60,213	$ (151,706)

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investments accounted for using the equity method	$ 29,778	$ 1,042	$ -	$ 30,820
Promotion expense on coupons	17,973	(579)	-	17,394
Leasing incentives	7,897	3,739	-	11,636
Payable - compensated absences	4,379	113	-	4,492
Deferred revenue	2,531	4,060	-	6,591
Differences of pension in determining taxable income	-	(30,163)	60,213	30,050
Others	6,947	(972)	-	5,975
	$ 69,505	$ (22,760)	$ 60,213	$ 106,958
Deferred tax liabilities				
Temporary differences				
Depreciation	$ 831,289	$ 56,481	$ -	$ 887,770
Reserve for land revaluation increment tax	391,157	-	-	391,157
Investment properties	271,194	124,203	-	395,397
Investments accounted for using the equity method	132,335	26,765	-	159,100
Leasing incentives	7,135	(433)	-	6,702
	$ 1,633,110	$ 207,016	$ -	$ 1,840,126

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Promotion expense on coupons	$ 19,042	$ (1,069)	$ -	$ 17,973
Investments accounted for using the equity method	14,626	15,152	-	29,778
Leasing incentives	7,897	-	-	7,897
Payable - compensated absences	4,187	192	-	4,379
Deferred revenue	1,063	1,468	-	2,531
Others	6,086	861	-	6,947
	$ 52,901	$ 16,604	$ -	$ 69,505
Deferred tax liabilities				
Temporary differences				
Depreciation	$ 767,997	$ 63,292	$ -	$ 831,289
Reserve for land revaluation increment tax	391,157	-	-	391,157
Investment properties	119,321	(5,183)	157,056	271,194
Investments accounted for using the equity method	101,789	30,546	-	132,335
Leasing incentives	8,697	(1,562)	-	7,135
Others	28	(28)	-	-
	$ 1,388,989	$ 87,065	$ 157,056	$ 1,633,110

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

	December 31	
	2015	2014
Deductible temporary differences	$ 487,944	$ 516,035

e. Integrated income tax information is as follows

	December 31	
	2015	2014
Imputation credits accounts	$ 427,636	$ 386,608

	For the Year Ended December 31	
	2015 (Expected)	2014
Tax deduction ratio for distribution earnings	18.27%	21.31%

f. Income tax assessments

Income tax returns through 2013 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2015	**2014**
Basic earnings per share	$ 1.20	$ 1.07
Diluted earnings per share	$ 1.20	$ 1.07

Earnings and weighted average number of common shares outstanding for the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2015	**2014**
Net profit for the year	$ 1,714,770	$ 1,524,441
Effect of potential dilutive common shares:		
Bonus to employees	-	-
Net profit in computation of diluted earnings per share	$ 1,714,770	$ 1,524,441

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2015	**2014**
Weighted average number of common shares outstanding in computation of basic earnings per share	1,425,686	1,430,989
Effect of potential dilutive common shares:		
Employees' compensation or bonus issue to employees	5,785	3,184
Weighted average number of common shares outstanding in computation of dilutive earnings per share	1,431,471	1,434,173

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weight average number of shares outstanding used in the computation of diluted earnings per share, if the effect is 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 at their meeting in the following year.

28. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

In addition to the transaction described in Note 16 to the financial statements, the Company signed operating lease arrangements with related parties and unrelated parties in line with its business operations.

As of December 31, 2015 and 2014, the deposit paid for operating lease arrangements was $150,000 thousand for each of these dates.

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

	December 31	
	2015	2014
Not later than 1 year	$ 741,275	$ 739,931
Later than 1 year but not later than 5 years	1,992,956	2,086,240
Later than 5 years	8,222,990	7,679,615
	$ 10,957,221	$ 10,505,786

The lease payments recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2015	2014
Minimum lease payments	$ 777,941	$ 747,080
Contingent rentals	46,011	30,861
	$ 823,952	$ 777,941

Liabilities recognized in respect of non-cancellable operating leases were as follows:

	December 31	
	2015	2014
Leasing incentives (Note 21)		
Non-current	$ 68,450	$ 46,455

b. The Company as lessor

For investment property that is leased out under operating lease agreement, refer to Note 14.

As of December 31, 2015 and 2014, the Company received the deposits from operating leasing contract were $34,200 thousand for each of these dates.

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

	December 31	
	2015	2014
Not later than 1 year	$ 345,020	$ 264,484
Later than 1 year but not later than 5 years	745,435	772,870
Later than 5 years	1,007,570	1,153,086
	$ 2,098,025	$ 2,190,440

29. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Company manages its capital to ensure it can continue to operate as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt borrowings and equity of the Company (comprising share capital, capital surplus, retained earnings and other equity). The Company's capital management concerns its the capital expenditures of capital structure and relative risks to ensure the optimal capital structure, the Company may adjust the amount of dividends paid to stockholders, the number of new shares issued, proceeds from borrowings and repayments of borrowings, in order to balance the overall capital structure.

30. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments that are not measured at fair value

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities					
Financial liabilities measured at amortized cost					
Bonds payable (including current portions)	$ 1,000,000	$ 1,001,509	$ -	$ -	$ 1,001,509

b. Fair value information - financial instruments that are measured at fair value

Fair value hierarchy as at December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 2,432,846	$ -	$ -	$ 2,432,846

Fair value hierarchy as at December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 3,245,377	$ -	$ -	$ 3,245,377

There were no transfers between Levels 1 and 2 in 2015 and 2014.

c. Categories financial instruments

	December 31	
	2015	**2014**
Financial assets		
Loans and receivables (1)	$ 1,049,680	$ 1,124,619
Available-for-sale financial assets (2)	2,540,279	3,354,865
Financial liabilities		
Measured at amortized cost (3)	25,172,126	26,233,238

1) The balances included the carrying amount of cash, debt investments with no active market, notes receivable, trade receivables (including related parties), other receivables and refundable deposits, which were measured at amortized cost.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included the carrying amount of short-term borrowings, short-term bills payable, trade payables (including related parties), other payables, bonds payable, long-term borrowings and deposits received, which were measured at amortized cost.

c. Financial risk management objectives and policies

The Company's financial risk management pertains to the management of operations-related risks (including foreign currency, interest rate and other price risks) credit and liquidity risks. To reduce financial risk, the Company is committed to identifying, assessing and avoiding market uncertainties and reducing the negative effects of these market changes on the Company's financial performance.

The main financial activities of the Company are governed by the Company's internal management and approved by the board of directors. The financial schemes, which include fund raising plans should be carried out in compliance with the Company's policies.

1) Market risk

a) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. To manage this risk, the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount 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	
	2015	**2014**
Fair value interest rate risk		
Financial assets	$ -	$ 192,371
Financial liabilities	8,496,945	9,496,035
Cash flow interest rate risk		
Financial assets	79,972	65,836
Financial liabilities	11,349,686	10,799,460

Sensitivity analysis

The sensitivity analysis below were determined based on the Company's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market. The measurement of the increase or decrease in the interest rates is based on 100 basis points, which is reported to the senior management denoting the management's assessment for the reasonableness of the fluctuation of the interest rates.

If interest rates had been 100 basis points higher or lower and all other variables had been held constant, the profit before income tax for the years ended December 31, 2015 and 2014 would decrease/increase by $112,697 thousand and $107,336 thousand, respectively.

b) Other price risks

The Company was exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Company's investments in listed companies and beneficial certificates should be in compliance with the rules made by the board of directors in order to achieve the goal of risk management and maximize the returns on investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate was adjusted in as a result of the volatile financial market.

If equity prices had been 5% higher or lower, pretax other comprehensive income for the years ended December 31, 2015 and 2014, would increase/decrease by $121,642 thousand and $162,269 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the reporting period, the Company's credit risk is mainly from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

To maintain the quality of trade receivables, the Company manages credit risk by assessing customers' credit status in terms of financial status, historical transactions, etc., and obtains an adequate amount of collaterals as guarantees from the customers with high credit risk. In addition, the Company reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. On the credit risk management of bank deposits and other financial instruments, the Company trades with counterparties comprising banks with high credit ratings.

3) Liquidity risk

The Company manages liquidity risk by monitoring and 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.

On the demand for capital payments for a particular purpose, the Company maintains adequate cash by way of long-term financing/borrowings. For the management of cash shortage, the Company monitors cash management and allocates cash appropriately to maintain financial flexibility and ensure the mitigation of liquidity risk.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

December 31, 2015

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 4,900,000	$ -	$ -	$ -	$ -	$ -	$ 4,900,000
Short-term bills payable	1,049,686	-	-	-	-	-	1,049,686
Notes payable	10	-	-	-	-	-	10
Trade payables	3,355,580	-	-	-	-	-	3,355,580
Trade payables to related parties	66,998	-	-	-	-	-	66,998
Other payables	1,847,950	-	-	-	-	-	1,847,950
Long-term borrowings (including current portion)	300,000	8,796,945	2,800,000	-	2,000,000	-	13,896,945
Deposits received	7,035	33,893	10,383	2,022	601	1,023	54,957

December 31, 2014

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	$ 1,800,000	$ -	$ -	$ -	$ -	$ -	$ 1,800,000
Short-term bills payable	1,649,460	-	-	-	-	-	1,649,460
Trade payables	3,345,297	-	-	-	-	-	3,345,297
Trade payables to related parties	65,002	-	-	-	-	-	65,002
Other payables	2,487,711	-	-	-	-	-	2,487,711
Bonds payable (including current portion)	1,000,000	-	-	-	-	-	1,000,000
Long-term borrowings (including current portion)	999,429	7,650,000	4,696,606	2,500,000	-	-	15,846,035
Deposits received	4,510	1,200	33,000	-	-	1,023	39,733

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

31. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its related parties are disclosed below:

a. Operating revenue

	For the Year Ended December 31 2015	2014
Sales of goods (Note)		
The associates of investor that has significant influence over the Company	$ 43,530	$ 51,100
Subsidiaries	33,588	33,745
Other related parties	9,989	-
Associates	4,723	4,077
	$ 91,830	$ 88,922

Note: Sales to related parties and unrelated parties were under normal terms.

	For the Year Ended December 31	
	2015	2014
Other operating revenue		
Subsidiaries	$ 34,028	$ 35,596
Associates	15,692	13,867
The associates of investor that has significant influence over the Company	14,223	13,778
Other related parties	14,164	10,757
	$ 78,107	$ 73,998

b. Operating costs and expenses

	For the Year Ended December 31	
	2015	2014
Operating costs (Note)		
The associates of investor that has significant influence over the Company	$ 39,595	$ 28,860
Subsidiaries	205	78
	$ 39,800	$ 28,938

Note: Purchases from related parties and unrelated parties were under normal terms.

	For the Year Ended December 31	
	2015	2014
Operating expenses (Note)		
The associates of investor that has significant influence over the Company	$ 352,981	$ 294,994
Subsidiaries	244,768	245,168
Investor that has significant influence over the Company	62,928	57,290
Other related parties	3,723	2,775
Associates	1,205	4,080
	$ 665,605	$ 604,307

Note: The rent pertaining to related parties is based on market rates and is received or paid monthly or yearly.

c. Other gains and losses

	For the Year Ended December 31	
	2015	2014
Other gains		
Subsidiaries	$ 21,452	$ 19,654
Other related parties	15,143	20,098
Investor that has significant influence over the Company	7,000	7,500
The associates of investor that has significant influence over the Company	1,774	7
Associates	697	4
	$ 46,066	$ 47,263
Other losses		
Associates	$ 7,254	$ 7,384
Investor that has significant influence over the Company	1	5
The associates of investor that has significant influence over the Company	-	7
Subsidiaries	-	5,683
Other related parties	-	5
	$ 7,255	$ 13,084

d. Finance costs

	For the Year Ended December 31	
	2015	2014
Subsidiaries	$ 9,579	$ 9,407
The associates of investor that has significant influence over the Company	105	-
Other related parties	14	197
	$ 9,698	$ 9,604

e. Receivables from related parties

	December 31	
	2015	2014
Trade receivables, net		
The associates of investor that has significant influence over the Company	$ 8,331	$ 4,625
Other related parties	5,369	1,294
Associates	4,011	1,803
Subsidiaries	2,985	4,028
Investor that has significant influence over the Company	2,161	289
	$ 22,857	$ 12,039

(Continued)

	December 31	
	2015	2014
Other receivables		
Subsidiaries	$ 8,346	$ 6,450
The associates of investor that has significant influence over the Company	8,426	1,342
Other related parties	4,933	5,140
Associates	1,541	1,475
	$ 23,246	$ 14,407

(Concluded)

f. Other assets

	December 31	
	2015	2014
Prepayments		
Other related parties	$ 166	$ -
Other current assets		
The associates of investor that has significant influence over the Company	$ 15	$ -
Other non-current assets		
Leasing incentives		
The associates of investor that has significant influence over the Company	$ 5,579	$ -
Other related parties	1,749	-
Associates	39	-
	$ 7,367	$ -
Refundable deposits		
The associates of investor that has significant influence over the Company	$ 7,743	$ 4

g. Trade payables to related parties

	December 31	
	2015	2014
Trade payables		
The associates of investor that has significant influence over the Company	$ 49,077	$ 49,121
Subsidiaries	17,921	15,881
	$ 66,998	$ 65,002

(Continued)

	December 31	
	2015	**2014**
Other payables		
The associates of investor that has significant influence over the Company	$ 398,281	$ 611,474
Subsidiaries	99,499	132,358
Associates	51,076	55,829
Investor that has significant influence over the Company	32,495	33,277
Other related parties	1,086	53
	$ 582,437	$ 832,991

(Concluded)

h. Other liabilities

	December 31	
	2015	**2014**
Advance receipts		
The associates of investor that has significant influence over the Company	$ 304	$ 136
Other current liabilities		
Associates	$ 1,115	$ -
The associates of investor that has significant influence over the Company	169	266
Other related parties	-	-
	$ 1,284	$ 266
Other non-current liabilities		
Leasing incentives		
The associates of investor that has significant influence over the Company	$ 68,450	$ 46,455
Deposits received		
The associates of investor that has significant influence over the Company	$ 12,168	$ 87
Other related parties	1,023	1,023
Subsidiaries	881	545
	$ 14,072	$ 1,655

i. Construction projects

The Company contracted out construction projects to the associates of investor that has significant influence over the Company. The construction costs in 2015 and 2014 were $221,074 thousand and $273,150 thousand, respectively.

j. Loans from related parties

The Company financing from other related parties was as follows:

Related Party	For the Year Ended December 31, 2014 Maximum Balance	Date of the Maximum Balance	Ending Balance	Interest Rate (%)	Finance Cost
Far Eastern International Bank	$ 200,000	2014.6.3-2014.7.3	$ -	1.20	$ 197

k. Compensation of key management personnel

	For the Year Ended December 31 2015	 2014
Short-term employee benefit	$ 73,875	$ 58,549
Post-employment benefit	261	163
	$ 74,136	$ 58,712

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for long or short-term borrowings, short-term bills payables and bonds payables:

	December 31 2015	 2014
Debt investments with no active market	$ -	$ 192,371
Available-for-sale financial assets	959,000	1,365,000
Investments accounted for using the equity method	1,151,506	1,221,885
Properties, plant and equipment	15,532,576	15,693,958
Investment properties	9,066,229	8,654,808
	$ 26,709,311	$ 27,128,022

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 and 2014 were as follows:

a. Significant commitments

The amount of unrecognized commitments were as follow:

	December 31	
	2015	2014
Acquisition of property, plant and equipment	$ 309,317	$ 515,847

b. Min-Chiang Chang filed an incidental civil suit in connection with the criminal case of forgery against Ming-Zong Kuo (an employee of FENC), owing to Ming-Zong Kuo already knew Hua-De Lin, Heng-Long Li and Yong-Ji Lai were appointed of the fiduciaries of Pacific Liu Tong Investment (PLT). Min-Chiang Chang claimed that Ming-Zong Kuo colluded with Hua-De Lin, Heng-Long Li and Yong-Ji Lai to use their positions to carry out transactions that resulted in Min-Chiang Chang's losses. According to the incidental civil suit in connection with the criminal case of forgery by Heng-Long Li (Year 93 Chin Shang Zhong Su No. 6) on the Taiwan High Court, Min-Chiang Chang asked the Taiwan High Court to declare that the equity interests in PLT of FEDS and of FENC and their subsidiaries were just a fabrication, i.e., they never existed. In October 2009, Min-Chiang Chang lost the suit and then appealed to the Taiwan High Court. Min-Chiang Chang later raised an appeal to the Taiwan Supreme Court, but the decision of the original criminal case made by the Taiwan High Court was revoked by the Taiwan Supreme Court on March 25, 2010. Under Article 510 of The Code of Criminal Procedure, the Taiwan Supreme Court remanded the criminal case and the incidental civil suit to the Taiwan High Court. The lawsuit was pending as of December 31, 2015.

c. Pacific Construction Co., Ltd. (Pacific Construction), Taiwan Chong-Cuang Ltd. (Chong-Cuang) and Pacific Department Store Co., Ltd. (Pacific Department Store) asserted that Hua-De Lin, Yong-Ji Lai, and Heng-Long Li violated the delegation of Min-Chiang Chang and Pacific Construction, and Douglas Hsu, Mao-De Huang, Guan-Jyun Li, and Ming-Zong Kuo together with the knowledge of such violation and the position in the Company implemented transactions that jeopardize the benefit of Min-Chiang Chang and Pacific Construction. Pacific Construction, Chong-Cuang, and Pacific Department Store after the 2016 pronouncement No. 3 of Taiwan Taipei District Court filed a civil lawsuit requesting the return of the 144,296 thousand, 74,300 thousand, and 9,965 thousand shares of SOGO held by Pacific Liu Tong Investment to Pacific Construction, Chong-Cuang, and Pacific Department Store, respectively. Furthermore, Heng-Long Li, Douglas Hsu, FEDS, Hua-De Lin, Yong-Ji Lai, Guan-Jyun Li, Mao-De Huang, and Ming-Zong Kuo should pay Pacific Construction, Chong-Cuang and Pacific Department Store $13,575,145 thousand, $7,960,148 thousand, and $2,800,336 thousand, respectively. Per decision of Taiwan High Court dated September 7, 2010, defendants - Douglas Hsu, Mao-De Huang, and Guan-Jyun Li - were found not guilty for the criminal charges whereas the lawsuit should be transferred to the civil court for trail in accordance with the civil litigation process. However, per decision of Taiwan High Court, reference No. 47 Year 99 Zhong Su, on October 15, 2012, because the litigation regarding the election of PLT's temporary receivers remained unsettled, the process of the civil lawsuit was hence ceased to avoid conflict between the courts' decisions. On March 9, 2015, per decision of Taiwan High Court, reference No. 47 Year 99 Zhong Su, due to the settlement of litigation regarding the election of PLT's temporary receivers, the process of the civil lawsuit was allowed to be reinitiated.

d. A letter from the Ministry of Economic Affairs (MOEA) on July 28, 2011, stated that the term of the board of directors and supervisors (the Board) of Pacific Sogo Department Store Co., Ltd. (SOGO) was terminated and the election of this board should be held by October 28, 2011. Douglas Hsu, Ching-Wen Huang, Mao-De Huang, Hsiao-Yi Wang and Satoshi Inoue were elected to be the representatives of the Board of Directors and Jing-Yi Wang was elected as a supervisor at the shareholders' meeting on August 26, 2011. On September 2, 2011, the registration of the Board was submitted to the MOEA. On August 30, 2013, the registration of the Board was approved and completed by the MOEA.

The former chairman of PLT, Heng-Long Li, stated that he appointed Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin as members of the Board of Directors of SOGO to replace Ching-Wen Huang, Satoshi Inoue, Douglas Hsu, Hsiao-Yi Wang and Mao-De Huang. Furthermore, those people (Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin) elected Chun-Chih Weng as the chairman of PLT and applied to MOEA for the registration of the change of the Board of directors and supervisor of SOGO on August 8, 2011. However, the application of the registration was rejected by MOEA, due to the election was held by the former chairman of PLT, Heng-Long Li.

Chun-Chih Weng, Chao-Chuan Chu, Shen-Yi Li, Jui-Tsun Liu and Yu-Ying Chin not only announced publicly that they are the five members of the Board of Directors of SOGO, but also held the SOGO shareholders' meetings on September 5, 2011 and September 6, 2011, respectively. However, the decisions made on these two shareholders' meetings on September 5, 2011 and September 6, 2011, were not approved and not consent by all of SOGO's shareholders. According to the Court Reference Number: Year 100 Letter Su No. 4224 verdict from Taiwan Taipei District Court on January 22, 2014, the Court declared that the decision made on the shareholders' meetings on September 5, 2011 was not approved legally; according to the Court Reference Number: Year 100 Letter Su No. 4164 verdict on November 28, 2013, the Court confirmed the decision made on the shareholders' meetings on September 6, 2011 was not approved legally. The five plaintiffs filed an appeal of Year 103 Letter Shang No. 330 and Year 103 Letter Shang No. 87 with the Taiwan High Court. As of December 31, 2015, the two appeals were still pending in Taiwan High Court.

e. In April 2015, under a ruling by the Ministry of Economic Affairs The terms and Conditions of goods (service) coupons in a retail industry should (and not) be documented in a standard contract, the Company and SOGO signed an agreement to have mutual performance guarantees on gift certificates bought by customers. The guarantee period was from April 1, 2015 to March 31, 2016. As of December 31, 2015, the Company's guarantee amount for SOGO was $4,072,815 thousand and that by SOGO for the Company was $2,462,938 thousand.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: Table 2.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4.

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: None.

10) Information on investees. Table 6.

c. Information on investments in Mainland China:

1) Name of the investees in Mainland China, main business and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, repatriation of investment income, and the limit of investment in Mainland China: Table 7.

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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

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 receiving of services: None.

FAR EASTERN DEPARTMENT STORES, LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	Other receivables	Y	$ 1,000,000	$ 1,000,000	$ -	-	(Note A)	$ -	Transaction	$ -	-	$ -	$ 4,227,237 (Note B)	$ 4,227,237 (Note B)
		Far Eastern Big City Shopping Malls Co., Ltd.	Other receivables	Y	200,000	-	-	-	(Note A)	-	Transaction	-	-	-	4,227,237 (Note B)	4,227,237 (Note B)
		Pacific Liu Tong Investment Co., Ltd.	Other receivables	Y	500,000	500,000	-	-	(Note A)	-	Transaction	-	-	-	4,227,237 (Note B)	4,227,237 (Note B)
2	Chongqing FEDS Co., Ltd.	Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	505,500 (RMB 100,000,000)	505,500 (RMB 100,000,000)	283,080 (RMB 56,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	404,400 (RMB 80,000,000)	404,400 (RMB 80,000,000)	328,575 (RMB 65,000,000)	3.175-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	707,700 (RMB 140,000,000)	505,500 (RMB 100,000,000)	449,895 (RMB 89,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Wuxi FEDS Co., Ltd.	Other receivables	Y	758,250 (RMB 150,000,000)	758,250 (RMB 150,000,000)	595,479 (RMB 117,800,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	505,500 (RMB 100,000,000)	505,500 (RMB 100,000,000)	490,335 (RMB 97,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	758,250 (RMB 150,000,000)	758,250 (RMB 150,000,000)	606,600 (RMB 120,000,000)	3.35%-4.235%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	252,750 (RMB 50,000,000)	3.35%-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	353,850 (RMB 70,000,000)	3.175-4%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
4	Pacific China Holding Ltd.	Wuxi FEDS Co., Ltd.	Other receivables	Y	656,500 (US$ 20,000,000)	656,500 (US$ 20,000,000)	426,725 (US$ 13,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	1,181,700 (US$ 36,000,000)	1,181,700 (US$ 36,000,000)	1,181,700 (US$ 36,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	656,500 (US$ 20,000,000)	656,500 (US$ 20,000,000)	590,850 (US$ 18,000,000)	2.42625%-2.6730%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Pacific China Holdings (HK) Limited	Other receivables	Y	984,750 (US$ 30,000,000)	328,250 (US$ 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
		Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	328,250 (US$ 10,000,000)	328,250 (US$ 10,000,000)	32,825 (US$ 1,000,000)	2.4420%-2.4930%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
5	Pacific China Holdings (HK) Limited	Pacific China Holding Ltd.	Other receivables	Y	984,750 (US$ 30,000,000)	328,250 (US$ 10,000,000)	108,323 (US$ 3,300,000)	1.77%-1.93%	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
6	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	50,550 (RMB 10,000,000)	50,550 (RMB 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,698,800 (Note D)	11,698,800 (Note D)
7	FEDS Development Ltd.	Yuan Ding Enterprise (Shanghai) Co., Ltd.	Other receivables	Y	426,725 (US$ 13,000,000)	426,725 (US$ 13,000,000)	106,681 (US$ 3,250,000)	-	(Note A)	-	Transaction	-	-	-	5,849,400 (Note C)	11,698,800 (Note D)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables	Y	1,116,050 (US$ 34,000,000)	1,116,050 (US$ 34,000,000)	1,048,595 (US$ 31,945,000)	-	(Note A)	-	Transaction	-	-	-	5,849,400 (Note C)	11,698,800 (Note D)

Note A: Short-term financing.

Note B: 40% of the financing company's net assets.

Note C: 20% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note D: 40% of the financing company's net assets of final parent company, Far Eastern Department Stores, Ltd.

Note E: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Company and the accounts are not disclosed in the financial statement.

TABLE 2

FAR EASTERN DEPARTMENT STORES, LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on the Amount that Can be Endorsed/ Guaranteed by Each	Highest Balance for the Period	Ending Balance	Actual Used Amount	Value of Property, Plant, or Equipment Used as Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Based on the Latest Financial Statement of the Endorser/Guarantor	Maximum Collateral/ Guarantee Amounts Allowable	FEDS Provides Endorsement/ Guarantee to Subsidiary	Subsidiary Provides Endorsement/ Guarantee to FEDS	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note F)										
0	Far Eastern Department Stores, Ltd. (the “Company”)	FEDS New Century Development Co., Ltd.	3	$ 17,548,199 (Note A)	$ 30,000	$ 30,000	$ -	$ -	-	$ 29,246,999 (Note B)	Y	-	-
		Bai Yang Investment Co., Ltd.	2	17,548,199 (Note A)	1,400,000	1,400,000	32,000	-	5	29,246,999 (Note B)	Y	-	-
		Bai Ding Investment Co., Ltd.	2	17,548,199 (Note A)	1,600,000	1,500,000	650,000	-	5	29,246,999 (Note B)	Y	-	-
		FEDS Development Ltd.	2	17,548,199 (Note A)	3,610,750 (US$ 110,000,000)	3,610,750 (US$ 110,000,000)	328,250 (US$ 10,000,000)	-	12	29,246,999 (Note B)	Y	-	-
		Tianjin FEDS Co., Ltd.	3	17,548,199 (Note A)	298,245 (RMB 59,000,000)	-	-	-	-	29,246,999 (Note B)	Y	-	Y
		Far Eastern CitySuper Co., Ltd.	2	17,548,199 (Note A)	160,000	160,000	-	-	1	29,246,999 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	3	17,548,199 (Note A)	8,470,016	4,372,815	4,372,815	-	15	29,246,999 (Note B)	Y	-	-
		FEDS Asia Pacific Development Co., Ltd.	3	17,548,199 (Note A)	290,000	50,000	-	-	-	29,246,999 (Note B)	Y	-	-
1	Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	2	17,548,199 (Note C)	3,892,000	-	-	-	-	29,246,999 (Note D)	-	-	-
2	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	3	17,548,199 (Note C)	7,572,728 (US$ 230,700,000)	7,572,728 (US$ 230,700,000)	2,760,583 (US$ 84,100,000)	-	25	29,246,999 (Note D)	-	-	-
		Dalian Pacific Department Store Co., Ltd.		17,548,199 (Note C)	242,640 (RMB 48,000,000)	242,640 (RMB 48,000,000)	22,015 (RMB 4,355,000)	-	1	29,246,999 (Note D)	-	-	Y
		Wuxi FEDS Co., Ltd.	3	17,548,199 (Note C)	482,525 (US$ 7,000,000) (RMB 50,000,000)	482,525 (US$ 7,000,000) (RMB 50,000,000)	345,029 (US$ 7,000,000) (RMB 22,800,000)	-	2	29,246,999 (Note D)	-	-	Y
		Chengdu FEDS Co., Ltd.	3	17,548,199 (Note C)	735,275 (US$ 7,000,000) (RMB 100,000,000)	735,275 (US$ 7,000,000) (RMB 100,000,000)	47,001 (US$ 0,000) (RMB 9,298,000)	-	2	29,246,999 (Note D)	-	-	Y
		Tianjin FEDS Co., Ltd.	3	17,548,199 (Note C)	457,250 (US$ 7,000,000) (RMB 45,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
		Far Eastern Department Stores, Ltd.	4	17,548,199 (Note C)	2,532,383	2,462,938	2,462,938	-	8	29,246,999 (Note D)	-	Y	-
3	Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	3	17,548,199 (Note C)	682,425 (RMB 135,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
4	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Tianjin FEDS Co., Ltd.	3	17,548,199 (Note C)	252,750 (RMB 50,000,000)	-	-	-	-	29,246,999 (Note D)	-	-	Y
		Chengdu Beicheng FEDS Co., Ltd.	3	17,548,199 (Note C)	202,200 (RMB 40,000,000)	202,200 (RMB 40,000,000)	-	-	1	29,246,999 (Note D)	-	-	Y
5	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	4	265,821 (Note A)	121,555	121,555	121,555	-	-	443,035 (Note B)	-	-	-

(Continued)

Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.

Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount is 60% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the "Company").

Note D: The amount is 100% of the net assets based on the latest financial statements of the final parent company - Far Eastern Department Stores, Ltd. (the "Company").

Note E: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were undertaken by the Company and the accounts are not disclosed in the financial statement.

Note F: Relationships between the endorsement/guarantee provider and the guaranteed party:

1. Trading partner.
2. Majority owned subsidiary.
3. The Company and subsidiary own over 50% ownership of the investee company.
4. Company's subsidiary or investee of subsidiary of parent company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2015				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Far Eastern Department Stores, Ltd. (the Company)	Shares							
	Asia Cement Corporation	4	Available-for-sale financial assets - non-current	61,000	$ 1,671,413	2	$ 1,671,413	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Available-for-sale financial assets - non-current	19,964	514,083	-	514,083	
	Far Eastern International Bank	5	Available-for-sale financial assets - current	25,266	247,350	1	247,350	
	Kaohsiung Rapid Transit Corporation	-	Financial assets measured at cost - non-current	6,286	44,863	2	44,863 (Note B)	
	Yuan Ding Leasing Corp.	-	Financial assets measured at cost - non-current	7,309	62,560	9	62,560 (Note B)	
	Yuan Ding Co., Ltd.	4	Financial assets measured at cost - non-current	3	10	-	10 (Note B)	
Bai Ding Investment Co., Ltd.	Shares							
	Far Eastern Department Stores, Ltd.	2	Available-for-sale financial assets - current	8,207	149,778	1	149,778	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	25,814	707,315	1	707,315	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	22,812	587,397	-	587,397	15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Chung-Nan Textile Co., Ltd.	-	Financial assets measured at cost - non-current	2,984	81,390	5	81,390 (Note B)	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets measured at cost - non-current	216	11,817	5	11,817 (Note B)	
	Yue Ding Industry Co., Ltd.	7	Financial assets measured at cost - non-current	1,936	16,930	2	16,930 (Note B)	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
	Ding Sheng Investment Co., Ltd.	-	Financial assets measured at cost - non-current	39,600	396,000	18	396,000 (Note B)	
Bai Yang Investment Co., Ltd.	Shares							
	Far Eastern International Bank	8	Available-for-sale financial assets - current	20,623	201,898	1	201,898	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	3,849	105,475	-	105,475	
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	2,217	57,075	-	57,075	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - non-current	200	5,330	-	5,330	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets measured at cost - non-current	1	10	-	10 (Note B)	
Far Eastern Hon Li Do Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,073	12,393	-	12,393	
Yu Ming Advertising Agency Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,681	42,504	-	42,504	
	Shares							
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	1,506	41,253	-	41,253	

(Continued)

Holding Company	Securities Type and Issuer Name	Relationship with the Investor Company (Note A)	Financial Statement Account	December 31, 2015 Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	Note
FEDS New Century Development Co., Ltd.	<u>Beneficiary certificate</u>							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,832	$ 113,510	-	$ 113,510	
FEDS Development Ltd.	<u>Shares</u>							
	Kowloon Cement Corp., Ltd.	7	Financial assets measured at cost - non-current	46	8,903	2	8,903 (Note B)	
Pacific Sogo Department Stores Co., Ltd.	<u>Beneficiary certificate</u>							
	DWS Taiwan Flagship Security Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	150	2,389	-	2,389	
	DWS Global Multi - Asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	5,000	54,700	-	54,700	
	<u>Shares</u>							
	CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	297	1,029	-	1,029	
	Quanta computer Inc.	-	Financial assets at fair value through profit or loss - current	1	38	-	38	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	124,516	2	124,516	
	DBTEL Inc.	-	Financial assets at fair value through profit or loss - current	10	32	-	32	
	Oriental Union Chemical Corp.	8	Available-for-sale financial assets - current	546	11,439	-	11,439	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - current	300	7,995	-	7,995	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets measured at cost - non-current	800	4,019	-	4,019 (Note B)	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets measured at cost - non-current	18,300	-	15	- (Note B)	
	Tain Yuan Investment Co., Ltd.	-	Financial assets measured at cost - non-current	98,000	-	20	- (Note B)	
	PURETEK Corp.	-	Financial assets measured at cost - non-current	119	-	-	- (Note B)	
	Pacific 88 Co., Ltd.	-	Financial assets measured at cost - non-current	16	-	1	- (Note B)	
Pacific China Holdings Ltd.	<u>Shares</u>							
	Oversea Development Corp.	-	Financial assets measured at cost - non-current	2,250	-	15	- (Note B)	
	Taiwan Ocean Farming Corp.	-	Financial assets measured at cost - non-current	2,250	-	15	- (Note B)	

Note A: 1. Subsidiary of FEDS.
2. Parent company.
3. Investor that has significant influence over the Company.
4. The associate of investor that has significant influence over the Company.
5. Other related party.
6. Investor that has significant influence over FEDS.
7. The associate of investor that has significant influence over FEDS.
8. Other related party of FEDS

Note B: The financial assets measured at cost were determined at the book value of the investee company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Adjusted Item	Shares (Thousands)	Amount
FEDS New Century Development Co., Ltd.	Beneficiary certificate DWS Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,228	$ 37,000	41,344	$ 476,000	34,740	$ 400,066	$ 399,771	$ 295	$ -	9,832	$ 113,229 (Note A)
	Shares Chubei New Century Shopping Mall Co., Ltd	Investments accounted for using the equity method	-	Subsidiary	-	-	40,000	400,000 (Note B)	-	-	-	-	(6,780) (Note C)	40,000	393,220
Bai Yang Investment Co., Ltd.	Shares FEDS New Century Development Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	24,250	312,780	47,750 (Note D)	460,000 (Note E)	-	-	-	-	3,190 (Note F)	72,000	775,970
	FEDS Development Ltd.	Investments accounted for using the equity method	-	Subsidiary	68	372,899	117 (Note G)	600,168 (Note H)	-	-	-	-	122,315 (Note I)	185	1,095,382
Pacific (China) Investment Co., Ltd.	Shares Chengdu FEDS Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	-	(1,916,793)	-	312,444 (Note J)	-	-	-	-	(789,670) (Note K)	-	(2,394,019)

Note A: The carrying value was the original amount, i.e., unadjusted.

Note B: There was an increase of NT$400,000 thousand in cash capital.

Note C: This amount comprised the share of the subsidiary's net loss $(6,780) thousand.

Note D: There was an increase of 46,000 thousand shares in cash capital and 1,750 thousand shares dividend from retained earnings.

Note E: There was an increase of NT$460,000 thousand in cash capital.

Note F: This amount comprised the share of the subsidiary's net income $4,166 thousand, the share of other comprehensive loss $(372) thousand, capital surplus $(1) thousand in additional paid-in capital and $(603) thousand from retained earnings.

Note G: There was an increase of 117 thousand shares in cash capital.

Note H: There was an increase of US$19,301 thousand in cash capital.

Note I: This amount comprised the share of the subsidiary's net income $96,404 thousand, the share of other comprehensive loss $(7,591) thousand and adjustment to capital surplus due to non-proportional investment in investee's increase in capital $33,502 thousand.

Note J: There was an increase of RMB61,302 thousand in cash capital.

Note K: This amount comprised the share of the subsidiary's net loss $(837,482) thousand and the share of other comprehensive income $47,812 thousand.

FAR EASTERN DEPARTMENT STORES, LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Far Eastern Ai Mai Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Associate	$ 134,403	-	$ -	-	$ 134,403	$ -
Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	The ultimate parent company	112,535	-	-	-	112,535	-
	Sogo Department Stores Co., Ltd.	Associate	205,079	-	205,079	Collection expedited	548	205,079
FEDS Development Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	The associate of investor that has significant influence over FEDS	1,048,595 (Note)	-	-	-	-	-
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over FEDS	106,681 (Note)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same ultimate parent company	328,575 (Note)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Same ultimate parent company	491,833 (Note)	-	-	-	-	-
	Wuxi FEDS Co., Ltd.	Same ultimate parent company	596,957 (Note)	-	-	-	-	-
	Dalian Pacific Department Store Co., Ltd.	Same ultimate parent company	451,283 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	608,453 (Note)	-	-	-	-	-
	Chengdu Beicheng FEDS Co., Ltd.	Same ultimate parent company	283,945 (Note)	-	-	-	-	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Same ultimate parent company	260,492 (Note)	-	-	-	-	-
	Chongqing Pacific Consultant & Management Co., Ltd.	Same parent company	354,131 (Note)	-	-	-	-	-
Chongqing Pacific Consultant & Management Co., Ltd.	Chongqing Liyang Department Store Co., Ltd.	Subsidiary	178,781	-	-	-	-	-
Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	Subsidiary	426,849 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Subsidiary	1,189,133 (Note)	-	-	-	-	-
	Tianjin FEDS Co., Ltd.	Subsidiary	590,853 (Note)	-	-	-	-	-
Chengdu FEDS Co., Ltd.	Chengdu Quanying Mansion Pacific Department Store Co., Ltd.	Subsidiary	136,493	-	-	-	-	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pacific China Holdings (HK) Limited.	Pacific China Holdings Ltd.	Subsidiary	$ 108,818 (Note)	-	$ -	-	$ -	$ -

Note: This balance refers to fund lending.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss)	Note A
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Department Stores, Ltd.	Bai Yang Investment Co., Ltd.	Taipei City, R.O.C.	Investment	$ 5,422,181	$ 5,422,181	652,991	100	$ 7,323,453	$ (95,567)	$ (95,535)	2
	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	143,652	143,652	140,297	20	1,941,736	(343,101)	(67,459)	1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,764,210	1,764,210	281,734	35	3,539,169	445,172	156,381	2
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	33,357	33,357	119,981	67	2,134,440 (Note C)	179,698	119,999	2
	Far Eastern Ai Mai Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,535,538	1,535,538	169,744	100	1,785,878	(43,429)	(43,429)	2
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,286,401	220,051	157,443	2
	Yu Ming Advertising Agency Co., Ltd.	Taipei City, R.O.C.	Advertising and importation of certain merchandise	33,000	33,000	3,500	100	87,761	10,201	10,201	2
	Ya Tung Department Stores, Ltd.	Taipei City, R.O.C.	Department store	319,292	169,292	17,000	100	57,626	(71,701)	(71,701)	2
	Ding Ding Integrated Marketing Service Co.	Taipei City, R.O.C.	Marketing	64,500	11,500	6,939	10	37,815	(16,710)	(1,835)	1
	Asians Merchandise Company	U.S.A.	Trading	5,316	5,316	950	100	4,723	140	140	2
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	40,278	40,278	1,571	56	11,274	742	530	2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(249,925)	(3,104)	1
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	478,269	478,269	47,827	96	70,818	33,267	31,823	2
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	225,000	22,500	15	163,229	(265,832)	(39,172)	1
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	97,116	14	1,344,203	(343,101)		1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	658,129	658,129	100,250	13	1,273,047	445,172		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	301,125	301,125	22,203	5	385,996	1,528,756		1
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	33,490	33,490	11,254	1	143,770	581,951		2
	Yu Ming Trading Co.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	3,852	47	67,428	2,473		1
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	28,672	28,672	1,259	44	12,735	742		2
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	2	-	-	33,267		2
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
	Chubei New Century Shopping Mall Co., Ltd.	Taipei City, R.O.C.	Department store	400,000	-	40,000	100	393,220	(6,780)		2
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	1,522,761	1,522,761	149,100	70	1,766,470	163,010		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	1,555,590	1,555,590	132,388	30	2,037,534	1,528,756		1
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	577,457	577,457	60,019	33	1,083,367	179,698		2
	FEDS New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	645,272	185,272	72,000	100	775,970	4,166		2
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	268,633	445,172		2
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	123,778	185	46	1,095,382	220,051		2
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	2,442,344	2,442,344	7,600	40	770,909	(2,148,088)		2
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	200,000	200,000	20,000	40	177,214	68,876		2
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	55,000	55,000	11,000	1	149,015	445,172		2
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,200	1,200	200	-	2,515	445,172		2
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	8,400	8,400	1,400	-	17,024	445,172		2
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	4,469,904	4,469,904	650,817	79	9,901,040	581,951		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	62,480	62,480	6,693	3	97,263	142,514		1
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,000,000	4,000,000	11,400	60	2,014,290	(2,148,088)		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	525,000	525,000	51,978	26	553,895	142,514		1
	Lian Ching Investment Co., Ltd.	Taipei City, R.O.C.	Investment	270,641	270,641	26,764	50	-	-		2
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		1
	Sogo Department Store Co., Ltd.	Taipei City, R.O.C.	Credit card business	32,984	32,984	7,120	34	-	-		1
	Pacific Sogo Investment Co., Ltd.	Taipei City, R.O.C.	Investment	999,900	999,900	99,990	100	-	-		2
	Ding Ding Integrated Marketing Service Co	Taipei City, R.O.C.	Marketing	64,500	11,500	6,939	10	37,815	(16,710)		1
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	300,000	300,000	30,000	60	265,821	68,876		2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(249,925)		1
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	225,000	225,000	22,500	15	163,229	(265,832)		1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products of the Investee Company	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Equity in Net Income (Net Loss)	Note A
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	British Virgin Island	Investment	$ 1,280,175	$ 1,280,175	39,000	100	$ 3,035,058	$ (2,094,746)		2
Pacific China Holdings Ltd.	Bai Fa China Holdings (HK), Limited.	Hong Kong	Investment	49	49	2	100	49	-		2

Note A: 1. Associate.
2. Subsidiary.

Note B: The foreign-currency investments were translated at the rate of US$1:NT$32.825 prevailing on December 31, 2015.

Note C: The amount is the investment accounted for using the equity method to $2,231,550 thousand deduct the parent company shares reclassification to treasury shares of $97,110 thousand.

Note D: As to Pacific Sogo Investment Co., Ltd. was under liquidation and the amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Company and the accounts are not disclosed in the financial statement.

(Concluded)

TABLE 7

FAR EASTERN DEPARTMENT STORES, LTD.

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Investment Type (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (Note A)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (Note A)	Net Gain (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outward	Inward						
Shanghai Pacific Department Stores Co., Ltd.	Department store	$ 581,003	2	$ 421,227 (Note B)	$ -	$ -	$ 421,227 (Note B)	$ 28,385	49	$ (30,435)	$ 234,103	$ -
Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	229,775	2	229,775 (Note B)	-	-	229,775 (Note B)	19,468	67	13,507	-	-
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	32,497	2	32,497 (Note B)	-	-	32,497 (Note B)	(68,949)	67	(46,309)	(193,963)	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	98,475	2	98,475 (Note B)	-	-	98,475 (Note B)	79,979	67	53,717	459,238	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	393,900	2	216,645 (Note B)	-	-	216,645 (Note B)	10,303	37	3,806	42,231	-
Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	2,396,225	2	6,565 (Note B)	-	-	6,565 (Note B)	(105,894)	67	(71,123)	695,030	-
Shanghai Pacific Consultant & Management Co., Ltd.	Consulting service	11,489	2	5,629 (Note B)	-	-	5,629 (Note B)	405	33	133	6,479	-
Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	3,283	2	-	-	-	-	5,231	100	5,231	40,518	-
Tianjin FEDS Co., Ltd.	Department store	587,568	2	95,193 (Note C)	-	-	95,193 (Note C)	(214,381)	83	(178,824)	(932,048)	-
Chongqing FEDS Co., Ltd.	Department store	91,910	2	-	-	-	-	344,598	100	344,598	2,068,582	-
Chengdu Baiyang Industry Co., Ltd.	Department store, logistics and storehouse	1,137,370	2	-	-	-	-	290,332	22	24,167	1,513,453	-
Dalian Pacific Department Store Co., Ltd.	Department store	80,880	2	-	-	-	-	(7,706)	67	(5,176)	31,453	-
Chongqing Liyang Department Store Co., Ltd.	Department store	25,275	2	-	-	-	-	(70)	67	(47)	(135,190)	-
Pacific (China) Investment Co., Ltd.	Investment	2,035,150	2	-	-	-	-	(1,464,138)	67	(983,070)	(2,464,651)	-
Wuxi FEDS Co., Ltd.	Department store	590,850	2	-	-	-	-	(407,893)	67	(273,959)	(777,458)	-
Chengdu FEDS Co., Ltd.	Department store	1,116,050	2	-	-	-	-	(837,488)	67	(562,493)	(1,607,919)	-
Chengdu Beicheng FEDS Co., Ltd.	Department store	328,250	2	-	-	-	-	(215,939)	67	(145,034)	(112,629)	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ - (Note D)	$259,744 (US$7,913 thousand) (Notes A and D)	$ - (Note F)

Note A: Translated at the rate of US$1:NT$32,825 prevailing on December 31, 2015.

Note B: The payment was made by Pacific Construction Co., Ltd. (the former shareholder).

Note C: The payment was made by Bai Yang Investment Co., Ltd.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary and the subsidiary's investment amount approved by the Investment Commission.

Note E: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note F: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 10420420060), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note G: Three investment types are as follows:

1. The Company made the investment directly.
2. The Company made the investment through a company registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holdings Ltd.
3. Other.

(Concluded)