Far Eastern Department Stores, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

DOUGLAS HSU
Chairman

March 24, 2017

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern Department Stores, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:

<u>Evaluation of Impairment Loss of Goodwill</u>

As of December 31, 2016, the goodwill of the Group was NT$6,138,622 thousand, accounted for 6% of total consolidated assets, which is material to the consolidated financial statements. Under IAS 36, the Management must test the impairment annually.

The goodwill of the Group mainly derived from the merger and acquisition of operating segments in mainland China. When testing goodwill for impairment, the Management should evaluate whether the recoverable amount is higher than carrying amount. In determining recoverable amount, Management should estimate the future cash flows from operating segments in mainland China and determine the optimal discount rate. Significant assumptions involve both judgments made by Management and material estimation uncertainty. Thus, the evaluation of impairment loss of goodwill is considered a key audit matter. For the accounting policy related to impairment loss of the goodwill, please refer to Notes 4, 5 and 18 of the consolidated financial statements.

Our key audit procedures for the aforementioned are as follows:

1. Evaluating the expertise, competency and independence of external valuation specialists mandated by Management. Verifying the qualification of valuation specialists to ensure their objectivity and assignment are not influenced or restricted, and the methodology conducted is under regulation.

2. With support from our internal financial consultancy specialists, we evaluate the appropriateness of significant assumptions applied by Management, including cash flows forecasts, revenue growth rates and discount rates used.

<u>Fair Value Evaluation of Investment Properties</u>

As of December 31, 2016, the carrying amount of investment properties was NT$10,166,796 thousand, accounted for 10% of total consolidated assets, which is material to the consolidated financial statements. The Group's investment properties are subsequently measured using the fair value model. In the process of fair value assessment, valuation technique and inputs require consideration of the future scheme of investment properties to estimate the discounted fair value of future cash flows. Future cash flows are extrapolated using the existing lease contracts of the Group and market rentals.

Since the cash flow forecasts are subject to economic conditions, which have highly measurement uncertainty. As a result, we have identified the fair value evaluation of investment properties as a key audit matter. Please refer to Notes 4, 5 and 17 to the consolidated financial statements for the details of the information.

Our key audit procedures for the aforementioned are as follows:

1. Evaluating the expertise, competency and independence of external valuation specialists mandated by Management. Verifying the qualification of valuation specialists to ensure their objectivity and assignment are not influenced or restricted, and the methodology conducted is under regulation.

2. Reviewed the lease contracts to ensure the accuracy of fundamental information for cash flow forecasts.

3. With support from our internal financial consultancy specialists, we evaluate the appropriateness of significant assumptions applied, including capitalization rates and discount rates used.

Others Matter

We have also audited the company only financial statements of Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including members of the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Chuan Yeh and Kuo-Tyan Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2017

Notice to Readers

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 13,509,941	13	$ 10,026,630	9
Financial assets at fair value through profit or loss - current (Note 7)	504,315	-	351,111	-
Available-for-sale financial assets - current (Notes 8 and 36)	446,079	-	468,682	-
Debt investments with no active market - current (Notes 9 and 36)	587,511	-	876,847	1
Notes receivable (Note 10)	15,894	-	3,393	-
Trade receivables (Note 10)	767,248	1	515,195	1
Trade receivables from related parties (Notes 10 and 35)	163,085	-	182,970	-
Other receivables (Notes 10 and 35)	1,829,561	2	1,687,802	2
Current tax assets (Note 30)	88,192	-	5,782	-
Inventories (Note 11)	2,761,106	3	2,997,240	3
Prepayments (Notes 19 and 35)	978,303	1	871,542	1
Non-current assets held for sale (Note 12)	10,515	-	-	-
Other current assets (Notes 20 and 35)	79,317	-	90,102	-
Total current assets	21,741,067	20	18,077,296	17
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 8 and 36)	3,522,515	3	3,689,341	3
Financial assets measured at cost - non-current (Note 14)	609,521	1	611,576	-
Debt investments with no active market - non-current (Notes 9 and 36)	229,000	-	127,000	-
Investments accounted for using the equity method (Notes 15 and 36)	8,438,059	8	9,163,153	9
Property, plant and equipment (Notes 16, 35 and 36)	43,626,582	41	45,612,886	43
Investment properties (Notes 17 and 36)	10,166,796	10	10,036,266	9
Intangible assets (Note 18)	6,244,854	6	7,240,992	7
Deferred tax assets (Note 30)	1,023,507	1	727,394	1
Long-term prepayments for lease (Notes 19 and 35)	8,615,400	8	9,177,719	9
Other non-current assets (Notes 20 and 35)	1,978,309	2	1,873,863	2
Total non-current assets	84,454,543	80	88,260,190	83
TOTAL	$ 106,195,610	100	$ 106,337,486	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21, 35 and 36)	$ 9,886,363	10	$ 9,499,733	9
Short-term bills payable (Notes 21 and 36)	2,690,946	3	2,351,020	2
Notes payable (Note 23)	37,892	-	52,224	-
Trade payables (Note 23)	16,250,674	15	16,605,966	16
Trade payables to related parties (Notes 23 and 35)	113,817	-	119,754	-
Other payables (Notes 24, 27 and 35)	4,518,254	4	4,895,382	5
Current tax liabilities (Note 30)	740,459	1	182,997	-
Provisions - current (Note 25)	18,596	-	3,000	-
Deferred revenue - current (Note 24)	92,267	-	98,552	-
Advance receipts (Note 35)	7,594,619	7	8,063,527	7
Current portion of long-term borrowings (Notes 21 and 36)	5,965,315	6	1,959,200	2
Other current liabilities (Notes 24 and 35)	278,656	-	309,764	-
Total current liabilities	48,187,858	46	44,141,119	41
NON-CURRENT LIABILITIES				
Bonds payable (Notes 22 and 36)	996,282	1	994,419	1
Long-term borrowings (Notes 21 and 36)	14,959,267	14	18,829,745	18
Provisions - non-current (Note 25)	27,995	-	31,058	-
Deferred tax liabilities (Note 30)	2,053,903	2	1,991,395	2
Net defined benefit liabilities (Note 26)	982,919	1	802,608	1
Other non-current liabilities (Notes 24 and 35)	2,544,584	2	2,695,271	2
Total non-current liabilities	21,564,950	20	25,344,496	24
Total liabilities	69,752,808	66	69,485,615	65
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common shares	14,169,406	13	14,169,406	13
Capital surplus	3,319,868	3	3,315,420	3
Retained earnings				
Legal reserve	2,899,856	3	2,728,379	3
Special reserve	2,529,594	2	2,461,168	2
Unappropriated earnings	2,013,557	2	2,673,946	3
Total retained earnings	7,443,007	7	7,863,493	8
Other equity	3,795,400	4	3,995,790	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	28,630,571	27	29,246,999	28
NON-CONTROLLING INTERESTS	7,812,231	7	7,604,872	7
Total equity	36,442,802	34	36,851,871	35
TOTAL	$ 106,195,610	100	$ 106,337,486	100

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 28 and 35)	$ 43,496,489	100	$ 44,998,319	100
OPERATING COSTS (Notes 11, 29 and 35)	21,595,367	50	22,257,933	49
GROSS PROFIT	21,901,122	50	22,740,386	51
OPERATING EXPENSES (Notes 26, 29 and 35)				
Selling and marketing expenses	1,176,453	3	1,197,658	3
General and administrative expenses	17,563,553	40	18,613,897	41
Total operating expenses	18,740,006	43	19,811,555	44
OPERATING PROFIT	3,161,116	7	2,928,831	7
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 29)	240,977	1	378,037	1
Other gains and losses (Notes 16, 18, 29 and 35)	(843,912)	(2)	163,685	-
Finance costs (Notes 29 and 35)	(428,315)	(1)	(461,215)	(1)
Share of (loss) profit of associates accounted for using the equity method	(8,585)	-	405,335	1
Total non-operating income and expenses	(1,039,835)	(2)	485,842	1
PROFIT BEFORE INCOME TAX	2,121,281	5	3,414,673	8
INCOME TAX EXPENSE (Note 30)	625,723	1	1,261,372	3
NET PROFIT FOR THE YEAR	1,495,558	4	2,153,301	5
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 26, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(174,835)	(1)	(422,992)	(1)
Share of other comprehensive loss of associates accounted for using the equity method	(3,538)	-	(3,313)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	30,137	-	72,026	-
	(148,236)	(1)	(354,279)	(1)

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ 80,511	-	$ (24,562)	-
Unrealized loss on available-for-sale financial assets	(189,429)	-	(1,318,876)	(3)
Share of other comprehensive loss of associates accounted for using the equity method	(31,856)	-	(566,750)	(1)
	(140,774)	-	(1,910,188)	(4)
Other comprehensive (loss) income for the year, net of income tax	(289,010)	(1)	(2,264,467)	(5)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ 1,206,548	3	$ (111,166)	-
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,134,252	3	$ 1,714,770	4
Non-controlling interests	361,306	1	438,531	1
	$ 1,495,558	4	$ 2,153,301	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 797,192	2	$ (530,347)	(1)
Non-controlling interests	409,356	1	419,181	1
	$ 1,206,548	3	$ (111,166)	-
EARNINGS PER SHARE (Note 31)				
Basic	$ 0.81		$ 1.20	
Diluted	$ 0.80		$ 1.20	

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings (Note 27)			Other Equity (Note 27)						
	Share Capital (Note 27)	Capital Surplus (Note 27)	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 27)	Total	Non-controlling Interests (Note 27)	Total Equity
BALANCE AT JANUARY 1, 2015	$ 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	$ 7,790,414	$ 39,457,467
Appropriation of 2014 earnings												
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)	-	(1,439,196)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(587,691)	(587,691)
	-	-	152,906	-	(1,592,102)	-	-	-	-	(1,439,196)	(587,691)	(2,026,887)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770	438,531	2,153,301
Other comprehensive (loss) income for the year ended December 31, 2015, net of income tax	-	-	-	-	(340,056)	(13,516)	(1,891,545)	-	-	(2,245,117)	(19,350)	(2,264,467)
Total comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	1,374,714	(13,516)	(1,891,545)	-	-	(530,347)	419,181	(111,166)
Adjustments resulting from investments in associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)	(17,032)	(62,239)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(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	$ 7,604,872	$ 36,851,871
Appropriation of 2015 earnings												
Legal reserve	-	-	171,477	-	(171,477)	-	-	-	-	-	-	-
Special reserve	-	-	-	68,426	(68,426)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,416,940)	-	-	-	-	(1,416,940)	-	(1,416,940)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(158,320)	(158,320)
	-	-	171,477	68,426	(1,656,843)	-	-	-	-	(1,416,940)	(158,320)	(1,575,260)
Net profit for the year ended December 31, 2016	-	-	-	-	1,134,252	-	-	-	-	1,134,252	361,306	1,495,558
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	-	(136,670)	790	(201,180)	-	-	(337,060)	48,050	(289,010)
Total comprehensive (loss) income for the year ended December 31, 2016	-	-	-	-	997,582	790	(201,180)	-	-	797,192	409,356	1,206,548
Difference between equity purchase price and carrying amount arising from actual acquisition of subsidiary	-	-	-	-	(1,128)	-	-	-	-	(1,128)	1,128	-
Adjustments resulting from investments in associates accounted for using the equity method	-	4,448	-	-	-	-	-	-	-	4,448	5,381	9,829
Decreases in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(50,186)	(50,186)
BALANCE AT DECEMBER 31, 2016	$ 14,169,406	$ 3,319,868	$ 2,899,856	$ 2,529,594	$ 2,013,557	$ 58,273	$ 1,566,157	$ 2,170,970	$ (97,110)	$ 28,630,571	$ 7,812,231	$ 36,442,802

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,121,281	$ 3,414,673
Adjustments for:		
Depreciation expenses	2,929,003	3,061,186
Amortization expenses	40,377	35,644
Impairment loss recognized (reversal of impairment loss) on receivables	20,682	(8,882)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	36,290	(16,658)
Finance costs	428,315	461,215
Interest income	(57,458)	(76,018)
Dividend income	(183,519)	(302,019)
Share of loss (profit) of associates accounted for using the equity method	8,585	(405,335)
Loss on disposal of property, plant and equipment	40,617	36,518
Loss on disposal of intangible assets	306	820
Loss on disposal of non-current assets held for sale	-	97
Impairment loss recognized on financial assets	2,055	169,281
Impairment loss recognized on intangible assets	998,411	-
Impairment loss recognized on property, plant and equipment	177,228	-
Unrealized gain on physical inventory and slow-moving inventories	(159,305)	(17,123)
Gain on changes in fair value of investment properties	(127,937)	(357,044)
Amortization of prepayments	28,301	15,087
Amortization of prepayments for lease	327,040	326,656
Recognition (reversal) of provisions	11,898	(1,627)
Reversal of deferred revenue	(98,552)	(65,656)
Unrealized purchase discounts	(106,012)	14,033
Net changes in operating assets and liabilities		
Financial assets held for trading	(189,494)	(43,558)
Notes receivable	(12,501)	(983)
Trade receivables	(251,606)	30,923
Trade receivables and notes receivable from related parties	95,407	8,961
Other receivables	(229,922)	(174,547)
Inventories	501,451	(123,423)
Prepayments	(2,821)	84,092
Other current assets	10,785	12,158
Net defined benefit assets	-	8,351
Notes payable	(14,332)	(11,079)
Trade payables	(355,292)	(995,088)
Trade payables and notes payable to related parties	(5,937)	(33,484)
Other payables	(297,819)	(420,542)
Deferred revenue	92,267	98,552
Advance receipts	(231,858)	544,737
Other current liabilities	(31,108)	44,607
Net defined benefit liabilities	16,041	62,552

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash generated from operations	$ 5,530,867	$ 5,377,077
Dividends received	673,437	432,666
Interest paid	(411,026)	(440,838)
Interest received	49,417	71,918
Income tax returned	500	19,246
Income tax paid	(341,734)	(883,682)
Net cash generated from operating activities	5,501,461	4,576,387
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of debt investments with no active market	187,336	325,470
Acquisition of investments accounted for using the equity method	(74,000)	(106,000)
Decrease in prepaid long-term investments	96,164	78,346
Proceeds from disposal of non-current assets held for sale	-	16
Payments for property, plant and equipment	(1,685,232)	(1,970,634)
Proceeds from disposal of property, plant and equipment	8,097	1,173
Payments for intangible assets	(42,348)	(45,745)
Payments for investment properties	(2,593)	(11,878)
Decrease in other non-current assets	28,871	82,382
Increase in prepayments for lease	-	(15,388)
Net cash used in investing activities	(1,483,705)	(1,662,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	107,709,464	63,475,366
Repayments of short-term borrowings	(107,049,812)	(60,614,337)
Proceeds from short-term bills payable	30,934,339	25,892,479
Repayments of short-term bills payable	(30,594,413)	(26,533,142)
Repayments of bonds payable	-	(1,000,000)
Proceeds from long-term borrowings	45,644,837	47,315,604
Repayments of long-term borrowings	(45,509,200)	(49,840,000)
Decrease in other non-current liabilities	(45,513)	(19,375)
Dividends paid to owners of the Company	(1,417,029)	(1,439,211)
Payments for buy-back of treasury shares	-	(405,304)
Dividends paid to non-controlling interests	(197,397)	(617,669)
Decrease in non-controlling interests	(50,186)	-
Net cash used in financing activities	(574,910)	(3,785,589)
EFFECTS OF EXCHANGE RATE CHANGES	40,465	(54,828)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 3,483,311	$ (926,288)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	10,026,630	10,952,918
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 13,509,941	$ 10,026,630

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

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

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the Company or FEDS) was incorporated in the Republic of China (ROC) on August 31, 1967, and operates a nationwide chain of department stores. The Company's shares have been listed on the Taiwan Stock Exchange since October 11, 1978.

The consolidated financial statements of the Company and its subsidiaries, referred to as the Group, are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 20, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Order No. 1050050021 and Order No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the 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)
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
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
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 36 Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
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 dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates 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 methods 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 in 2017 of the above New IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

1) Amendment to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

   IFRS 5 was amended by the Annual Improvements to IFRSs 2012-2014 Cycle to clarify that, reclassification between non-current assets (or a disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, the previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale. The amendment will be applied prospectively to transactions that occur on or after January 1, 2017.

2) Amendment to IFRS 8 Operating Segments

   IFRS 8 was amended by the Annual Improvements to IFRSs 2010-2012 Cycle to require the disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a description of the aggregated operating segments and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgments made in applying the aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

3) Amendments to IFRS 13 Fair Value Measurement

   The basis for conclusions of IFRS 13 was amended by the Annual Improvements to IFRSs 2010-2012 Cycle to clarify that, when the amendment becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial. Otherwise, the material effect of discounting will be adjusted retrospectively.

4) Amendment to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an asset or cash-generating unit for which impairment loss has been recognized or reversed is the fair value less costs of disposal, the Company is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Levels 2 or 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using the present value technique. The amendment will be applied retrospectively.

5) IFRIC 21 Levies

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

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

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

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

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

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

The initial application of the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs applied from 2017 are not expected to have a significant impact on the Group’s assets, liabilities and equity, comprehensive income and loss, and cash flows.

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

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other New IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 Classification and Measurement of Share-based Payment Transactions	January 1, 2018
IFRS 9 Financial Instruments	January 1, 2018
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2018
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
Amendments to IFRS 15 Clarifications to IFRS15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
Amendment to IAS 7 Disclosure Initiative	January 1, 2017
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Amendments to IAS 40 Transfers of Investment Property	January 1, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018

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

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

1) IFRS 9 Financial Instruments

Recognition and measurement of financial assets

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

The Group's equity instruments are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gains or losses previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets be recognized by using the expected credit loss model. A credit loss allowance is required for financial assets measured at amortized cost. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since its initial recognition. A loss allowance for the full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since its initial recognition and is not low. However, a loss allowance for the full lifetime expected credit losses is required for trade receivables that do not constitute financing transactions.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required.

2) IFRS 15 Revenue from Contracts with Customers and related amendment

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

When applying IFRS 15, the Group 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 contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, the Group may elect 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.

3) IFRS 16 Leases

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

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

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

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

4) Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendment clarifies that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess its deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax laws restricts the utilization of losses as a deduction against income of a specific type, and in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount, if there is sufficient evidence that it is probable that the Group will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

5) Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that the Group should transfer an item of property to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of an investment property and there is evidence of its change in use. In isolation, a change in management's intentions for the use of a piece of property does not provide evidence of a change in use. The amendments also clarify that the evidence of change in use is not limited to those illustrated in IAS 40.

The Group may elect to apply the amendments prospectively and reclassify the item of property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of other equity at that date. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

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

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

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.

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 consolidated financial statements are authorized for issue); and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13 and Table 8 for details on subsidiaries, including the percentage of their ownership and main business.

The diagram of intercompany relationships of the consolidated financial statement for the year ended December 31, 2016, refer to Table 1.

Foreign Currencies

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Group) 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

Inventories

Inventories are stated at the lower of cost or net realizable value, using the retail method. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investment in Associates

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

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

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

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

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

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be 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 Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

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 recognized 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 recognized in profit or loss when they arise.

Investment properties under construction of which the fair value is not reliably measurable are stated at cost less accumulated impairment loss until either such time as the fair value becomes reliably measureable or construction is completed (whichever comes earlier).

Investment properties are recorded as property, plant and equipment on or after the beginning of owner-occupation.

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 recognized in profit or loss for the year.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units that is expected to benefit from the synergies of the combination.

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

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

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 asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 Group 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.

Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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 Group's financial assets are classified into: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

   1) Financial assets at fair value through profit or loss

      Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. See Note 34 for the detailed information of choosing fair value.

   2) 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 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 34 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 Group's right to receive the dividends is established.

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

3) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash and cash equivalent, 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.

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

b. Impairment of financial assets

Financial assets, other than those at 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 Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets 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 receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables that are written off against the allowance account.

c. Derecognition of financial assets

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

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 of financial liabilities

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

Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group 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 Group; 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 Group's award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the 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 Group'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 stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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

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 Group 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 from the operating leases are recognized as income in the period in which they are incurred.

b. The Group as lessee

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

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

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. When lease incentives are received to enter into finance leases, such incentives and recognized as a reduction of minimum lease payments.

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

c. Leasehold land and buildings

When a lease includes both land and building elements, the Group 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 Group. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. 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 contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses 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 it occurs. Remeasurement recognized in other comprehensive income (loss) is reflected immediately in retained earnings and will not be reclassified subsequently to profit or loss.

Net defined benefit liabilities (assets) represents the actual deficit (surplus) in the Group'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 shareholders 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 consolidated 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

   When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment of goodwill

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

b. Impairment of tangible and intangible assets other than goodwill

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

c. Fair value measurements and valuation processes

If some of the Group's assets measured at fair value have no quoted prices in active markets, the Group engages third party qualified valuers to perform the appropriate valuation techniques for fair value measurements.

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

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 17.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand and revolving funds	$ 258,472	$ 215,537
Checking accounts and demand deposits	5,017,439	8,910,098
Cash equivalents (investments with original maturity less than 3 months)		
Time deposits	1,222,772	900,995
Commercial papers	7,011,258	-
	$ 13,509,941	$ 10,026,630

The market rate intervals of cash in bank and commercial papers at the end of the reporting period were as follows:

	December 31	
	2016	2015
Cash in bank	0.001%-1.430%	0.385%-4.000%
Commercial papers	0.370%-0.560%	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2016	2015
Financial assets held for trading		
Non-derivative financial assets		
Beneficiary certificate	$ 413,197	$ 225,496
Listed and over-the-counter (OTC) shares	91,118	125,615
	$ 504,315	$ 351,111

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Listed and OTC shares	$ 3,968,594	$ 4,158,023
Current	$ 446,079	$ 468,682
Non-current	3,522,515	3,689,341
	$ 3,968,594	$ 4,158,023

Refer to Note 36 for information relating to available-for-sale financial assets pledged as security.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31 2016	December 31 2015
Time deposits with original maturity more than 3 months	$ 530,820	$ 720,157
Pledged deposits	285,691	283,690
	$ 816,511	$ 1,003,847
Current	$ 587,511	$ 876,847
Non-current	229,000	127,000
	$ 816,511	$ 1,003,847

a. As of December 31, 2016 and 2015, the annual market interest rates of debt investments with no active market were 0.300%-3.000% and 0.375%-3.250%.

b. Refer to Note 36 for information relating to debt investments with no active market pledged as security.

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

	December 31 2016	December 31 2015
Notes receivable		
Notes receivable - operating	$ 15,665	$ 1,796
Notes receivable - non-operating	2,023	3,391
Less: Allowance for impairment loss	(1,794)	(1,794)
	$ 15,894	$ 3,393
Trade receivables		
Trade receivables	$ 1,074,213	$ 918,101
Less: Allowance for impairment loss	(143,880)	(219,936)
	$ 930,333	$ 698,165
Other receivables		
Other receivables	$ 2,229,614	$ 2,014,185
Less: Allowance for impairment loss	(400,053)	(326,383)
	$ 1,829,561	$ 1,687,802

a. Trade receivables

The Group's trade receivables pertained to revenues on credit cards and vouchers. The average credit period for revenue from credit cards was 2 to 3 days, and for vouchers, 15 days. In determining the recoverability of a trade receivables, the Group considered any change in the credit quality of the trade receivables 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 Group's revenue is on the basis of cash transactions. The revenue generated from the sales by debiting trade receivables is only recognized when authorization is given.

For the trade receivables balances that were past due at the end of the reporting period, the Group 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 Group did not hold any collateral or other credit enhancements for these balances.

The aging of trade receivables was as follows:

	December 31	
	2016	**2015**
Not overdue	$ 851,205	$ 597,177
Days overdue		
Up to 30 days	65,319	89,377
31 to 60 days	12,652	10,888
More than 60 days	145,037	220,659
	$ 1,074,213	$ 918,101

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

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

	December 31	
	2016	**2015**
Up to 30 days	$ 65,319	$ 89,377
31 to 60 days	12,652	10,888
More than 60 days	1,157	723
	$ 79,128	$ 100,988

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

The 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, 2015	$ 11,311	$ 217,532	$ 228,843
Add: Impairment losses recognized on receivables	21	-	21
Less: Impairment losses reversed	-	(8,903)	(8,903)
Less: Amounts written off during the year as uncollectable	(25)	-	(25)
Balance at December 31, 2015	11,307	208,629	219,936
Add: Impairment losses recognized on receivables	-	4	4
Less: Impairment losses reversed	-	(75,526)	(75,526)
Less: Amounts written off during the year as uncollectable	-	(534)	(534)
Balance at December 31, 2016	$ 11,307	$ 132,573	$ 143,880

b. Other receivables

FEDS Development Ltd., Far Eastern Polytex (Holding) Corporation Ltd. and Asia Cement (China) Holdings Corporation intend to jointly invest in Yuan Ding Enterprise (Shanghai) Corporation in order to hold and undertake the real estate development and construction of a commercial building in the Shanghai World Expo district.

Far Eastern Polytex (Holding) Corporation Ltd. funded Yuan Ding Enterprise (Shanghai) Corporation through its 100% held subsidiary, Far Eastern New Century (China) Investment Corporation Ltd. The initial registered capital of Yuan Ding Enterprise (Shanghai) Corporation was RMB5 billion. FEDS Development Ltd. plans to increase the investment after the completion rate of the construction of the commercial building reaches 25%. The ultimate percentage of ownership that FEDS held is expected to be 20%.

FEDS Development Ltd. agrees to offer a one-year loan to Far Eastern New Century (China) Investment Corporation Ltd. with a credit of US$34,000 thousand and RMB213,700 thousand, and also provides an unsecured and interest-free loan to Yuan Ding Enterprise (Shanghai) Corporation with a credit of US$3,250 thousand and RMB35,000 thousand. Revolving lines of credit are allowed. As of December 31, 2016, Far Eastern New Century (China) Investment Corporation Ltd. had made a drawdown of US$414 thousand and RMB213,700 thousand, and Yuan Ding Enterprise (Shanghai) Corporation had made a drawdown US$3,250 thousand and RMB35,000 thousand. The actual borrowing amounts of these loans were recognized as other receivables within the Group.

The Group postulated that the potential benefits of the investment will exceed the prospective interest incomes arising from the loan. Thus, the loan's terms of condition were not regarded as an independent transaction only; the prospective benefits of the Group's investment plans were also taken into consideration. As a consequence, financing interests are not expected to be imposed on the borrowers unless the investment would not be realized. Moreover, as the ultimate parent company of the borrowers is Far Eastern New Century, Ltd., the Group believes that the borrowers are able to repay the debts without offering pledges in terms of their financial positions.

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

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

	December 31	
	2016	2015
Less than 30 days	$ 941	$ 2,400
31 to 60 days	158	158
Later than 60 days	1,670	1,064
	$ 2,769	$ 3,622

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

The movements of the allowance for impairment loss for other receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 37,231	$ 295,609	$ 332,840
Foreign exchange translation losses	-	(6,457)	(6,457)
Balance at December 31, 2015	37,231	289,152	326,383
Add: Impairment losses recognized on receivables	96,500	978	97,478
Less: Impairment losses reversed	-	(1,274)	(1,274)
Less: Amounts written off as uncollectible	-	(204)	(204)
Foreign exchange translation losses	-	(22,330)	(22,330)
Balance at December 31, 2016	$ 133,731	$ 266,322	$ 400,053

The Group recognized impairment loss on other receivables amounting to $96,500 thousand and $0 thousand as of December 31, 2016 and 2015. The Group did not hold any collateral or other credit enhancements for these balances.

11. INVENTORIES

	December 31	
	2016	2015
Merchandise	$ 2,761,106	$ 2,997,240
Allowance for inventory devaluation	$ 101,408	$ 258,890
Allowance for losses on physical inventory	$ 22,359	$ 24,182
Allowance for unrealized purchase discounts	$ 4,510	$ 110,522

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was $21,242,789 thousand and $21,923,608 thousand, respectively.

The cost of goods sold in 2016 and 2015 included:

	For the Year Ended December 31	
	2016	2015
Reversed unrealized loss on physical inventory and slow-moving inventory	$ (159,305)	$ (17,123)
(Reversed) unrealized purchase discounts	$ (106,012)	$ 14,033

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2016
Buildings and facilities held for sale	
Cost	$ 39,262
Less: Accumulated depreciation	28,751
	10,511
Plant, transportation and miscellaneous equipment held for sale	
Cost	50
Less: Accumulated depreciation	46
	4
Non-current assets held for sale	$ 10,515

Far Eastern Ai Mai Co., Ltd. ended the operation of the Da-Zhi branch in December 2016 and planned to sell part of the buildings and facilities. Therefore, the related amounts of the buildings and facilities were reclassified as non-current assets held for sale.

Wuxi FEDs Co., Ltd. is expected to liquidate in 2017; thus, plant, transportation and miscellaneous equipment were reclassified as non-current assets held for sale.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of December 31, 2016 and 2015 were as follows:

			Proportion of Ownership (%) December 31		
Investor	Investee	Main Businesses	2016	2015	Remark
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	
	Bai Yang Investment Co., Ltd.	Investment	100	100	
	Bai Ding Investment Co., Ltd.	Investment	67	67	
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	
	FEDS Development Ltd.	Investment	54	54	
	Ya Tung Department Stores, Ltd.	Department store	100	100	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	
	Asians Merchandise Company (AMC)	Trading	100	100	
Bai Yang Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	FEDS Asia Pacific Development Co., Ltd.	Shopping mall	70	70	
	Bai Ding Investment Co., Ltd.	Investment	33	33	
	FEDS New Century Development Co., Ltd.	Shopping mall	100	100	1)
	FEDS Development Ltd.	Investment	46	46	

(Continued)

Investor	Investee	Main Businesses	Proportion of Ownership (%) December 31 2016	2015	Remark
	Pacific China Holdings (HK) Limited	Investment	40	40	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	40	40	
Bai Ding Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	13	13	
	Pacific Sogo Department Stores Co., Ltd.	Department store	1	1	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	44	44	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	-	-	
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
FEDS Development Ltd.	Tianjin FEDS Co., Ltd.	Department store	49	49	2), 3)
	Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	100	100	
	Chongqing FEDS Co., Ltd.	Department store	100	100	
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	1	1	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	Chubei New Century Shopping Mall Co., Ltd.	Department store	100	100	1)
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Department store	79	79	
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Investment	60	60	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	60	60	
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	Investment	100	100	
Pacific China Holdings Ltd.	Shanghai Pacific Department Stores Co., Ltd.	Department store	73	73	
	Chengdu Shangxia Pacific Department Store Co., Ltd.	Department store	-	-	4)
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	100	100	
	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	100	100	
	Beijing Xidan Pacific Department Store Co., Ltd.	Department store	-	55	5)
	Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	100	100	
	Bai Fa China Holdings (HK), Limited.	Investment	100	100	
	Pacific (China) Investment Co., Ltd.	Investment	100	100	
	Tianjin FEDS Co., Ltd.	Department store	34	-	2), 3)
Pacific (China) Investment Co., Ltd.	Wuxi FEDS Co., Ltd.	Department store	100	100	6)
	Chengdu FEDS Co., Ltd.	Department store	100	100	
	Chengdu Beicheng FEDS Co., Ltd.	Department store	100	100	
	Dalian Pacific Department Store Co., Ltd.	Department store	100	-	7)
Chongqing Pacific Consultant & Management Co., Ltd.	Tianjin FEDS Co., Ltd.	Department store	17	51	2), 3)
	Dalian Pacific Department Store Co., Ltd.	Department store	-	100	7)
	Chongqing Liyang Department Store Co., Ltd.	Department store	100	100	

(Concluded)

1) As of December 31, 2016, FEDS New Century Development Co., Ltd. and Chubei New Century Shopping Mall Co., Ltd. were still in the startup period.

2) On January 29, 2015, the board of directors of Tianjin FEDS Co., Ltd. approved quitting operating activities starting from March 1, 2015.

3) Tianjin FEDS Co., Ltd. increased its capital in cash in June 2016, and Pacific China Holdings Ltd. acquired a 34% percentage of ownership. Since the new shares were not subscribed for by Chongqing Pacific Consultant & Management Co., Ltd. at its existing percentage of ownership, its percentage of ownership decreased from 51% to 17%.

4) On November 13, 2013, the board of directors of Chengdu Shangxia Pacific Department Store Co., Ltd. approved and went into liquidation. The authority of the entity approved is dissolution on August 18, 2015 and the dissolution procedures were completed on October 29, 2015.

5) On September 18, 2012, the board of directors of Beijing Xidan Pacific Department Store Co., Ltd. (Beijing Xidan) approved and went into liquidation. On December 1 2015, the board of directors of Beijing Xidan approved the liquidation report and the dissolution procedures, which were completed on March 4, 2016.

6) Wuxi FEDS Co., Ltd. ended operations starting from 2016 by a resolution of the board of directors. It is expected to go into liquidation in 2017.

7) Chongqing Pacific Consultant & Management Co., Ltd. transferred all of its equity interests in Dalian Pacific Department Store Co., Ltd. to Pacific (China) Investment Co., Ltd. in August 2016, and the registration of the change has been completed.

b. Subsidiaries excluded from consolidated financial statements

			Proportion of Ownership (%)		
			December 31		
Investor	Investee	Main Businesses	2016	2015	Remark
Pacific Sogo Department Stores Co., Ltd.	Pacific Sogo Investment Co., Ltd.	Investment	100	100	1), 2)
	Lian Ching Investment Co., Ltd.	Investment	50	50	1)

1) 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 Group and the accounts are not disclosed in the consolidated financial statement.

2) In November 2008, Pacific Sogo Department Stores Co., Ltd. (SOGO) applied to the Taiwan Taipei District Court for Pacific Sogo Investment Co., Ltd. (PSI) to be declared bankrupt, and the Taiwan Taipei District Court ruled (PSI) bankrupt on December 30, 2010. On April 8, 2011, PSI convened the first creditors’ meeting. Assets of PSI had been sold successively since August 22, 2012, and the bankruptcy manager had consecutively completed the allocation of assets of PSI. The Court also ruled that the bankruptcy proceedings be terminated on November 11, 2015.

14. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2016	2015
Domestic unlisted common shares	$ 600,618	$ 602,673
Overseas unlisted common shares	8,903	8,903
	$ 609,521	$ 611,576

Management believed that the above unlisted common share investments held by the Group had fair values cannot which could not be reliably measured due to the range of reasonable fair value estimates being so significant; therefore, they were measured at cost less impairment at the end of reporting period.

The Group assess the value of Taiwan Ocean Farming Corp. and Oversea Development Corp., two of the above overseas unlisted common shares, to be impaired, recognizing impairment loss of $167,226 thousand for the year ended December 31, 2015.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2016	2015
Associates that is not individually material	$ 8,438,059	$ 9,163,153

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
(Loss) profit from continuing operations	$ (8,585)	$ 405,335
Other comprehensive loss	(35,394)	(570,063)
Total comprehensive loss for the year	$ (43,979)	$ (164,728)

The Group subscribed for 10,600 thousand shares of Ding Ding Integrated Marketing Service Co. in May 2015, amounting to $106,000 thousand.

Yuan Hsin Digital Payment undertook the registration of a capital reduction in August 2016 to offset its deficit, which resulted in a decrease in the Group's equity in Yuan Hsin Digital Payment of 12,342 thousand shares.

In September 2016, SOGO bid with the court for 7,021 thousand shares of Pacific Department Store Co., Ltd., which were originally owned by Pacific Sogo Investment Co., Ltd., in the amount of $74,000 thousand. Thus, the Group's percentage of ownership to Pacific Department Store Co., Ltd. increased to 32%.

Chongqing Pacific Consultant and Management Co., Ltd. (Chongqing) invested RMB75,000 thousand in Chengdu Baiyang Industry Co., Ltd. (Chengdu Baiyang) and acquired 33% of the voting rights of Chengdu Baiyang. Chongqing signed a contract to ensure long-term cooperation with Chengdu Department Emporium Group Co., Ltd. (Joint Venture Partner), so they agreed that Chongqing would pay Chengdu Baiyang a security deposit of RMB425,000 thousand. Under the cooperation contract, the retained earnings allocation of Chengdu Baiyang to Chongqing will be at certain percentages stated in the contract and not at their respective percentages of ownership. The contract further states that Chengdu Baiyang should not be liquidated and Chongqing should not transfer its equity (including voting rights) in Chengdu Baiyang to any party. The security deposit of RMB425,000 thousand can be transferred in stages as capital of Chengdu Baiyang and recognized as a long-term investment prepayment. When the percentage of the retained earnings allocation, which had been requested by Chengdu Department Emporium, exceeds a certain percentage of the retained earnings allocation stated in the contract, Chongqing may simultaneously request to get back 50% of the allocated retained earnings and the security deposit. As of December 31, 2016, Chengdu Baiyang had returned RMB80,900 thousand to Chongqing.

To recognize the share of losses of an associate, the Group considers both the carrying amount of the associate and other long-term interests; therefore, losses recognized are not limited to its carrying amount of the equity investment in the 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, were as follows:

	For the Year Ended December 31	
	2016	2015
Unrecognized share of losses of associates for the year	$ 49,832	$ 49,126
Accumulated unrecognized share of losses of associates	$ 98,958	$ 49,126

The investments 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, 2016 and 2015 were based on associates' audited financial statements for the same years by the auditors.

Refer to Note 36 for the information on the carrying amount of investments accounted for using the equity method that were pledged as security.

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held under Finance Leases	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2015	$ 12,600,554	$ 21,688,631	$ 9,166,957	$ 13,831,265	$ 11,190,427	$ 2,992,932	$ 1,891,830	$ 73,362,596
Additions (deductions)	-	(350)	256,670	675,230	-	245,975	366,617	1,544,142
Disposals	-	-	(63,982)	(851,008)	-	(128,027)	-	(1,043,017)
Reclassification	-	-	48,593	146,165	-	71,805	(277,047)	(10,484)
Effect of exchange differences	-	(36,967)	-	(91,468)	-	(4,581)	(98)	(133,114)
Balance at December 31, 2015	$ 12,600,554	$ 21,651,314	$ 9,408,238	$ 13,710,184	$ 11,190,427	$ 3,178,104	$ 1,981,302	$ 73,720,123
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ (6,093,882)	$ (4,692,632)	$ (8,666,560)	$ (4,542,461)	$ (1,940,676)	$ -	$ (25,936,211)
Disposals	-	-	57,096	781,955	-	126,336	-	965,387
Depreciation expense	-	(487,443)	(693,718)	(1,515,401)	(344,487)	(288,559)	-	(3,329,608)
Reclassification	-	-	-	93,148	-	-	-	93,148
Effect of exchange differences	-	33,355	-	62,689	-	4,003	-	100,047
Balance at December 31, 2015	$ -	$ (6,547,970)	$ (5,329,254)	$ (9,244,169)	$ (4,886,948)	$ (2,098,896)	$ -	$ (28,107,237)
Carrying amount at December 31, 2015	$ 12,600,554	$ 15,103,344	$ 4,078,984	$ 4,466,015	$ 6,303,479	$ 1,079,208	$ 1,981,302	$ 45,612,886
Cost								
Balance at January 1, 2016	$ 12,600,554	$ 21,651,314	$ 9,408,238	$ 13,710,184	$ 11,190,427	$ 3,718,104	$ 1,981,302	$ 73,720,123
Additions (deductions)	-	(589)	223,017	292,874	-	273,237	555,690	1,344,229
Disposals	-	-	(93,710)	(744,142)	(695,856)	(187,312)	(2,028)	(1,723,048)
Reclassified as held for sale	-	-	(39,262)	-	-	(50)	-	(39,312)
Reclassification	-	-	18,063	108,943	-	35,363	(3,556)	158,813
Effect of exchange differences	-	(127,517)	-	(278,937)	-	(12,560)	(86)	(419,100)
Balance at December 31, 2016	$ 12,600,554	$ 21,523,208	$ 9,516,346	$ 13,088,922	$ 10,494,571	$ 3,286,782	$ 2,531,322	$ 73,041,705
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ -	$ (6,547,970)	$ (5,329,254)	$ (9,244,169)	$ (4,886,948)	$ (2,098,896)	$ -	$ (28,107,237)
Disposals	-	-	76,981	706,988	695,855	185,920	-	1,665,744
Reclassified as held for sale	-	-	28,751	-	-	46	-	28,797
Impairment losses	-	-	(38,039)	(99)	(123,186)	15,904	-	(177,228)
Depreciation expense	-	(461,140)	(676,886)	(1,380,427)	(340,190)	(300,847)	-	(3,159,490)
Effect of exchange differences	-	117,596	-	206,949	-	9,746	-	334,291
Balance at December 31, 2016	$ -	$ (6,891,514)	$ (5,938,447)	$ (9,710,758)	$ (4,654,469)	$ (2,219,935)	$ -	$ (29,415,123)
Carrying amount at December 31, 2016	$ 12,600,554	$ 14,631,694	$ 3,577,899	$ 3,378,164	$ 5,840,102	$ 1,066,847	$ 2,531,322	$ 43,626,582

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

Buildings	17 to 56 years
Buildings and facilities	5 to 20 years
Decorative facilities	3 to 20 years
Equipment held under finance leases	15 to 50 years
Plant, transportation and miscellaneous equipment	3 to 12 years

Far Eastern Ai Mai Co., Ltd. evaluated the prospective profits and determined to end the operation of its Kaohsiung and Da-Zhi branches in the 4th quarter of 2016. The impairment tests were applied to the property, plant and equipment of both branches based on their recoverable amounts, and $177,228 thousand was recognized as an impairment loss.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 36.

17. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2015	$ 6,207,962	$ 3,459,382	$ 9,667,344
Additions	-	10,978	10,978
Transferred from prepayment for equipment	-	900	900
Gain on changes in fair value of investment properties	254,126	102,918	357,044
Balance at December 31, 2015	6,462,088	3,574,178	10,036,266
Additions (deductions)	-	2,593	2,593
Gain on changes in fair value of investment properties	272,164	(144,227)	127,937
Balance at December 31, 2016	$ 6,734,252	$ 3,432,544	$ 10,166,796

Some of the Group's investment properties had been leased out under operating leases in the lease term of 5 to 7.5 years. Except from the minimum lease payments, some of the Group's lease contracts included contingent lease clauses, and the Group should adjust rentals on the basis of Consumer Price Index per annum. The rental incomes generated for the years ended December 31, 2016 and 2015 were $136,146 thousand and $67,226 thousand, respectively.

The commitments on future minimum lease payments under non-cancellable operating leases were as follows:

	December 31	
	2016	2015
Not later than 1 year	$ 113,822	$ 91,968
Later than 1 year but not later than 5 years	129,006	78,166
Later than 5 years	840	-
	$ 243,668	$ 170,134

The fair values of the investment properties as of December 31, 2016 and 2015 were based on the valuations carried out at those dates, on a recurring basis by an independent qualified professional valuers, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh and Kuang-Ping Tai 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	
	2016	2015
Expected future cash inflows	$ 25,138,470	$ 25,226,211
Expected future cash outflows	3,895,860	4,019,446
Expected future cash inflows, net	$ 21,242,610	$ 21,206,765
Discount rate	4.345%	4.555%-4.855%

The market rentals in the districts where the investment properties are located were between $1 thousand and $2 thousand per ping (i.e. 1 ping = 3.3 square meters). The market rentals of comparable properties were between $1 thousand and $4 thousand per ping.

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 Group and comparative market rentals covering 6 to 14 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 the risk premium of investment properties of 2.5%.

Some lands owned by the FEDS, 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	
	2016	**2015**
Estimated total sales price	$ 852,601	$ 855,717
Rate of return	20%	20%
Overall capital interest rate	1.18%-3.21%	1.30%-3.69%

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 36 for the information on the carrying amount of investment properties that were pledged as security.

18. INTANGIBLE ASSETS

	Goodwill	**Computer Software**	**Total**
Cost			
Balance at January 1, 2015	$ 7,631,973	$ 244,432	$ 7,876,405
Additions	-	45,745	45,745
Disposals	-	(19,112)	(19,112)
Reclassification	-	5,979	5,979
Effect of foreign currency exchange differences	-	(1,368)	(1,368)
Balance at December 31, 2015	$ 7,631,973	$ 275,676	$ 7,907,649

(Continued)

	Goodwill	Computer Software	Total
Accumulated amortization and impairment			
Balance at January 1, 2015	$ (494,940)	$ (154,873)	$ (649,813)
Amortization expense	-	(35,644)	(35,644)
Disposals	-	17,869	17,869
Effect of foreign currency exchange differences	-	931	931
Balance at December 31, 2015	$ (494,940)	$ (171,717)	$ (666,657)
Carrying amounts at December 31, 2015	$ 7,137,033	$ 103,959	$ 7,240,992
Cost			
Balance at January 1, 2016	$ 7,631,973	$ 275,676	$ 7,907,649
Additions	-	42,348	42,348
Disposals	-	(1,447)	(1,447)
Reclassification	-	2,347	2,347
Effect of foreign currency exchange differences	-	(4,922)	(4,922)
Balance at December 31, 2016	$ 7,631,973	$ 314,002	$ 7,945,975
Accumulated amortization and impairment			
Balance at January 1, 2016	$ (494,940)	$ (171,717)	$ (666,657)
Impairment losses recognized	(998,411)	-	(998,411)
Amortization expense	-	(40,377)	(40,377)
Disposals	-	1,141	1,141
Effect of foreign currency exchange differences	-	3,183	3,183
Balance at December 31, 2016	$ (1,493,351)	$ (207,770)	$ (1,701,121)
Carrying amounts at December 31, 2016	$ 6,138,622	$ 106,232	$ 6,244,854

(Concluded)

Goodwill arising on mergers or the acquisition of majority interests in companies is the acquisition cost in excess of the fair value of the identifiable net assets acquired. Goodwill is mainly derived from mainland China operating segment.

At the end of each reporting period, the Group reviews the carrying amounts of goodwill by comparing its recoverable amount with its carrying amount to determine whether there is any indication that those assets have suffered an impairment loss, amounting $998,411 thousand in 2016. That is because, the actual profits from mainland China in 2016 did not achieved the expected profits from mainland China in 2016.

The recoverable amount of this cash-generating unit was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management, and a discount rate of 10.30% and 10.25% per annum for the years ended December 31, 2016 and 2015, respectively.

Cash flows of the financial forecasting is prepared and based on estimates of annual revenues, gross profit, capital expenditures and other operating costs. Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount of the cash-generating unit to exceed its aggregate recoverable amount.

The following intangible asset was amortized on a straight-line basis over its estimated useful life as follows:

Computer software	1 to 10 years

19. PREPAYMENTS FOR LEASES

	December 31	
	2016	**2015**
SOGO - BR4 (a)	$ 5,571,263	$ 5,836,561
FEDS - Xinyi Division A13 (b)	2,298,572	2,360,977
FEDS Asia Pacific Development - Kaohsiung (c)	665,934	687,416
Dalian Pacific Department Store Co., Ltd. (d)	285,234	303,300
Far Eastern Ai Mai Co., Ltd. - Hsinchu (e)	139,401	162,634
Shanghai Pacific Department Stores - right to use land (f)	111,819	138,979
Chubei New Century Shopping Mall Co., Ltd. (g)	14,951	15,260
	$ 9,087,174	$ 9,505,127
Current (recognized in prepayments)	$ 471,774	$ 327,408
Non-current	8,615,400	9,177,719
	$ 9,087,174	$ 9,505,127

a. In January 2007, SOGO constructed a building within the Zhongxiao-Fuxing Station (land BR4) of the Muzha line of the Taipei Rapid Transit System under a lease agreement with the Department of Rapid Transit Systems (the DRTS), the Department of Finance (the DOF) under the Taipei City Government (the TCG) and Hong-Tong Comprehensive Commercial Developing Co., Ltd. (Hong-Tong). SOGO renewed and signed a new lease agreement before the due date in June 2016. The new lease term is 9 years and 6 months, and the monthly rental of the first year is $20,638 thousand. From the second year onward, the rental will be adjusted in accordance to the conditions formulated in the new lease agreement.

   SOGO paid deposits of $23,637 thousand to the DRTS under the TCG and $38,278 thousand to the DOF under the TCG. SOGO also paid operating deposits of $182,324 thousand to the DRTS under the TCG. SOGO's total refundable deposits were $244,239 thousand as of December 31, 2016.

   In addition, SOGO made other prepayments under development leasehold rights - Hong-Tong to obtain the right to lease the building housing SOGO's Branch BR4. In December 2006, SOGO entered into a lease agreement with Hong-Tong. Under this agreement, when the amount paid by SOGO exceeds the rental payable, the premium will be deemed as prepaid rental to be deducted from future rental expenses.

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

c. On January 1, 1998, FEDS Asia Pacific Development signed a contract with Asia Cement Corporation (ACC) for the construction of the Kaohsiung Asian Business and Finance Building (FEDS Asia Pacific Shopping Center) on the land provided by ACC. Under this contract, FEDS Asia Pacific Development will own the leasehold rights for 50 years starting from the date of the contract and should pay ACC $1,073,000 thousand as the premium for the land use rights. The land use rights are amortized during the land use period. Annual land rental is payable in November of each year for 50 years at 5% of the assessed and publicly announced land value.

   The construction was completed in October 2001, and the building was rented out to FEDS and Vieshow Cinemas Co. The construction cost is amortizable over the building occupancy period from October 2001 to December 2047.

d. Owing to the change of business operations of Dalian Pacific Department Store Co., Ltd. (Dalian Pacific Department Store), Dalian Pacific Department Store entered into a lease agreement with Dalian Parkland Co., Ltd. and prepaid RMB60,000 thousand to Dalian Parkland Co., Ltd. as rental. The amount of the rental is amortized over the lease term period.

e. In November 2001, under an agreement, Far Eastern Ai Mai Co., Ltd. (Ai Mai) will lease a hypermarket from Hsinchu Chemical Industry, Ltd. (HCCI). HCCI will provide the land and build the hypermarket. The related construction expenses will be paid by HCCI and Ai Mai at the respective ratio of 1:2. The payment (including the previous development expenses) by Ai Mai will be regarded as prepaid rental and amortized over the rental period upon the remaining lease term beginning from the opening day (19 years and 3 months). The Hsinchu branch of Ai Mai opened in October 2003.

f. Shanghai Pacific Department Store obtained land use rights which are amortizable over 30 years on the basis of the straight-line method.

g. On July 8, 2015, Chubei New Century Shopping Mall Co., Ltd. signed a build-operate-transfer (BOT) investment contract with the Hsinchu County Government. The total royalty of this investment contract was $10,000 thousand, and the registration of the acquisition of the land use rights was completed in September 2015. Under the contract, Chubei New Century Shopping Mall Co., Ltd. has the right to use the land for 50 years (including the construction and operation period) from the date that this agreement was signed by both parties. The respective period's rental amount for the land is based on 1% of the land owners' reported value in the construction period and 3% of the land owners' reported value in the operation period. The rental amount will be adjusted in accordance with the assessed and publicly announced land value.

20. OTHER ASSETS

	December 31	
	2016	**2015**
Refundable deposits (Note 32)	$ 1,725,299	$ 1,740,859
Long-term prepayments	56,454	42,931
Leasing incentives	36,254	50,703
Others	239,619	129,472
	$ 2,057,626	$ 1,963,965
Current	$ 79,317	$ 90,102
Non-current	1,978,309	1,873,863
	$ 2,057,626	$ 1,963,965

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Credit loans	$ 9,698,492	$ 8,547,945
Secured loans (Note 36)	187,871	951,788
	$ 9,886,363	$ 9,499,733
Interest rate intervals are as follows:		
Credit loans	0.900%-10.20%	1.050%-5.350%
Secured loans	1.150%-4.220%	1.100%-4.370%

b. Short-term bills payable

	December 31	
	2016	2015
Commercial papers	$ 2,692,000	$ 2,352,000
Less: Unamortized discount on bills payable	1,054	980
	$ 2,690,946	$ 2,351,020

Outstanding short-term bills payables were as follows:

December 31, 2016

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	The Carrying Amount of Collateral
Commercial papers						
China Bills Finance	$ 877,000	$ 286	$ 876,714	0.500%-1.298%	Shares	$ 65,875
Mega Bills Finance	572,000	174	571,826	0.950%	Shares	649,342
Grand Bills Finance	512,000	294	511,706	0.692%-0.850%	-	-
International Bills Finance	336,000	99	335,901	0.450%-0.640%	Shares	71,145
Taiwan Finance	200,000	117	199,883	0.770%	-	-
Taiwan Cooperative Bills Finance	150,000	71	149,929	0.670%	-	-
Ta Ching Bill Finance	45,000	13	44,987	0.540-0.570%	-	-
	$ 2,692,000	$ 1,054	$ 2,690,946			$ 786,362

December 31, 2015

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	The Carrying Amount of Collateral
Commercial papers						
Mega Bills Finance	$ 1,187,000	$ 279	$ 1,186,721	0.800%-1.188%	Shares	$ 660,225
China Bills Finance	840,000	482	839,518	0.550%-1.188%	Shares	68,500
Ta Ching Bill Finance	150,000	18	149,982	0.650%	-	-
Grand Bills Finance	100,000	157	99,843	1.168%	-	-
International Bills Finance	75,000	44	74,956	1.188%	Shares	73,980
	$ 2,352,000	$ 980	$ 2,351,020			$ 802,705

c. Long-term borrowings

	December 31	
	2016	2015
Syndicated loans		
Taiwan Cooperative Bank, CTBC Bank, etc. (1)	$ 4,132,800	$ 3,992,000
Taiwan Cooperative Bank and Hua Nan Commercial Bank, etc. (2)	350,000	1,500,000
	4,482,800	5,492,000
Secured loans (3)	12,500,000	11,900,000
Credit loans (4)	1,945,000	2,400,000
Revolving commercial papers (5)	1,996,782	996,945
	20,924,582	20,788,945
Less: Current portion	5,965,315	1,959,200
	$ 14,959,267	$ 18,829,745

1) SOGO obtained from 11 banks, consisting of the Taiwan Cooperative Bank, CTBC Bank, and others, a $6,000,000 thousand syndicated loan, comprising types A, B and C.

   Type A, which amounted to $3,000,000 thousand, was obtained in December 2014, loan maturity is in December 2019, with monthly interest rates. The first installment is due in 2 years after the first loan drawdown, with the 7 succeeding installment payments due every 6 months at these amounts: The first to sixth installments, at 10% of principal; and the seventh installment, at 40% of principal and other remaining amounts.

   Type B is a credit loan of $2,000,000 thousand, repayable from December 2014 to December 2019. The first installment is due in 2 years after the first loan drawdown, and the remaining principal is repayable every 6 months in 7 installments, with the first to sixth installments to decrease the principal by 10%. When the credit amount decreases and the used credit amount of Type B exceeds its maximum amount, the exceeded portion of the credit amount should be paid off and the final installment is due on loan maturity.

   Type C is a $1,000,000 thousand commercial paper-guaranteed loan obtained in December 2014 and maturing in December 2019. Under the Type C loan, SOGO can apply to the bills finance corporation for contract extension within 2 months before the expiry of the loan. If the bills finance corporation approves the application, the total credit period, which includes the extension period, is up to 5 years from the date of the first drawdown.

2) SOGO obtained from 3 banks - Taiwan Cooperative Bank, Hua Nan Commercial Bank and Agricultural Bank of Taiwan - a $2,000,000 thousand syndicated medium-term loan with monthly interests and a term from April 2012 to April 2017, which had been entirely drawn down. The first repayment is due in 42 months after the first loan drawdown, with subsequent repayments to be made in 4 installments every 6 months and all repayments to be made at equal amounts.

   a) Under the syndicated loan contract, it requires SOGO to maintain a specific net value and a certain liquidity ratio on the basis of SOGO's financial statements.

   b) Another requirement under the syndicated loan contract is that the Company should maintain control over SOGO's personnel, finance, and business operations as well as decision making.

3) Except for the remaining amounts of secured loans signed with the financial institutions of $12,500,000 thousand on December 31, 2016 and $5,400,000 thousand on December 31, 2015 were the revolving line of credit contract so recorded as a medium-term loan. The rest of the syndicated loan which amounted $1,500,000 thousand was from the Taiwan Cooperative Bank and fully drawn by SOGO. The loan is repayable from February 2012 to February 2017, with monthly interest rates. The principal is repayable in 8 installments from May 2015 every 3 months. The syndicated loan was paid off by SOGO with $800,000 thousand in May 2014 and $700,000 thousand in March 2015, respectively.

4) For credit loans amounting to $1,445,000 thousand on December 31, 2016 and $1,200,000 thousand on December 31, 2015, the Group negotiated medium-term and long-term loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loan. The credit loans with the following banks as of December 31, 2016 were as follows:

    a) Land Bank of Taiwan: SOGO’s credit loan of $1,000,000 thousand was obtained, and the loan term is for the period from December 2009 to December 2019. SOGO had drawn an amount of up to $500,000 thousand.

    b) Land Bank of Taiwan: SOGO’s credit loan of $3,892,000 thousand was drawn, and the loan repayment period is from December 2009 to December 2019. Interest is payable every month, and the credit loan was paid off by SOGO in March 2015.

    c) Mega International Commercial Bank: SOGO’s credit loan of $800,000 thousand was drawn. The loan term is for the period from October 2013 to October 2016. The interest is payable monthly, and the loan should be fully repaid on maturity. The credit loan was paid off by SOGO in October 2015.

    d) Hua Nan Bank: The Company’s credit loan of $300,000 thousand was drawn, and the loan repayment period is from August 2015 to August 2016. Interest is payable every month, and the loan should be fully repaid on maturity. The credit loan was paid off in October 2015.

    e) Yuanta Commercial Bank: FEDS Asia Pacific Development’s credit loan of $200,000 thousand, which was obtained in January 2013, has a 3-year loan period with a full repayment which was made in January 2016.

    f) Taishin Bank: Bai Yang Investment’s credit loan of $800,000 thousand was obtained in December 2015, and the loan period was 2 years. Bai Yang Investment repaid the debts previous to the due date in January 2016.

    g) Yuanta Commercial Bank: Bai Ding Investment’s credit loan of $200,000 thousand, which was obtained in December 2012, has a 3-year loan period, and the credit loans was paid off in December 2015.

    h) Taishin International Bank: Bai Ding Investment’s credit loan of $200,000 thousand, which was obtained in November 2012, has a 3-year loan period, and the credit loans was paid off in November 2015.

    i) Chubei New Century Shopping Mall obtained a syndicated medium-term loan contract with a credit of $3,700,000 thousand from 10 banks, consisting of Hua Nan Commercial Bank (the Managing Bank), Taipei Fubon Financial Bank and Chang Hwa Commercial Bank (the three leading Banks of the syndicated loan). The term of the unsecured syndicated loan was five years from the first loan drawdown date onward, and the first loan drawdown should not be later than two years after the date of the contract. A revolving line of credit of the loan is not allowed, and interest rates are based on interest reference rates plus 1%, but no less than 1.80%, with a floating interest rate. The Company is the guarantor of the aforementioned unsecured syndicated loan contract; and as of December 31, 2016, Chubei New Century Shopping Mall has not drawn down.

Also, the conditions of the unsecured syndicated loan contract were as follows:

i. Chubei New Century Shopping Mall is required to provide the value of the land use rights which were acquired from the BOT investment contract signed with the Hsinchu County Government as collateral for the syndicated medium-term loan to the Managing Bank with the first priority line of credit mortgages.

ii. Another requirement under the syndicated loan contract is that the Company should hold the equity of Chubei New Century Shopping Mall directly or indirectly with an overall percentage of ownership of higher than 50%, maintaining control over Chubei New Century Shopping Mall's business operations.

5) The Group negotiated other medium-term and long-term commercial paper secured loan contracts, and the Group allowed the extension of the repayment deadlines for these loans. Thus, these obligations were classified as long-term loans.

22. BONDS PAYABLE

	December 31	
	2016	**2015**
Secured domestic bonds payable	$ 1,000,000	$ 1,000,000
Less: Unamortized discount on bonds payable	3,718	5,581
	$ 996,282	$ 994,419

a. The aggregate face value of secured domestic bonds payable (21st) by FEDS on September 7, 2010 was $1,000,000 thousand. These bonds will mature on September 7, 2015. The bonds were repayable in a lump sum on maturity. Interest on these bonds is 1.38%, payable annually. The secured domestic bonds payable was paid off in September 2015.

b. The face value of secured domestic bonds issued by SOGO on December 30, 2013 was $1,000,000 thousand. These bond will mature on December 30, 2018. The bonds are repayable in lump sum on maturity. Interest on these bonds is 1.75% payable annually. The bonds were guaranteed by Taiwan Cooperative Bank for issuing.

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

	December 31	
	2016	**2015**
Notes payable		
Notes payable - operating	$ 46	$ 52,203
Notes payable - non-operating	37,846	21
	$ 37,892	$ 52,224
Trade payables		
Trade payables - operating	$ 16,364,491	$ 16,725,720

24. OTHER LIABILITIES

	December 31 2016	December 31 2015
Other payables		
Leasing incentives	$ 2,167,154	$ 2,362,574
Payable for salaries and bonuses	775,519	899,925
Payable for purchases of equipment	595,695	816,985
Payable for rentals	384,691	455,624
Payable for remuneration of directors and supervisors	194,985	200,347
Payable for employees' compensation	127,008	160,005
Payable for dividends	40,320	95,542
Others	2,225,600	2,002,273
	$ 6,510,972	$ 6,993,275
Deferred revenue		
Arising from customer loyalty program	$ 92,267	$ 98,552
Other liabilities		
Deposits received	$ 531,552	$ 567,109
Others	298,970	340,033
	$ 830,522	$ 907,142
Current		
Other payables	$ 4,518,254	$ 4,895,382
Deferred revenue	$ 92,267	$ 98,552
Other liabilities	$ 278,656	$ 309,764
Non-current		
Other liabilities	$ 2,544,584	$ 2,695,271

25. PROVISIONS

	December 31 2016	December 31 2015
Decommissioning obligations	$ 46,591	$ 34,058
Current	$ 18,596	$ 3,000
Non-current	27,995	31,058
	$ 46,591	$ 34,058

	Decom-missioning Obligations	Customer Returns and Rebates	Total
Balance at January 1, 2015	$ 31,222	$ 4,135	$ 35,357
Addition during the year	2,508	-	2,508
Reversing un-usage balances during the year	-	(4,135)	(4,135)
Unwinding of discount and effect of changes in the discount rate	328	-	328
Balance at December 31, 2015	34,058	-	34,058
Addition during the year	11,898	-	11,898
Unwinding of discount and effect of changes in the discount rate	635	-	635
Balance at December 31, 2016	$ 46,591	$ -	$ 46,591

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group in Taiwan 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.

The employees of the Group in mainland China are members of a state-managed retirement benefit plan operated by the local government of mainland China. The Group in mainland China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Group in ROC 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 6 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 Group has no right to influence the investment policy and strategy.

The pension costs of Yu Ming Advertising Agency Co., Ltd. were all amounting $13 thousand in 2016 and 2015. And the accrued pension liabilities on December 31, 2016 and 2015, were all amounting $611 thousand.

Far Eastern Hong Li Do terminated sales business on July 1, 2000. Thus, the employees of Far Eastern Hong Li Do became the employees of Ai Mai. The length of services of the employees at Far Eastern Hong Li Do is carried forward to accumulate and calculated the defined benefit plans at Ai Mai. If the employees retired, the calculation of pension costs on the basis of the length of service at Far Eastern Hong Li Do. The accrued pension liabilities on December 31, 2016 and 2015 were $1,199 thousand and $1,938 thousand, respectively. These accrued pension liabilities were provisions for aforementioned pension.

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

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2016				
Present value of defined benefit obligation	$ 805,974	$ 240,346	$ 11,353	$ 735,353
Fair value of plan assets	(491,413)	(23,329)	(9,173)	(288,002)
Net defined benefit liabilities	$ 314,561	$ 217,017	$ 2,180	$ 447,351
December 31, 2015				
Present value of defined benefit obligation	$ 881,675	$ 231,746	$ 13,581	$ 741,813
Fair value of plan assets	(704,911)	(41,825)	(8,949)	(313,071)
Net defined benefit liabilities	$ 176,764	$ 189,921	$ 4,632	$ 428,742

Movements in net defined benefit liabilities (assets) were as follows:

	FEDS			Ai Mai		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2015	$ 844,876	$ (1,030,658)	$ (185,782)	$ 209,354	$ (56,873)	$ 152,481
Service cost						
Current service cost	11,603	-	11,603	2,604	-	2,604
Net interest expense (income)	14,785	(18,037)	(3,252)	3,663	(1,047)	2,616
Recognized in profit or loss	26,388	(18,037)	8,351	6,267	(1,047)	5,220
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	299,468	299,468	-	(427)	(427)
Actuarial loss - changes in demographic assumptions	16,733	-	16,733	11,094	-	11,094
Actuarial loss - changes in financial assumptions	22,250	-	22,250	8,383	-	8,383
Actuarial loss - experience adjustments	15,744	-	15,744	18,997	-	18,997
Recognized in other comprehensive income	54,727	299,468	354,195	38,474	(427)	38,047
Contributions from the employer	-	-	-	-	(5,827)	(5,827)
Benefits paid	(44,316)	44,316	-	(22,349)	22,349	-
Balance at December 31, 2015	$ 881,675	$ (704,911)	$ 176,764	$ 231,746	$ (41,825)	$ 189,921

(Continued)

	FEDS			Ai Mai		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2016	$ 881,675	$ (704,911)	$ 176,764	$ 231,746	$ (41,825)	$ 189,921
Service cost						
Current service cost	10,809	-	10,809	2,221	-	2,221
Net interest expense (income)	13,100	(10,574)	2,526	3,187	(614)	2,573
Recognized in profit or loss	23,909	(10,574)	13,335	5,408	(614)	4,794
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	53,024	53,024	-	385	385
Actuarial loss - changes in demographic assumptions	10,619	-	10,619	9,282	-	9,282
Actuarial loss - changes in financial assumptions	20,599	-	20,599	2,983	-	2,983
Actuarial loss - experience adjustments	40,220	-	40,220	15,148	-	15,148
Recognized in other comprehensive income	71,438	53,024	124,462	27,413	385	27,798
Contributions from the employer	-	-	-	-	(5,496)	(5,496)
Benefits paid	(171,048)	171,048	-	(24,221)	24,221	-
Balance at December 31, 2016	$ 805,974	$ (491,413)	$ 314,561	$ 240,346	$ (23,329)	$ 217,017

(Concluded)

	Ya Tung Department Stores, Ltd.			SOGO		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2015	$ 15,543	$ (8,536)	$ 7,007	$ 712,534	$ (311,380)	$ 401,154
Service cost						
Current service cost	276	-	276	15,294	-	15,294
Net interest expense (income)	269	(149)	120	12,469	(5,685)	6,784
Recognized in profit or loss	545	(149)	396	27,763	(5,685)	22,078
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(78)	(78)	-	(2,696)	(2,696)
Actuarial loss - changes in demographic assumptions	6	-	6	50,373	-	50,373
Actuarial loss - changes in financial assumptions	704	-	704	16,737	-	16,737
Actuarial gain - experience adjustments	(1,166)	-	(1,166)	(33,130)	-	(33,130)
Recognized in other comprehensive income	(456)	(78)	(534)	33,980	(2,696)	31,284
Contributions from the employer	-	(186)	(186)	-	(25,774)	(25,774)
Benefits paid	(2,051)	-	(2,051)	(32,464)	32,464	-
Balance at December 31, 2015	$ 13,581	$ (8,949)	$ 4,632	$ 741,813	$ (313,071)	$ 428,742
Balance at January 1, 2016	$ 13,581	$ (8,949)	$ 4,632	$ 741,813	$ (313,071)	$ 428,742
Service cost						
Current service cost	96	-	96	13,194	-	13,194
Net interest expense (income)	168	(112)	56	11,127	(4,891)	6,236
Recognized in profit or loss	264	(112)	152	24,321	(4,891)	19,430
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	48	48	-	2,755	2,755
Actuarial loss - changes in demographic assumptions	60	-	60	25,637	-	25,637
Actuarial loss - changes in financial assumptions	-	-	-	844	-	844
Actuarial gain - experience adjustments	(2,552)	-	(2,552)	(4,217)	-	(4,217)
Recognized in other comprehensive income	(2,492)	48	(2,444)	22,264	2,755	25,019
Contributions from the employer	-	(160)	(160)	-	(25,341)	(25,341)
Benefits paid	-	-	-	(53,045)	52,546	(499)
Balance at December 31, 2016	$ 11,353	$ (9,173)	$ 2,180	$ 735,353	$ (288,002)	$ 447,351

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit of local banks.

2) Interest risk: A decrease in the government bond interest rate will increase both the present value of the defined benefit obligation and the return on the plan's debt investments. The influence on defined benefit obligation will be partially offset by an increase in the present value of the defined benefit obligation and an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with 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:

	FEDS	**Ai Mai**	**Ya Tung Department Stores, Ltd.**	**SOGO**
December 31, 2016				
Discount rates	1.250%	1.250%	1.250%	1.250%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.250%
December 31, 2015				
Discount rates	1.500%	1.375%	1.250%	1.500%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.500%

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

	FEDS	**Ai Mai**	**Ya Tung Department Stores, Ltd.**	**SOGO**
December 31, 2016				
Discount rates				
0.25% increase	$ (20,930)	$ (6,305)	$ (308)	$ (20,491)
0.25% decrease	$ 21,751	$ 6,554	$ 321	$ 21,329
Expected rates of salary increase				
0.25% increase	$ 21,185	$ 6,423	$ 313	$ 20,688
0.25% decrease	$ (20,491)	$ (6,208)	$ (303)	$ (19,981)
December 31, 2015				
Discount rates				
0.25% increase	$ (22,934)	$ (5,990)	$ (359)	$ (19,131)
0.25% decrease	$ 23,846	$ 6,225	$ 373	$ 19,896
Expected rates of salary increase				
0.25% increase	$ 23,246	$ 6,098	$ 370	$ 19,248
0.25% decrease	$ (22,470)	$ (5,897)	$ (357)	$ (18,605)

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.

	FEDS	Ai Mai	Ya Tung Department Stores, Ltd.	SOGO
December 31, 2016				
The expected contributions to the plan for the next year	$ -	$ 5,453	$ 151	$ 24,956
The average duration of the defined benefit obligation	10.9 year	10.5 year	11.0 year	11.3 year
December 31, 2015				
The expected contributions to the plan for the next year	$ 16,633	$ 5,734	$ 270	$ 25,933
The average duration of the defined benefit obligation	10.7 year	10.4 year	11.0 year	10.5 year

27. EQUITY

a. Share capital

Common shares

	December 31	
	2016	2015
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	1,416,941
Shares issued	$ 14,169,406	$ 14,169,406

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	
	2016	2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Share issuance in excess of par value	$ 2,142,074	$ 2,142,074
Arising from treasury share transactions	1,173,346	1,173,346
May only be used to offset a deficit		
Changes in percentage of ownership interest in associates	4,448	-
	$ 3,319,868	$ 3,315,420

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 capital surplus and once a year).

	Share Issuance in Excess of Par Value	Arising from Treasury Share Transactions	Arising from Changes in Percentage of Ownership Interest in Associates	Total
Balance at January 1, 2015	$ 2,175,718	$ 1,322,456	$ 78	$ 3,498,252
Treasury share transaction	(33,644)	(149,110)	-	(182,754)
Arising from changes in percentage of ownership interest in associates	-	-	(78)	(78)
Balance at December 31, 2015	2,142,074	1,173,346	-	3,315,420
Arising from changes in percentage of ownership interest in associates	-	-	4,448	4,448
Balance at December 31, 2016	$ 2,142,074	$ 1,173,346	$ 4,448	$ 3,319,868

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation were approved in the Company's shareholders meeting held on June 17, 2016. The policy of employees' compensation and remuneration of directors is set up in the Company's Articles of Incorporation separately.

According to Company's amended Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income, 10% will be appropriated as a legal reserve, and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company could retain a certain amount for expansion plans and then make the appropriation equally to each shareholder. However, if there is an increase in capital during the year, bonuses appropriated to new shareholders should be allocated based on the resolution passed in the shareholders' meeting. For information about the policies of employees' compensation and remuneration of directors prior to and after the amendments to Company's Articles of Incorporation, refer to Note 29.

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.

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.

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.

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 2015 and 2014, which were approved in the shareholders' meetings on June 17, 2016 and June 22, 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2015	2014	2015	2014
Legal reserve	$ 171,477	$ 152,906		
Special reserve	68,426	-		
Cash dividends	1,416,940	1,439,196	$ 1.0	$ 1.0

The appropriation of the earnings for 2016 was proposed by the board of directors on March 20, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	$ 113,425	
Special reserve	114,149	
Cash dividends	991,858	$ 0.7

The appropriation of earnings for 2016 are subject to resolution in the shareholders' meeting to be held on June 20, 2017.

d. Special reserve

	For the Year Ended December 31	
	2016	2015
Balance, beginning of year	$ 2,461,168	$ 2,461,168
Appropriation in respect of net increases in fair value of investment properties	68,426	-
Balance, end of year	$ 2,529,594	$ 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 in the disposal of investment properties.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2016	2015
Balance, beginning of year	$ 57,483	$ 70,999
Exchange differences arising on translating the financial statements of foreign operations	1,607	(14,670)
Share of exchange difference of associates accounted for using the equity method	(817)	1,154
Balance, end of year	$ 58,273	$ 57,483

Translation adjustments arising from net assets of foreign operations that translated from the functional currency to NTD were recognized as other comprehensive incomes of exchange differences on translating foreign operations.

2) Unrealized (losses) gains on available-for-sale financial assets

	For the Year Ended December 31	
	2016	**2015**
Balance, beginning of year	$ 1,767,337	$ 3,658,882
Unrealized losses arising on revaluation of available-for-sale financial assets	(189,817)	(1,313,117)
Share of unrealized losses (gains) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(11,363)	(578,428)
Balance, end of year	$ 1,566,157	$ 1,767,337

On unrealized (losses) gains 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.

f. Non-controlling interests

	For the Year Ended December 31	
	2016	**2015**
Balance, beginning of year	$ 7,604,872	$ 7,790,414
Attributable to non-controlling interests:		
Share of profit for the year	361,306	438,531
Cash dividends distributed by subsidiaries	(158,320)	(587,691)
Exchange difference arising on translation of foreign entities	78,904	(9,892)
Unrealized losses on available-for-sale financial assets	388	(5,759)
Remeasurement of defined benefit plans	(13,894)	(17,135)
Related income tax	2,328	2,912
Adjustment relating to changes of associates accounted for using the equity method	5,381	(17,032)
Share of other comprehensive income of associates accounted for using the equity method	(19,676)	10,524
Gain on the difference between the fair value and the acquisition price of subsidiaries	1,128	-
Disposal of non-controlling interests in subsidiaries	(50,186)	-
Balance, end of year	$ 7,812,231	$ 7,604,872

g. Treasury shares

(In Thousands of Shares)

Purpose of Buy-Back	Maintain the Company's Credibility and Shareholders' Interest	Shares Held by the Company's Subsidiaries	Total
Number of shares at January 1, 2015	-	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
Number of shares at December 31, 2016	-	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 shareholders' 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, respectively. 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 period were as follows:

(In Thousands of Shares)

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
December 31, 2016			
Bai Ding Investment	8,207	$ 97,110	$ 131,299
December 31, 2015			
Bai Ding Investment	8,207	$ 97,110	$ 149,763

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.

28. REVENUE

	For the Year Ended December 31	
	2016	2015
Sales of goods (Note)	$ 25,444,773	$ 26,129,538
Commissions from concessionaires' sales (Note)	13,922,004	14,963,404
Maintenance and promotion fee income	1,867,255	1,772,608
Rental income from property	1,422,261	1,263,695
Others	840,196	869,074
	$ 43,496,489	$ 44,998,319

Note: Gross revenues were presented as follows:

	For the Year Ended December 31	
	2016	2015
Concessionaires' sales	$ 92,121,242	$ 95,812,264
Sale of goods	25,822,784	26,471,521
	$ 117,944,026	$ 122,283,785

29. NET PROFIT FOR THE YEAR

Net profit for the year included the following items:

a. Operating costs

	For the Year Ended December 31	
	2016	2015
Operating costs		
Cost of sales	$ 21,242,789	$ 21,923,608
Rental costs	207,379	193,412
Others	145,199	140,913
	$ 21,595,367	$ 22,257,933

b. Other income

	For the Year Ended December 31	
	2016	2015
Interest income		
Bank deposits	$ 47,344	$ 71,767
Others	10,114	4,251
	57,458	76,018
Dividend income	183,519	302,019
	$ 240,977	$ 378,037

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gains arising from the changes in fair value of investment properties	$ 127,937	$ 357,044
Net gains (losses) arising on financial assets classified as held for trading	(36,290)	16,658
Net foreign exchange losses	(170,718)	(131,762)
Losses on disposal of property, plant and equipment	(40,617)	(36,518)
Impairment loss on intangible assets	(998,411)	-
Impairment loss on property, plant and equipment	(177,228)	-
Other gains	846,126	328,461
Other losses	(394,711)	(370,198)
	$ (843,912)	$ 163,685

d. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 440,306	$ 464,749
Interest on bonds	19,363	28,774
Other interest expenses	27,982	27,731
Total interest expenses for financial liabilities measured at amortized cost	487,651	521,254
Add: Reversal of unwinding of discounts on provisions	635	328
Less: Amounts included in the cost of qualifying assets	(59,971)	(60,367)
	$ 428,315	$ 461,215

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2016	2015
Capitalized interest	$ 59,971	$ 60,367
Capitalization rate	1.2700%-1.7978%	1.3600%-1.7261%

e. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 3,159,490	$ 3,329,608
Less: Adjustment to advance receipts and depreciation	(230,487)	(268,422)
	2,929,003	3,061,186
Intangible assets (including amortization expense)	40,377	35,644
	$ 2,969,380	$ 3,096,830

(Continued)

	For the Year Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	$ 74,429	$ 75,332
Operating expenses	2,854,574	2,985,854
	$ 2,929,003	$ 3,061,186
An analysis of amortization by function		
Operating expenses	$ 40,377	$ 35,644

(Concluded)

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2016	2015
Direct operating expenses from investment properties that generated rental income	$ 75,434	$ 60,625
Direct operating expenses from investment properties that did not generate rental income	85,858	80,209
	$ 161,292	$ 140,834

g. Employee benefits expenses

	For the Year Ended December 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	$ 234,567	$ 257,985
Defined benefit plans (Note 26)	37,724	36,058
	272,291	294,043
Other employee benefits	4,642,956	4,993,052
Total employee benefits expenses	$ 4,915,247	$ 5,287,095
Employee benefits expenses by function		
Operating expenses	$ 4,915,247	$ 5,287,095

1) The employees’ compensation and remuneration of directors for 2016 and 2015

In compliance with the amendments to the Company Act in May 2015 and the amended Articles of Incorporation of the Company approved in the shareholders' meeting in June 2016, the Company distributes employees’ compensation and remuneration of directors at a rate of 2% to 3.5% and a rate of no higher than 2.5%, respectively, of net profit before income tax, employees’ compensation and remuneration of directors. The employees’ compensation and remuneration of directors for 2016 and 2015 were approved in the board of directors meetings on March 20, 2017 and March 24, 2016, respectively, and were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	**2015**
Employees’ compensation	3.2%	3.2%
Remuneration of directors	2.4%	2.4%

Amount

	For the Year Ended December 31			
	2016		**2015**	
	Cash	**Shares**	**Cash**	**Shares**
Employees’ compensation	$ 47,016	$ -	$ 71,163	$ -
Remuneration of directors	35,262	-	53,373	-

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

There was no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

Information on the employees’ compensation and remuneration of directors resolved by the Company’s board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) The employees’ compensation and remuneration of directors and supervisors for 2014

The employees’ compensation and remuneration of directors and supervisors for 2014, approved in the shareholders’ meeting on June 22, 2015, were as follows:

	For the Year Ended December 31, 2014	
	Cash	**Shares**
Employees’ compensation	$ 61,901	$ -
Remuneration of directors and supervisors	46,426	-

The employees' compensation and the remuneration of directors and supervisors for 2014 were approved in the shareholders' meetings on June 22, 2015, and the amounts recognized in the consolidated financial statements were as follows:

	For the Year Ended December 31, 2014	
	Employees' Compensation	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meeting	$ 61,901	$ 46,426
Amounts recognized in annual consolidated financial statements	57,133	42,850

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

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

30. INCOME TAX

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

	For the Year Ended December 31	
	2016	**2015**
Current tax		
In respect of the current year	$ 827,751	$ 555,711
Income tax on unappropriated earnings	373	36
Adjustments for prior years	(4,402)	178,338
Investment tax credits	-	(10,000)
	823,722	724,085
Deferred tax		
In respect of the current year	11,330	481,807
Adjustments to deferred tax attributable to changes in tax rates and laws	(116,631)	4,771
Adjustments for prior years	(92,698)	50,709
	(197,999)	537,287
Income tax expense recognized in profit or loss	$ 625,723	$1,261,372

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

	For the Year Ended December 31	
	2016	2015
Profit before income tax from continuing operations	$ 2,121,281	$ 3,414,673
Income tax expense calculated at the statutory rate	$ 208,712	$ 543,412
Nondeductible expenses in determining taxable income	144,452	48,486
Deferred tax effect of earnings of subsidiaries	(441,122)	(306,772)
Tax-exempt income	(37,644)	(1,676)
Unrecognized investment credits	-	(10,000)
Income tax on unappropriated earnings	373	36
Land value increment tax	28,324	150,931
Unrecognized loss carryforwards	275,036	319,008
Unrecognized deductible temporary differences	580,026	323,150
Adjustments for prior years' income tax	(97,100)	229,047
Others	(35,334)	(34,250)
Income tax expense recognized in profit or loss	$ 625,723	$ 1,261,372

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2017 appropriation of the 2016 earnings is uncertain, the potential income tax consequences of the 2016 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	
	2016	2015
Current tax		
Remeasurement of defined benefits plans	$ 30,137	$ 72,026

c. Current tax assets and liabilities

	December 31	
	2016	2015
Current tax assets		
Benefits of tax losses to be carried back to recover taxes paid in prior periods	$ 3,164	$ 646
Tax refund receivable	85,028	5,136
	$ 88,192	$ 5,782
Current tax liabilities		
Income tax payable	$ 740,459	$ 182,997

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2016

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Leasing incentives	$ 285,070	$ (44,977)	$ -	$ (6,617)	$ 233,476
Investments accounted for using the equity method	39,048	(12,720)	-	-	26,328
Difference of pension cost between financial reporting and tax reporting	128,934	1,124	30,137	-	160,195
Allowance for reduction of inventory to market	63,092	(42,868)	-	-	20,224
Allowance for impairment loss	34,622	2,793	-	-	37,415
Promotion expenses on coupons	17,394	(7)	-	-	17,387
Investments in subsidiaries	17,926	145,983	-	-	163,909
Investment properties	18,133	19,157	-	-	37,290
Impairment losses	-	8,904	-	-	8,904
Other payables	-	41,691	-	-	41,691
Others	25,457	4,129	-	(1,052)	28,534
	629,676	123,209	30,137	(7,669)	775,353
Loss carryforwards	97,718	154,968	-	(4,532)	248,154
	$ 727,394	$ 278,177	$ 30,137	$ (12,201)	$ 1,023,507
Deferred tax liabilities					
Temporary differences					
Depreciation	$ 797,402	$ 22,881	$ -	$ -	$ 820,283
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investment properties	391,556	28,324	-	-	419,880
Investments in subsidiaries	252,485	35,450	-	(17,416)	270,519
Others	41,233	(6,477)	-	(254)	34,502
	$ 1,991,395	$ 80,178	$ -	$ (17,670)	$ 2,053,903

For the year ended December 31, 2015

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Leasing incentives	$ 334,964	$ (47,193)	$ -	$ (2,701)	$ 285,070
Investments accounted for using the equity method	194,657	(155,609)	-	-	39,048
Difference of pension cost between financial reporting and tax reporting	87,830	(30,922)	72,026	-	128,934
Allowance for reduction of inventory to market	64,119	(1,027)	-	-	63,092
Allowance for impairment loss	39,129	(4,507)	-	-	34,622
Promotion expenses on coupons	34,101	(16,707)	-	-	17,394
Investments in subsidiaries	31,096	(13,170)	-	-	17,926
Investment properties	18,133	-	-	-	18,133
Others	22,555	3,237	-	(335)	25,457
	826,584	(265,898)	72,026	(3,036)	629,676
Loss carryforwards	100,028	(4,771)	-	2,461	97,718
	$ 926,612	$ (270,669)	$ 72,026	$ (575)	$ 727,394
Deferred tax liabilities					
Temporary differences					
Depreciation	$ 745,400	$ 52,002	$ -	$ -	$ 797,402
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investment properties	240,625	150,931	-	-	391,556
Investments in subsidiaries	212,338	44,342	-	(4,195)	252,485
Others	21,979	19,343	-	(89)	41,233
	$ 1,729,061	$ 266,618	$ -	$ (4,284)	$ 1,991,395

e. Deductible temporary differences for which no deferred tax assets were recognized in the consolidated balance sheets

	December 31 2016	December 31 2015
Loss carryforwards		
Expire in 2026	$ 1,626,493	$ -
Expire in 2025	2,085,484	837,015
Expire in 2024	1,815,163	716,224
Expire in 2023	1,058,025	678,929
Expire in 2022	1,048,848	774,849
Expire in 2021	293,834	399,235
Expire in 2020	84,736	183,485

(Continued)

	December 31	
	2016	2015
Expire in 2019	$ 115,743	$ 278,582
Expire in 2018	339,977	530,247
Expire in 2017	875,466	1,036,462
Expire in 2016	-	1,176,573
	$ 9,343,769	$ 6,611,601
Deductible temporary differences	$ 3,650,732	$ 4,989,671

(Concluded)

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2016 were comprised of:

Unused Balance	Expiry Year
$ 2,282,478	2026
2,171,481	2025
1,848,887	2024
1,097,311	2023
1,092,957	2022
337,943	2021
115,746	2020
272,656	2019
501,944	2018
946,317	2017
$ 10,667,720	

g. Integrated income tax

	December 31	
	2016	2015
Imputation credits accounts	$ 301,468	$ 427,636

	For the Year Ended December 31	
	2016 (Expected)	2015
Tax deduction ratio for distribution earnings	26.51%	18.24%

h. Income tax assessments

Income tax returns through 2014 have been assessed by the tax authorities.

31. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2016	**2015**
Basic earnings per share	$ 0.81	$ 1.20
Diluted earnings per share	$ 0.80	$ 1.20

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	
	2016	**2015**
Net profit for the year	$ 1,134,252	$ 1,714,770
Effect of potential dilutive common shares:		
Bonuses for employees	-	-
Net profit in computation of diluted earnings per share	$ 1,134,252	$ 1,714,770

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2016	**2015**
Weighted average number of common shares outstanding in computation of basic earnings per share	1,408,734	1,425,686
Effect of potential dilutive common shares:		
Employees' compensation	4,527	5,785
Weighted average number of common shares outstanding in computation of dilutive earnings per share	1,413,261	1,431,471

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group 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.

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

In addition to the transaction described in Note 19 to the consolidated financial statements, the Group signed operating lease arrangements with related parties and unrelated parties in line with its business operations.

As of December 31, 2016 and 2015, the deposit paid for operating lease arrangements were $1,117,176 thousand and $1,253,795 thousand, respectively.

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

	December 31	
	2016	2015
Not later than 1 year	$ 4,196,167	$ 4,906,396
Later than 1 year but not later than 5 years	13,735,685	16,717,092
Later than 5 years	24,433,289	30,713,002
	$ 42,365,141	$ 52,336,490

Under non-cancelable sublease commitments, the Group expected to receive minimum sublease payments of $23,132 thousand and $74,737 thousand as of December 31, 2016 and 2015, respectively.

The lease payments recognized in profit or loss and the rental payments on sub-lease were as follows:

	For the Year Ended December 31	
	2016	2015
Minimum lease payments	$ 4,540,460	$ 4,916,875
Contingent rentals	324,146	433,234
Sub-lease payments received	(49,272)	(47,415)
	$ 4,815,334	$ 5,302,694

b. The Group as lessor

For investment property that is leased out under operating lease agreements, refer to Note 17.

As of December 31, 2016 and 2015, the Group received the deposits from operating leasing contract were $155,270 thousand and $129,124 thousand, respectively.

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

	December 31	
	2016	2015
Not later than 1 year	$ 495,247	$ 646,517
Later than 1 year but not later than 5 years	1,285,139	1,209,354
Later than 5 years	1,058,150	930,388
	$ 2,838,536	$ 2,786,259

Except receivables for minimum lease payments, the lease commitments of the Group also included contingent rental agreements which require the lessee to make contingent rental payments based on a specific percent of its annual sales profit.

33. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Group manages its capital to ensure to operate continuously as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

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

34. FINANCIAL INSTRUMENTS

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

The financial instruments not measured at fair value are either those with due dates in the near future or those with a future collection value which approximately equals its carrying amount. Thus, the fair value of these financial instrument is estimated at their carrying amounts on the financial reporting date.

b. Fair value information - Financial instruments measured at fair value

Fair value hierarchy as at December 31, 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 504,315	$ -	$ -	$ 504,315
Available-for-sale financial assets				
Listed common shares Equity investments	$ 3,968,594	$ -	$ -	$ 3,968,594

Fair value hierarchy as at December 31, 2015

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 351,111	$ -	$ -	$ 351,111
Available-for-sale financial assets				
Listed common shares Equity investments	$ 4,158,023	$ -	$ -	$ 4,158,023

There were no transfers between Levels 1 and 2 in both 2016 and 2015.

c. Categories of financial instruments

	December 31	
	2016	**2015**
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 504,315	$ 351,111
Loans and receivables (Note 1)	18,796,652	15,117,620
Available-for-sale financial assets (Note 2)	4,578,115	4,769,599
<u>Financial liabilities</u>		
Measured at amortized cost (Note 3)	55,775,926	55,611,841

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

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

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

d. Financial risk management objectives and policies

The Group'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 Group is committed to identifying, assessing and avoiding the market uncertainties and reducing negative effects of these market changes on the Group's financial performance.

The main financial activities of the Group are governed by the Group's internal management and approved by the board of directors. The financial schemes should be carried out in compliance with the Group's policies.

1) Market risk

a) Exchange rate risk

The Group was exposed to exchange rate risk for holding assets and liabilities at foreign currency.

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

	In Thousands of US Dollars	
	December 31	
	2016	2015
Assets		
USD	$ 75,051	$ 118,262
Liabilities		
USD	$ 98,612	$ 132,577

Sensitivity analysis

The Group was mainly affected by the floating rate of USD currency. The sensitivity analyses below were determined based on the Group's exposure to exchange rates for non-derivative instruments at the end of the reporting period. The change of exchange rates reported to the senior management of the Group was based on 1% increase or decrease in exchange rate which also denotes the management's assessment for the reasonableness of the fluctuation of exchange rates.

If exchange rates had been 1% higher or lower and all other variables were held constant, the profit before income tax or equity of the Group for 2016 and 2015 would decrease/increase by $7,598 thousand and $4,699 thousand, respectively,

b) Interest rate risk

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

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

	December 31	
	2016	2015
Fair value interest rate risk		
Financial assets	$ 9,050,539	$ 1,904,842
Financial liabilities	16,214,841	14,686,267
Cash flow interest rate risk		
Financial assets	3,375,184	7,367,686
Financial liabilities	19,355,899	21,935,842

Sensitivity analysis

The sensitivity analysis below are determined based on the Group'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 income before income tax for the years ended December 31, 2016 and 2015 would have decreased/increased by $159,807 thousand and $145,682 thousand, respectively.

c) Other price risks

The Group was exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Group's investments in listed companies and beneficial certificates should be in compliance with the rule 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, the income before income tax for the years ended December 31, 2016 and 2015 would increase/decrease by $25,216 thousand and $17,556 thousand, respectively, as a result of the changes in fair value of held-for-trading investments. The pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would have increased or decreased by $198,430 thousand and $207,901 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 Group. At the end of the reporting period, the Group'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 Group manages credit risk by assessing customers' credit elements, such as financial status, historical transactions, etc., and obtains an adequate amount of collaterals as guarantees from the customers with high credit risk. In addition, the Group 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 Group trades with the counterparties comprising banks with high credit ratings.

Among the balances of trade receivables on December 31, 2016 and 2015, trade receivables from the Company A were $103,875 thousand and $141,435 thousand, respectively. Except for the above, the Group had no other trade receivables from a single customer, which the amount of trade receivables achieves 10% of the total trade receivables.

3) Liquidity risk

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

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables are drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group may be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks' choice to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

December 31, 2016

	On Demand or Less 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	$ 9,886,363	$ -	$ -	$ -	$ -	$ -	$ 9,886,363
Short-term bills payable	2,690,946	-	-	-	-	-	2,690,946
Notes payable	37,892	-	-	-	-	-	37,892
Trade payables	16,250,674	-	-	-	-	-	16,250,674
Trade payables to related parties	113,817	-	-	-	-	-	113,817
Other payables	4,343,818	-	-	-	-	-	4,343,818
Bond payables	-	996,282	-	-	-	-	996,282
Long-term borrowings (including current portion)	5,965,315	9,163,400	3,795,867	2,000,000	-	-	20,924,582
Deposits received	96,527	313,962	43,064	4,137	60,434	13,428	531,552

December 31, 2015

	On Demand or Less 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	$ 9,499,733	$ -	$ -	$ -	$ -	$ -	$ 9,499,733
Short-term bills payable	2,351,020	-	-	-	-	-	2,351,020
Notes payable	52,224	-	-	-	-	-	52,224
Trade payables	16,605,966	-	-	-	-	-	16,605,966
Trade payables to related parties	119,754	-	-	-	-	-	119,754
Other payables	4,632,671	-	-	-	-	-	4,632,671
Bond payables	-	-	994,419	-	-	-	994,419
Long-term borrowings (including current portion)	1,959,200	11,415,345	3,718,400	1,696,000	2,000,000	-	20,788,945
Deposits received	73,770	346,495	125,505	6,355	1,297	13,687	567,109

The amount included above for variable interest rate instruments for 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.

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and its related parties are disclosed below:

a. Operating revenue

	For the Year Ended December 31	
	2016	2015
Sales of goods (Note)		
The associates of investor that has significant influence over the Group	$ 66,771	$ 74,746
Associates	7,965	61,607
Other related parties	4,979	15,539
Investor that has significant influence over the Group	1,371	1,311
	$ 81,086	$ 153,203

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

	For the Year Ended December 31	
	2016	**2015**
Other operating revenue		
The associates of investor that has significant influence over the Group	$ 38,044	$ 51,392
Other related parties	20,828	22,293
Associates	19,564	17,002
Investor that has significant influence over the Group	77	-
	$ 78,513	$ 90,687

b. Operating costs and expenses

	For the Year Ended December 31	
	2016	**2015**
Operating costs (Note)		
The associates of investor that has significant influence over the Group	$ 150,207	$ 165,518
Other related parties	27,388	34,084
Investor that has significant influence over the Group	46	-
	$ 177,641	$ 199,602

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

	For the Year Ended December 31	
	2016	**2015**
Operating expenses (Note)		
The associates of investor that has significant influence over the Group	$ 741,874	$ 768,781
Associates	644,164	678,870
Other related parties	472,019	473,424
Investor that has significant influence over the Group	111,342	100,646
	$ 1,969,399	$ 2,021,721

Note: The rental pertaining to related parties is based on agreement and is received or paid monthly or yearly.

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Other gains		
The associates of investor that has significant influence over the Group	$ 24,540	$ 28,868
Other related parties	16,357	15,143
Associates	9,497	4,078
Investor that has significant influence over the Group	7,250	7,000
	$ 57,644	$ 55,089
Other losses		
Associates	$ 7,271	$ 7,254
Investor that has significant influence over the Group	1	1
	$ 7,272	$ 7,255

d. Receivables from related parties

	December 31	
	2016	2015
Trade receivables, net		
Associates (Note)	$ 134,262	$ 169,750
Other related parties	12,973	6,587
The associates of investor that has significant influence over the Group	13,700	3,832
Investor that has significant influence over the Group	2,150	2,801
	$ 163,085	$ 182,970

Note: On December 31, 2016 and 2015, the amounts of allowance for impairment loss were $129,557 thousand and $205,079 thousand, respectively.

	December 31	
	2016	2015
Other receivables		
The associates of investor that has significant influence over the Group (Note 1)	$ 1,290,665	$ 1,174,194
Associates	9,347	17,410
Other related parties (Note 2)	5,561	8,074
Investor that has significant influence over the Group	308	293
	$ 1,305,881	$ 1,199,971

Note 1: As of December 31, 2016 and 2015, the amounts of finance to related parties were $1,274,362 thousand and $1,155,276 thousand, respectively.

Note 2: As of December 31, 2016 and 2015, the amounts of allowances for impairment loss were $16,181 thousand for both of these dates.

e. Other assets

	December 31	
	2016	2015
Prepayments		
Associates	$ 37,848	$ 43,111
Other related parties	2,889	3,372
The associates of investor that has significant influence over the Group	104	73
	$ 40,841	$ 46,556
Prepayments for lease		
Other related parties	$ 265,298	$ 265,298
Other current assets		
Associates	$ 570	$ 570
The associates of investor that has significant influence over the Group	-	15
	$ 570	$ 585
Other non-current asset		
Long-term prepayments		
The associates of investor that has significant influence over the Group	$ 3,587	$ 1,345
Leasing incentives		
The associates of investor that has significant influence over the Group	$ 10,256	$ 5,579
Other related parties	1,646	1,749
Associates	-	39
	$ 11,902	$ 7,367
Refundable deposits		
Associates	$ 128,519	$ 128,808
The associates of investor that has significant influence over the Group	44,818	44,818
	$ 173,337	$ 173,626
Long-term prepayments for lease		
Other related parties	$ 5,305,964	$ 5,571,263

f. Payables to related parties

	December 31	
	2016	2015
Trade payables		
The associates of investor that has significant influence over the Group	$ 107,151	$ 116,702
Other related parties	6,661	2,734
Investor that has significant influence over the Group	5	-
Associates	-	318
	$ 113,817	$ 119,754
Other payables		
The associates of investor that has significant influence over the Group	$ 351,880	$ 475,495
Associates	249,922	220,027
Other related parties	102,312	171,194
Investor that has significant influence over the Group	42,522	43,991
	$ 746,636	$ 910,707

g. Other liabilities

	December 31	
	2016	2015
Advance receipts		
The associates of investor that has significant influence over the Group	$ 3,499	$ 4,237
Other related parties	1,883	2,164
Associates	77	30
	$ 5,459	$ 6,431
Other current liabilities		
The associates of investor that has significant influence over the Group	$ 7,131	$ 169
Associates	3,857	4,212
Investor that has significant influence over the Group	157	-
Other related parties	150	-
	$ 11,295	$ 4,381
Other non-current liabilities		
Leasing incentive		
The associates of investor that has significant influence over the Group	$ 84,556	$ 68,450

	December 31	
	2016	2015
Deposits received		
The associates of investor that has significant influence over the Group	$ 21,422	$ 12,904
Other related parties	1,032	1,032
	$ 22,454	$ 13,936
Others		
Other related parties	$ 30,013	$ 30,267

h. Construction projects

The Group contracted out construction projects to the associate of investor that has significant influence over the Group. The construction costs in 2016 and 2015 were $368,670 thousand and $243,422 thousand, respectively.

i. Other assets disposal

		Proceeds For the Year Ended December 31		Gain on Disposal For the Year Ended December 31	
Related Parties Categories	**Line Items**	**2016**	**2015**	**2016**	**2015**
Other related party	Property, plant and equipment	$ -	$ 43	$ -	$ 9

j. Loans to related parties

The Group provided financing to the associates of investor that has significant influence over the Group were as follows:

	December 31, 2016			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 3,186,491	$ 1,006,834	-	$ -
Yuan Ding Enterprise (Shanghai) Co., Ltd.	$ 686,778	$ 267,528	-	$ -

	December 31, 2015			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Interest Income**
Far Eastern New Century (China) Investment Co., Ltd.	$ 1,116,050	$ 1,048,595	-	$ -
Yuan Ding Enterprise (Shanghai) Co., Ltd.	$ 426,725	$ 106,681	-	$ -

k. Loans from related parties

Financing from other related parties were as follows:

	December 31, 2016			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 1,103,000	$ 132,000	1.10-1.15	$ 3,339

	December 31, 2015			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate (%)**	**Finance Cost**
Far Eastern International Bank	$ 562,000	$ -	1.40-1.45	$ 1,967

l. Compensation of key management personnel

	For the Year Ended December 31	
	2016	**2015**
Short-term employee benefit	$ 124,858	$ 141,152
Post-employment benefit	2,012	3,578
	$ 126,870	$ 144,730

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for goods purchases, long/short-term borrowings, short-term bills payable and administrative proceedings:

	December 31	
	2016	**2015**
Debt investments with no active market	$ 285,691	$ 283,690
Investments accounted for using the equity method	3,458,943	3,726,956
Available-for-sale financial assets	1,422,270	1,487,730
Property, plant and equipment	17,774,052	19,170,393
Investment properties	779,404	8,143,029
	$ 23,720,360	$ 32,811,798

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2016 and 2015 were as follows:

a. Significant commitments

The amount of unrecognized commitments were as follows:

	December 31	
	2016	2015
Acquisition of property, plant and equipment	$ 459,339	$ 426,596
Acquisition of intangible assets	1,528	-
	$ 460,867	$ 426,596

b. Min-Chiang Chang sued for the allegedly illegal passing of a special shareholders' meeting by Pacific Liu Tong Investment (PLT) on May 9, 2002 (for the by-election of directors and supervisors) and September 21, 2002 (for the capital subscription of $4,000,000 thousand and amendments of the Articles of Incorporation).

Min-Chiang Chang claimed that both of the special shareholders' meetings were invalid, and requested nullifying the election of PLT's directors and supervisors on May 14, 2002 and the capital subscription and amendments of the Articles of Incorporation on October 11, 2002.

In addition, Min-Chiang Chang demanded that PLT pay him $5,000 thousand plus interest as remuneration of directors for the period from September 20, 2002 to April 13, 2005. The Taiwan High Court ruled to dismiss Min-Chiang Chang's appeals in July 2011. Thus, Min-Chiang Chang filed an appeal with the Taiwan Supreme Court.

Under Court Reference Year 102 Letter Tai Shang No. 91 verdict, issued by the Taiwan Supreme Court on January 17, 2013, the Court rejected Min-Chiang Chang's appeals to nullify (a) the shareholders' resolution of PLT on September 21, 2002; and (b) the capital subscription and registration of the amendments of Article of Incorporation on October 11, 2002. The case was then remanded to the Taiwan High Court for trial. The rest of Min-Chiang Chang's appeals were also rejected by the Taiwan Supreme Court.

In September 2013, Heng-Long Li filed an appeal to nullify the PLT board of directors' resolution passed on September 21, 2002 and requested that the Ministry of Economic Affairs (the MOEA) cancel the registration on October 11, 2002 for the capital subscription. As of December 31, 2016, the case was still pending at the Taiwan Taipei District Court. As to the resolution approved of in the special shareholders' meeting and the elected board of directors of PLT on September 21, 2002, the chairman of PLT and director, Heng-Long Li and Yong-Ji Lai, respectively, were sued for committing forgery, falsifying documents to make a false entry, and causing a public official to make an entry which Heng-Long Li and Yong-Ji Lai knew to be false in a public document. The Taiwan High Court (Year 99 Chin Shang Zhong keng I tzu No. 4) made the judgment on December 15, 2016 that Heng-Long Li and Yong-Ji Lai were innocent of the criminal charges filed.

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 knowing that Hua-De Lin, Heng-Long Li and Yong-Ji Lai were appointed as 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 Letter Chin Shang Zhong Su No. 6) in the Taiwan High Court, Min-Chiang Chang asked the

Taiwan High Court to declare that the relevant equity interests in PLT of FEDS and of FENC and their subsidiaries were a fabrication, i.e. they never existed. In October 2009, Min-Chiang Chang lost the suit and then appealed with the Taiwan High Court. Min-Chiang Chang later raised an appeal with the Taiwan Supreme Court, and 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 with the Taiwan High Court. The lawsuit was pending as of December 31, 2016.

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 their positions in the Company, implemented transactions that jeopardized the benefit of Min-Chiang Chang and Pacific Construction. Pacific Construction, Chong-Cuang, and Pacific Department Store, after the 2016 pronouncement No. 3 of the 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 shall pay Pacific Construction, Chong-Cuang and Pacific Department Store $13,575,145 thousand, $7,960,148 thousand, and $2,800,336 thousand, respectively. Per the decision of the 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 while the lawsuit shall be transferred to the civil court for trial in accordance with the civil litigation process. However, per the decision of the Taiwan High Court, Year 99 Letter Zhong Su No. 47, 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 the decision of the Taiwan High Court, Year 99 Letter Zhong Su No. 47, due to the settlement of the 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 (the 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 the Board should be held by October 28, 2011. On August 26, 2011, in the shareholders' meeting, Douglas Hsu, Ching-Wen Huang, Mao-De Huang, Hsiao-Yi Wang and Satoshi Inoue were elected to be the representatives of the Board and Jing-Yi Wang was elected as a supervisor. On September 2, 2011, the registration of the Board was submitted to the MOEA, and on August 30, 2013, the registration of the Board was approved and completed by the MOEA.

   For the resolution passed in the shareholders' meeting, the SOGO's shareholders filed an appeal for an invalid resolution and for the withdrawal of the resolution of the shareholders' meeting. As of March 17, 2017, many verdicts, including the Year 100 Letter Su No. 3965 verdict made by the Taiwan Taipei District Court (the TTDC), the Year 104 Letter Tsai Shang No. 90 verdict made by the Supreme Administrative Court (the SAC), the Year 101 Letter Kun No. 1589 and No. 1681 verdicts made by the Taiwan High Court (the THC), and the Year 106 Letter Tsai Shang No. 86 verdict made by the SAC, confirmed that the shareholders' meeting was legal and rejected the appeal of the SOGO shareholders.

   Also, Heng-Long Li filed an appeal against SOGO and PLT, alleging that the decisions made in the SOGO shareholders' meeting on August 26, 2011 were invalid. After the TTDC rejected the appeal in the Year 103 Letter Shang No. 1014 verdict, the THC rejected the appeal once more.

   For the resolution made in the shareholders' meeting on October 14, 2011, the SOGO shareholders decided to file an appeal for the withdrawal of the resolution. After the TTDC and THC stated that the appeal failed in the Year 103 Letter Tai Shang No. 2329 verdict, the SAC rejected and terminated the appeal on November 6, 2014, namely the SAC confirmed that the shareholders' meeting was legal and valid.

Moreover, 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 SOGO to replace Ching-Wen Huang, Satoshi Inoue, Douglas Hsu, Hsiao-Yi Wang and Mao-De Huang. Furthermore, those individuals (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 the MOEA for the registration of a change of the Board and supervisor of SOGO on August 8, 2011. However, the application of the registration was rejected by the MOEA, due to the election being 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 SOGO but also that they held the SOGO shareholders' meetings on September 5, 2011 and September 6, 2011. However, the decisions made in these two shareholders' meetings on September 5, 2011 and September 6, 2011 were not approved and not consented to by all of SOGO's shareholders. According to the Year 100 Letter Su No. 4224 verdict from the TTDC on January 22, 2014, the TTDC declared that the decisions made in the shareholders' meeting on September 5, 2011 were not approved legally; according to the Year 100 Letter Su No. 4164 verdict on November 28, 2013, the TTDC confirmed that the decisions made in the shareholders' meeting on September 6, 2011 were not approved legally. The THC passed the Year 103 Letter Shang No. 330 verdict on May 31, 2016 rejecting the appeal and confirmed that the resolutions of the shareholders' meeting on September 5, 2011 were not approved legally. In the Year 103 Letter Shang No. 87 verdict from the THC on August 17, 2016, the THC rejected the appeal and confirmed that the decisions made in the shareholders' meeting on September 6, 2011 were not approved legally. Chun-Chih Weng has filed an appeal against each of the judgments, and as of the date that these consolidated financial statements were approved, both appeals are still pending in the SAC.

38. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On March 13, 2017, the board of directors of Pacific (China) Investment Co., Ltd. resolved to increase the capital of Chengdu FEDS Co., Ltd. and Chengdu Beicheng FEDS Co., Ltd. with US$100,000 thousand cash and US$16,000 thousand cash, respectively.

On March 15, 2017, the board of directors of Pacific China Holdings Ltd. resolved to increase the capital of Pacific (China) Investment Co., Ltd. with US$116,000 thousand cash.

On March 15, 2017, the board of directors of Pacific China Holdings (HK) Limited resolved to increase the capital of Pacific China Holdings Ltd. with US$57,000 thousand cash.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies (Thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 13,683	32.250 (USD:NTD)	$ 441,289
USD	61,368	6.937 (USD:RMB)	1,979,120
			$ 2,420,409
Non-monetary items			
Associates accounted for using the equity method			
RMB	440,615	4.649 (RMB:NTD)	$ 2,048,419
Financial assets measured at cost			
USD	294	30.275 (USD:NTD)	8,903
			$ 2,057,322
Financial liabilities			
Monetary items			
USD	28,576	32.250 (USD:NTD)	$ 921,561
USD	70,036	6.937 (USD:RMB)	2,258,668
			$ 3,180,229

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 45,218	32.825 (USD:NTD)	$ 1,484,293
USD	73,044	6.4936 (USD:RMB)	2,397,677
			$ 3,881,970
Non-monetary items			
Associates accounted for using the equity method			
RMB	447,679	5.055 (RMB:NTD)	$ 2,263,015
Financial assets measured at cost			
USD	294	30.275 (USD:NTD)	8,903
			$ 2,271,918
Financial liabilities			
Monetary items			
USD	10,135	32.825 (USD:NTD)	$ 332,682
USD	122,442	6.4936 (USD:RMB)	4,019,165
			$ 4,351,847

The Group is mainly exposed to RMB. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2016		2015	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1.0000 (NTD:NTD)	$ (11,240)	1.0000 (NTD:NTD)	$ 59,610
RMB	4.8588 (RMB:NTD)	(159,478)	5.0968 (RMB:NTD)	(191,372)
		$ (170,718)		$ (131,762)

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided: Table 2.

2) Endorsements/guarantees provided: Table 3.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 4.

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Table 5.

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

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

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

8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 6.

9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 7.

11) Information on investees: Table 8.

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, repatriations of investment income, and the limit of investment in mainland China: Table 9.

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 3.

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 2.

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.

41. OPERATING SEGMENT FINANCIAL INFORMATION

The Group was a single industry about department stores and supermarkets. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical information as management structure. The Group's reportable segments under IFRS 8 "Operating Segments" are including ROC and China.

a. Segment revenues and results

	Segments Revenue		Segments Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
ROC	$ 39,332,854	$ 40,073,442	$ 4,166,904	$ 4,086,968
China	4,163,635	4,924,877	(1,005,788)	(1,158,137)
Total for continuing operations	$ 43,496,489	$ 44,998,319	3,161,116	2,928,831
Interest income			57,458	76,018
Dividend income			183,519	302,019
Net (losses) gains arising on financial assets classified as held for trading			(36,290)	16,658
Net foreign exchange losses			(170,718)	(131,762)
Losses on disposal of property, plant and equipment			(40,617)	(36,518)
Gains arising from the changes in fair value of investment properties			127,937	357,044
Finance costs			(428,315)	(461,215)
Share of profits of associates accounted for using the equity method			(8,585)	405,335
Impairment losses on intangible assets			(998,411)	-
Impairment losses on property plant and equipment			(177,228)	-
Other gains			846,126	328,461
Other losses			(394,711)	(370,198)
Profit before income tax			$ 2,121,281	$ 3,414,673

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2016 and 2015.

b. Segment assets and liabilities

	December 31	
	2016	2015
Segment assets		
ROC	$ 93,470,099	$ 91,658,181
China	12,726,080	14,680,736
Adjustments and eliminations	(569)	(1,431)
Consolidated total assets	$ 106,195,610	$ 106,337,486
Segment liabilities		
ROC	$ 57,343,838	$ 55,148,219
China	12,408,970	14,337,396
Consolidated total liabilities	$ 69,752,808	$ 69,485,615

c. Revenue from major products

The Group's revenue from its major products and services were as follows:

	For the Year Ended December 31	
	2016	2015
Retail sales revenue	$ 39,366,777	$ 41,092,942
Other operating revenues	4,129,712	3,905,377
	$ 43,496,489	$ 44,998,319

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and China. The Group's geographical information revenue from external customers by geographical location and information about its non-current assets by geographical location are detailed below.

	Revenues from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2016	2015	2016	2015
ROC	$ 39,332,854	$ 40,073,442	$ 63,346,314	$ 64,980,177
China	4,163,635	4,924,877	5,561,994	7,223,045
	$ 43,496,489	$ 44,998,319	$ 68,908,308	$ 72,203,222

Non-current assets excluded those classified as non-current assets held for sale, financial instruments, and deferred tax assets.

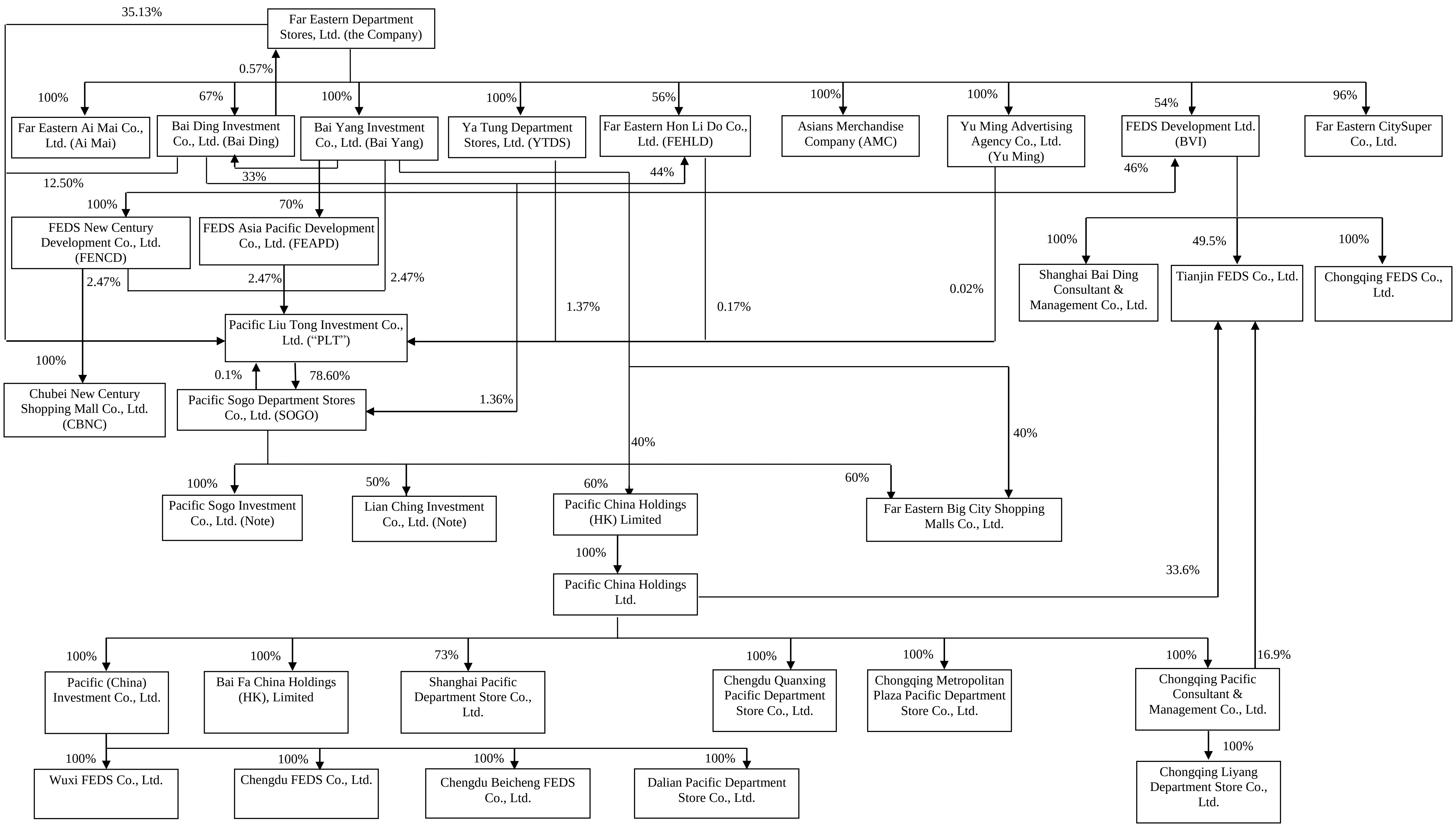
e. Information about major customers

There is no revenue from any individual customer comprising over 10% or more of the Group's gross revenue for 2016 and 2015.

TABLE 1

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2016



Note: 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 Group and the accounts are not disclosed in the consolidated financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(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: Item	Collateral: Value	Financing Limit for Each Borrower	Aggregate Financing Limits
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	Other receivables	Y	$ 2,000,000	$ 2,000,000	$ -	-	(Note A)	$ -	Transaction	$ -	-	$ -	$ 4,271,026 (Note B)	$ 4,271,026 (Note B)
		Pacific Liu Tong Investment Co., Ltd.	Other receivables	Y	500,000	500,000	-	-	(Note A)	-	Transaction	-	-	-	4,271,026 (Note B)	4,271,026 (Note B)
2	Chongqing FEDS Co., Ltd.	Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	464,900 (RMB 100,000,000)	464,900 (RMB 100,000,000)	393,770 (RMB 84,700,000)	3.35%-3.58%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	371,920 (RMB 80,000,000)	371,920 (RMB 80,000,000)	278,940 (RMB 60,000,000)	3.175%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	464,900 (RMB 100,000,000)	464,900 (RMB 100,000,000)	264,993 (RMB 57,000,000)	3.35%-3.58%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Wuxi FEDS Co., Ltd.	Other receivables	Y	697,350 (RMB 150,000,000)	697,350 (RMB 150,000,000)	499,786 (RMB 107,500,000)	3.35%-3.58%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	464,900 (RMB 100,000,000)	464,900 (RMB 100,000,000)	-	3.35%-3.58%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	929,800 (RMB 200,000,000)	929,800 (RMB 200,000,000)	655,509 (RMB 141,000,000)	3.35%-3.58%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	325,430 (RMB 70,000,000)	325,430 (RMB 70,000,000)	325,430 (RMB 70,000,000)	3.35%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Chongqing Pacific Consultant & Management Co., Ltd.	Other receivables	Y	325,430 (RMB 70,000,000)	325,430 (RMB 70,000,000)	274,921 (RMB 59,000,000)	3.175%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
4	Pacific China Holding Ltd.	Wuxi FEDS Co., Ltd.	Other receivables	Y	645,000 (US$ 20,000,000)	645,000 (US$ 20,000,000)	645,000 (US$ 20,000,000)	2.6770%- 2.87367%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	1,644,750 (US$ 51,000,000)	1,644,750 (US$ 51,000,000)	1,257,750 (US$ 39,000,000)	2.6770%- 2.87367%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Tianjin FEDS Co., Ltd.	Other receivables	Y	645,000 (US$ 20,000,000)	-	-	2.6770%- 2.71885%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Pacific China Holdings (HK) Limited	Other receivables	Y	322,500 (US$ 10,000,000)	322,500 (US$ 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
		Chengdu Beicheng FEDS Co., Ltd.	Other receivables	Y	322,500 (US$ 10,000,000)	322,500 (US$ 10,000,000)	-	2.6770%- 2.71885%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
5	Pacific China Holdings (HK) Limited	Pacific China Holding Ltd.	Other receivables	Y	322,500 (US$ 10,000,000)	322,500 (US$ 10,000,000)	109,005 (US$ 3,380,000)	1.79%-4.28%	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
6	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	46,490 (RMB 10,000,000)	46,490 (RMB 10,000,000)	-	-	(Note A)	-	Transaction	-	-	-	11,452,228 (Note D)	11,452,228 (Note D)
7	FEDS Development Ltd.	Yuan Ding Enterprise (Shanghai) Co., Ltd.	Other receivables	Y	686,778 (US$ 16,250,000) (RMB 35,000,000)	267,528 (US$ 3,250,000) (RMB 35,000,000)	267,528 (US$ 3,250,000) (RMB 35,000,000)	-	(Note A)	-	Transaction	-	-	-	5,726,114 (Note C)	11,452,228 (Note D)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables	Y	3,186,491 (US$ 68,000,000) (RMB 213,700,000)	2,089,991 (US$ 34,000,000) (RMB 213,700,000)	1,006,834 (US$ 414,000) (RMB 213,700,000)	-	(Note A)	-	Transaction	-	-	-	5,726,114 (Note C)	11,452,228 (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 ultimate parent company, Far Eastern Department Stores, Ltd.

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	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	$ 17,178,343 (Note A)	$ 30,000	$ 30,000	$ -	$ -	-	$ 28,630,571 (Note B)	Y	-	-
		Bai Yang Investment Co., Ltd.	2	17,178,343 (Note A)	1,400,000	400,000	112,000	-	1	28,630,571 (Note B)	Y	-	-
		Bai Ding Investment Co., Ltd.	2	17,178,343 (Note A)	1,500,000	500,000	494,000	-	2	28,630,571 (Note B)	Y	-	-
		FEDS Development Ltd.	2	17,178,343 (Note A)	2,696,100 (US$ 83,600,000)	2,696,100 (US$ 83,600,000)	1,078,615 (US$ 28,400,000) (RMB 35,000,000)	-	9	28,630,571 (Note B)	Y	-	-
		Chubei New Century Shopping Mall Co., Ltd.	3	17,178,343 (Note A)	3,700,000	3,700,000	-	-	13	28,630,571 (Note B)	Y	-	-
		Far Eastern CitySuper Co., Ltd.	2	17,178,343 (Note A)	160,000	160,000	-	-	1	28,630,571 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	3	17,178,343 (Note A)	5,015,440	4,328,967	4,328,967	-	15	28,630,571 (Note B)	Y	-	-
		FEDS Asia Pacific Development Co., Ltd.	3	17,178,343 (Note A)	50,000	-	-	-	-	28,630,571 (Note B)	Y	-	-
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings Ltd.	3	17,178,343 (Note C)	9,181,575 (US$ 284,700,000)	9,181,575 (US$ 284,700,000)	3,036,273 (US$ 94,148,000)	-	32	28,630,571 (Note D)	-	-	-
		Dalian Pacific Department Store Co., Ltd.	3	17,178,343 (Note C)	223,152 (RMB 48,000,000)	223,152 (RMB 48,000,000)	55,872 (RMB 12,018,000)	-	1	28,630,571 (Note D)	-	-	Y
		Wuxi FEDS Co., Ltd.	3	17,178,343 (Note C)	458,200 (US$ 7,000,000) (RMB 50,000,000)	-	-	-	-	28,630,571 (Note D)	-	-	Y
		Chengdu FEDS Co., Ltd.	3	17,178,343 (Note C)	923,100 (US$ 7,000,000) (RMB 150,000,000)	923,100 (US$ 7,000,000) (RMB 150,000,000)	568,135 (US$ 7,000,000) (RMB 73,647,000)	-	3	28,630,571 (Note D)	-	-	Y
		Far Eastern Department Stores, Ltd.	4	17,178,343 (Note C)	2,835,563	2,602,415	2,602,415	-	9	28,630,571 (Note D)	-	Y	-
		Chengdu Beicheng FEDS Co., Ltd.	3	17,178,343 (Note C)	139,470 (RMB 30,000,000)	139,470 (RMB 30,000,000)	2,148 (RMB 462,000)	-	-	28,630,571 (Note D)	-	-	Y
2	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chengdu Beicheng FEDS Co., Ltd.	3	17,178,343 (Note C)	185,960 (RMB 40,000,000)	185,960 (RMB 40,000,000)	-	-	1	28,630,571 (Note D)	-	-	Y
3	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	4	315,034 (Note A)	164,396	164,396	164,396	-	1	525,057 (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. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2016				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Far Eastern Department Stores, Ltd. (the Company)	Shares							
	Asia Cement Corporation	4	Available-for-sale financial assets - non-current	61,000	$ 1,607,363	2	$ 1,607,363	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	483,138	-	483,138	
	Far Eastern International Bank	5	Available-for-sale financial assets - current	25,771	234,515	1	234,515	
	Kaohsiung Rapid Transit Corporation	-	Financial assets measured at cost - non-current	6,286	42,808	2	42,808 (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	131,312	1	131,312	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	25,814	680,210	1	680,210	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	552,039	-	552,039	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	2,153	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	21,035	191,421	1	191,421	
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	3,849	101,433	-	101,433	
	Far Eastern New Century Corporation	6	Available-for-sale financial assets - non-current	2,217	53,640	-	53,640	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - non-current	200	5,020	-	5,020	
	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	986	11,427	-	11,427	
Yu Ming Advertising Agency Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,161	36,620	-	36,620	
	Shares							
	Asia Cement Corporation	7	Available-for-sale financial assets - non-current	1,506	39,672	-	39,672	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company (Note A)	Financial Statement Account	December 31, 2016 Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
FEDS New Century Development Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,532	$ 110,408	-	$ 110,408	
FEDS Development Ltd.	Shares							
	Kowloon Cement Corp., Ltd.	7	Financial assets measured at cost - non-current	46	8,903	-	8,903 (Note B)	
Pacific Sogo Department Stores Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Flagship Security Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	150	2,409	-	2,409	
	DWS Global Multi - Asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	5,000	52,250	-	52,250	
	Shares							
	CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	297	1,038	-	1,038	
	Quanta computer Inc.	-	Financial assets at fair value through profit or loss - current	1	44	-	44	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	90,016	2	90,016	
	DBTEL Inc.	-	Financial assets at fair value through profit or loss - current	10	20	-	20	
	Oriental Union Chemical Corp.	8	Available-for-sale financial assets - current	546	12,613	-	12,613	
	U-Ming Marine Transport Corp.	8	Available-for-sale financial assets - current	300	7,530	-	7,530	
	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.	Shares							
	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)	
Pacific Liu Tong Investment Co., Ltd.	Beneficiary certificate							
	DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	17,273	200,083	-	200,083	

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 investment company.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Adjusted Item	Shares (Thousands)	Amount
FEDS Development Ltd.	Shares Tianjin FEDS Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	-	$ (552,986)	-	$ 575,322 (Note A)	-	$ -	$ -	$ -	$ (4,270) (Note B)	-	$ 18,066
Pacific China Holdings Ltd.	Shares Tianjin FEDS Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	-	-	-	584,007 (Note C)	-	-	-	-	(571,738) (Note D)	-	12,269

Note A: There was an increase of RMB115,388 thousand in cash capital.

Note B: This amount comprised:

1. The share of the subsidiary's net loss of $(6,816) thousand,
2. The difference between the acquisition price and carrying amount of shares which is adjusted in capital surplus of $(3,434) thousand, and
3. Foreign exchange translation gains of $5,980 thousand.

Note C: There was an increase of RMB116,341 thousand in cash capital.

Note D: This amount comprised:

1. The share of the subsidiary's net loss of $(1,410) thousand,
2. The difference between the acquisition price and carrying amount of shares,
3. Adjustment to capital surplus due to the non-proportional investment in investee's decrease in capital of $(552,228) thousand, and
4. Foreign exchange translation losses of $(18,100) thousand.

TABLE 6

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
FEDS Development Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	The associate of investor that has significant influence over FEDS	$ 1,006,834 (Note)	-	$ -	-	$ -	$ -
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over FEDS	267,528 (Note)	-	-	-	-	-
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Store Co., Ltd.	Associate	129,557	-	129,557	Collection expedited	-	129,557
Pacific China Holdings (HK) Limited.	Pacific China Holdings Ltd.	Subsidiary	110,112 (Note)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Same ultimate parent company	278,940 (Note)	-	-	-	-	-
	Wuxi FEDS Co., Ltd.	Same ultimate parent company	501,306 (Note)	-	-	-	-	-
	Dalian Pacific Department Store Co., Ltd.	Same ultimate parent company	265,809 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	657,688 (Note)	-	-	-	-	-
	Chengdu Beicheng FEDS Co., Ltd.	Same ultimate parent company	394,970 (Note)	-	-	-	-	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Same ultimate parent company	334,657 (Note)	-	-	-	-	-
	Chongqing Pacific Consultant & Management Co., Ltd.	Same parent company	274,291 (Note)	-	-	-	-	-
Pacific China Holdings Ltd.	Wuxi FEDS Co., Ltd.	Subsidiary	645,002 (Note)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Subsidiary	1,266,797 (Note)	-	-	-	-	-
Chengdu FEDS Co., Ltd.	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Subsidiary	296,314	-	-	-	-	-

Note: This balance refers to fund lending.

TABLE 7

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Number	Transacting Company	Counter party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Assets (Note B)
0	Far Eastern Department Stores, Ltd. (the "Company")	FEDS Asia Pacific Development Co., Ltd.	1	Operating expenses	$ 231,709	Rent was based on market rates and paid monthly	1
1	FEDS Asia Pacific Development Co., Ltd.	Far Eastern Department Stores, Ltd.	2	Operating revenue	(231,709)	Rent was based on market rates and received monthly	1
2	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	3	Operating revenue	(242,606)	Rent was based on market rates and received monthly	1
3	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	Operating costs and expenses	242,606	Rent was based on market rates and paid monthly	1

Note A: Flow of transaction:

1. From the Company to the subsidiary.
2. From the subsidiary to the Company.
3. Between subsidiaries.

Note B: If the account of the intercompany transaction is shown in the balance sheet, the ratio is the percentage of the year-end account balance to the total consolidated assets; if the account of the intercompany transaction is shown in the statement of comprehensive income, the ratio is the percentage of the accumulated amount during the year to the total consolidated operating revenues.

Note C: Only an intercompany transaction amounting to more than 1% of total consolidated operating revenues or total consolidated assets is disclosed in this table.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of (Loss) Profit	Note A
				December 31, 2016	December 31, 2015	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
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	$ 6,632,712	$ (684,750)	$ (684,718)	2
	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	143,652	143,652	140,297	20	1,909,730	(157,006)	(30,867)	1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,764,210	1,764,210	281,734	35	3,707,413	378,980	133,136	2
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	33,357	33,357	119,981	67	2,050,151 (Note C)	95,194	63,671	2
	Far Eastern Ai Mai Co., Ltd.	Taipei City, R.O.C.	Hypermarket	1,535,538	1,535,538	169,744	100	1,296,790	(466,016)	(466,016)	2
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,303,009	182,772	112,628	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	86,468	9,422	9,422	2
	Ya Tung Department Stores, Ltd.	Taipei City, R.O.C.	Department store	319,292	319,292	17,000	100	(21,640)	(83,277)	(83,277)	2
	Ding Ding Integrated Marketing Service Co.	Taipei City, R.O.C.	Marketing	64,500	64,500	6,939	10	33,759	(44,206)	(3,834)	1
	Asians Merchandise Company	U.S.A.	Trading	5,316	5,316	950	100	4,670	30	30	2
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	40,278	40,278	1,571	56	11,424	573	436	2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(225,078)	-	1
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	478,269	478,269	47,827	96	125,596	57,263	54,778	2
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	163,292	225,000	16,329	15	118,406	(299,242)	(44,823)	1
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taipei City, R.O.C.	Securities brokerage	163,563	163,563	97,116	14	1,322,046	(157,006)		1
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	658,129	658,129	100,250	13	1,332,912	378,980		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	301,125	301,125	22,203	5	322,868	108,467		1
	Pacific Sogo Department Stores Co., Ltd.	Taipei City, R.O.C.	Department store	33,490	33,490	11,254	1	145,511	501,083		2
	Yu Ming Trading Co.	Taipei City, R.O.C.	Importation of certain merchandise	21,291	21,291	3,956	47	65,980	20,916		1
	Far Eastern Hon Li Do Co., Ltd.	Taipei City, R.O.C.	Building rental	28,672	28,672	1,259	44	12,761	573		2
	Far Eastern CitySuper Co., Ltd.	Taipei City, R.O.C.	Hypermarket	-	-	2	-	1	57,263		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	280,462	378,980		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	280,462	378,980		2
	Chubei New Century Shopping Mall Co., Ltd.	Taipei City, R.O.C.	Department store	400,000	400,000	40,000	100	394,021	800		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	1,758,923	144,842		2
	Far Eastern International Leasing Corp.	Taipei City, R.O.C.	Leasing	1,555,590	1,555,590	132,388	30	1,661,428	108,467		1
	Bai Ding Investment Co., Ltd.	Taipei City, R.O.C.	Investment	577,457	577,457	60,019	33	1,041,178	95,194		2
	FEDS New Century Development Co., Ltd.	Taipei City, R.O.C.	Shopping mall	645,272	645,272	72,000	100	784,825	10,420		2
	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	99,000	99,000	19,800	2	280,462	378,980		2
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	723,946	185	46	1,109,524	182,772		2
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	2,442,344	2,442,344	7,600	40	(117,875)	(2,487,501)		2
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	200,000	200,000	20,000	40	210,023	82,023		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	155,577	378,980		2
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taipei City, R.O.C.	Investment	1,200	1,200	200	-	2,636	378,980		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	-	17,838	378,980		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	10,001,644	501,083		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	62,480	62,480	6,840	3	97,121	31,963		1
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,000,000	4,000,000	11,400	60	681,114	(2,487,501)		2
	Pacific Department Store Co., Ltd.	Taipei City, R.O.C.	Department store	599,000	525,000	60,296	29	636,142	31,963		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	64,500	6,939	10	33,759	(44,206)		1
	Far Eastern Big City Shopping Malls Co., Ltd.	Taipei City, R.O.C.	Department store	300,000	300,000	30,000	60	315,034	82,023		2
	Far Eastern Electronic Commerce Co., Ltd.	Taipei City, R.O.C.	Electronic commerce	49,850	49,850	4,985	11	-	(225,078)		1
	Yuan Hsin Digital Payment Co., Ltd.	Taipei City, R.O.C.	Other financing and supporting services	163,292	225,000	16,329	15	118,406	(299,242)		1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2016	Original Investment Amount December 31, 2015	Balance as of December 31, 2016 Shares (Thousands)	Balance as of December 31, 2016 Percentage of Ownership (%)	Balance as of December 31, 2016 Carrying Amount	Net Income (Loss) of the Investee	Share of (Loss) Profit	Note A
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd.	British Virgin Island	Investment	$ 1,257,750	$ 1,257,750	39,000	100	$ 817,426	$ (1,484,763)		2
Pacific China Holdings Ltd.	Bai Fa China Holdings (HK), Limited	Hong Kong	Investment	48	48	2	100	48	-		2

Note A: 1. Associate.
2. Subsidiary.

Note B: The foreign-currency investments were translated at the rate of US$1:NT$32.25 prevailing on December 31, 2016.

Note C: The amount is the investment accounted for using the equity method to $2,147,261 thousand deduct the parent company shares reclassification to treasury shares of $97,110 thousand.

Note D: As Pacific Sogo Investment Co., Ltd. went into 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.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Method of Investment (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016 (Note A)	Net Income (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Share of (Loss) Profit (Note E)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016
					Outflow	Inflow						
Shanghai Pacific Department Stores Co., Ltd.	Department store	$ 570,825	2	$ 413,848 (Note B)	$ -	$ -	$ 413,848 (Note B)	$ (62,842)	49	$ (76,889)	$ 141,732	$ -
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	31,928	2	31,928 (Note B)	-	-	31,928 (Note B)	(120,513)	67	(80,942)	(255,831)	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	96,750	2	96,750 (Note B)	-	-	96,750 (Note B)	(44,375)	67	(29,084)	393,837	-
Beijing Xidan Pacific Department Store Co., Ltd.	Department store	-	2	212,850 (Note B)	-	-	212,850 (Note B)	(2,625)	37	(970)	-	-
Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	2,354,250	2	6,450 (Note B)	-	-	6,450 (Note B)	43,451	67	29,184	1,023,760	-
Shanghai Pacific Consultant & Management Co., Ltd.	Consulting service	11,288	2	5,531 (Note B)	-	-	5,531 (Note B)	220	33	72	6,028	-
Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	3,225	2	-	-	-	-	4,537	100	4,537	41,605	-
Tianjin FEDS Co., Ltd.	Department store	1,725,375	2	93,525 (Note C)	-	-	93,525 (Note C)	(13,772)	83	(11,488)	30,450	-
Chongqing FEDS Co., Ltd.	Department store	90,300	2	-	-	-	-	253,049	100	253,049	2,144,755	-
Chengdu Baiyang Industry Co., Ltd.	Department store, logistics and storehouse	1,046,021	2	-	-	-	-	279,973	22	40,512	1,369,774	-
Dalian Pacific Department Store Co., Ltd.	Department store	74,384	2	-	-	-	-	16,648	67	11,182	39,626	-
Chongqing Liyang Department Store Co., Ltd.	Department store	220,176	2	-	-	-	-	(277)	67	(186)	7,757	-
Pacific (China) Investment Co., Ltd.	Investment	1,999,500	2	-	-	-	-	(1,119,446)	67	(751,163)	(2,985,426)	-
Wuxi FEDS Co., Ltd.	Department store	580,500	2	-	-	-	-	(82,045)	67	(55,105)	(767,741)	-
Chengdu FEDS Co., Ltd.	Department store	1,096,500	2	-	-	-	-	(857,016)	67	(575,609)	(2,029,529)	-
Chengdu Beicheng FEDS Co., Ltd.	Department store	322,500	2	-	-	-	-	(193,927)	67	(130,250)	(228,208)	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ - (Note D)	$255,194 (US$7,913 thousand) (Notes A and D)	$ - (Note F)

Note A: Translated at the rate of US$1:NT$32.25 prevailing on December 31, 2016.

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. Others.

(Concluded)