Far Eastern Department Stores, Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

<u>Evaluation of Impairment Loss of Goodwill in Investments in Subsidiaries</u>

Carrying amounts of investments in subsidiaries of Company include the goodwill acquired through indirect investment of Pacific Liu Tong Investment Co., Ltd. towards operating segments in mainland China. Under IAS 36, the Management must test the impairment annually. 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 in subsidiaries is considered a key audit matter. For the accounting policy related to investments in subsidiaries, please refer to Notes 4 and 5 of the financial statements, in which the goodwill impairment of investments in subsidiaries is included.

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.

Fair Value Evaluation of Investment Properties

As of December 31, 2016, the carrying amount of investment properties was NT$9,318,997 thousand, accounted for 16% of the total assets, which is material to the financial statements. The Company'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 Company 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 13 to the 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 cash flows forecasts, capitalization rates and discount rates used.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

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

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 517,321	1	$ 522,970	1
Available-for-sale financial assets - current (Notes 7 and 30)	234,515	-	247,350	-
Notes receivable (Note 9)	14,890	-	1,037	-
Trade receivables (Note 9)	361,519	1	254,301	-
Trade receivables from related parties (Notes 9 and 29)	40,196	-	22,857	-
Other receivables (Notes 9 and 29)	70,854	-	93,185	-
Current tax assets (Note 24)	4,270	-	4,270	-
Inventories (Note 10)	383,267	1	390,075	1
Prepayments (Note 29)	255,681	-	261,345	1
Other current assets (Notes 16 and 29)	10,000	-	17,609	-
Total current assets	1,892,513	3	1,814,999	3
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 7 and 30)	2,090,501	4	2,185,496	4
Financial assets measured at cost - non-current (Note 8)	105,378	-	107,433	-
Investments accounted for using the equity method (Notes 11, 19 and 30)	16,760,797	29	17,866,126	30
Property, plant and equipment (Notes 12, 13, 30 and 31)	25,385,789	44	26,098,891	44
Investment properties (Notes 13 and 30)	9,318,997	16	9,144,466	15
Intangible assets (Note 14)	24,189	-	12,553	-
Deferred tax assets (Note 24)	282,237	-	106,958	-
Long-term prepayments for lease (Note 15)	2,298,572	4	2,360,977	4
Other non-current assets (Notes 16 and 29)	202,612	-	211,072	-
Total non-current assets	56,469,072	97	58,093,972	97
TOTAL	$ 58,361,585	100	$ 59,908,971	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	$ 3,900,000	7	$ 4,900,000	8
Short-term bills payable (Note 17)	1,149,478	2	1,049,686	2
Notes payable and trade payables (Note 18)	3,223,709	6	3,355,590	6
Trade payables to related parties (Notes 18 and 29)	59,434	-	66,998	-
Other payables (Notes 19 and 29)	1,471,416	3	1,847,950	3
Current tax liabilities (Note 24)	232,251	-	65,194	-
Deferred revenue - current (Note 19)	37,161	-	38,775	-
Advance receipts (Note 29)	2,905,473	5	3,163,444	5
Current portion of long-term borrowings (Notes 17 and 30)	4,696,916	8	300,000	1
Other current liabilities (Notes 19 and 29)	130,490	-	137,093	-
Total current liabilities	17,806,328	31	14,924,730	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	9,500,000	16	13,596,945	23
Deferred tax liabilities (Note 24)	1,937,255	3	1,840,126	3
Net defined benefit liabilities (Note 20)	314,561	1	176,764	-
Other non-current liabilities (Notes 11, 19, 26 and 29)	172,870	-	123,407	-
Total non-current liabilities	11,924,686	20	15,737,242	26
Total liabilities	29,731,014	51	30,661,972	51
EQUITY				
Share capital				
Common shares	14,169,406	24	14,169,406	24
Capital surplus	3,319,868	6	3,315,420	5
Retained earnings				
Legal reserve	2,899,856	5	2,728,379	5
Special reserve	2,529,594	4	2,461,168	4
Unappropriated earnings	2,013,557	4	2,673,946	4
Total retained earnings	7,443,007	13	7,863,493	13
Other equity	3,795,400	6	3,995,790	7
Treasury shares	(97,110)	-	(97,110)	-
Total equity	28,630,571	49	29,246,999	49
TOTAL	$ 58,361,585	100	$ 59,908,971	100

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

FAR EASTERN DEPARTMENT STORES, LTD.

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 22 and 29)	$ 10,524,713	100	$ 10,348,566	100
OPERATING COSTS (Notes 10, 23 and 29)	3,843,738	37	3,710,684	36
GROSS PROFIT	6,680,975	63	6,637,882	64
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	474,425	5	481,701	4
General and administrative expenses	4,362,248	41	4,625,049	45
Total operating expenses	4,836,673	46	5,106,750	49
OPERATING PROFIT	1,844,302	17	1,531,132	15
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	104,593	1	169,662	2
Other gains and losses (Notes 23 and 29)	521,069	5	483,759	5
Finance costs (Notes 23 and 29)	(202,433)	(2)	(228,199)	(2)
Share of (loss) profit of subsidiaries and associates accounted for using the equity method	(880,568)	(8)	142,971	1
Total non-operating income and expenses	(457,339)	(4)	568,193	6
PROFIT BEFORE INCOME TAX	1,386,963	13	2,099,325	21
INCOME TAX EXPENSE (Note 24)	252,711	2	384,555	4
NET PROFIT FOR THE YEAR	1,134,252	11	1,714,770	17
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(124,462)	(1)	(354,195)	(3)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(33,366)	-	(46,074)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	21,158	-	60,213	1
	(136,670)	(1)	(340,056)	(3)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

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:				
Unrealized loss on available-for-sale financial assets	$ (107,830)	(1)	$ (812,531)	(8)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method	(92,560)	(1)	(1,092,530)	(11)
	(200,390)	(2)	(1,905,061)	(19)
Other comprehensive (loss) income for the year, net of income tax	(337,060)	(3)	(2,245,117)	(22)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ 797,192	8	$ (530,347)	(5)
EARNINGS PER SHARE, NT$ (Note 25)				
Basic	$ 0.81		$ 1.20	
Diluted	$ 0.80		$ 1.20	

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

FAR EASTERN DEPARTMENT STORES, LTD.

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

			Retained Earnings (Notes 21 and 24)			Other Equity (Note 21)				
	Share Capital (Note 21)	Capital Surplus (Note 21)	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 21)	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
Appropriation of 2014 earnings										
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)
	-	-	152,906	-	(1,592,102)	-	-	-	-	(1,439,196)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770
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)
Total comprehensive (loss) income for the year ended December 31, 2015	-	-	-	-	1,374,714	(13,516)	(1,891,545)	-	-	(530,347)
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(405,304)
Cancelation of treasury shares	(222,550)	(182,754)	-	-	-	-	-	-	405,304	-
BALANCE AT DECEMBER 31, 2015	14,169,406	3,315,420	2,728,379	2,461,168	2,673,946	57,483	1,767,337	2,170,970	(97,110)	29,246,999
Appropriation of 2015 earnings										
Legal reserve	-	-	171,477	-	(171,477)	-	-	-	-	-
Special reserve	-	-	-	68,426	(68,426)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,416,940)	-	-	-	-	(1,416,940)
	-	-	171,477	68,426	(1,656,843)	-	-	-	-	(1,416,940)
Net profit for the year ended December 31, 2016	-	-	-	-	1,134,252	-	-	-	-	1,134,252
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	-	(136,670)	790	(201,180)	-	-	(337,060)
Total comprehensive (loss) income for the year ended December 31, 2016	-	-	-	-	997,582	790	(201,180)	-	-	797,192
Difference between equity purchase price and carrying amount arising from actual acquisition of subsidiary	-	-	-	-	(1,128)	-	-	-	-	(1,128)
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	4,448	-	-	-	-	-	-	-	4,448
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

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

FAR EASTERN DEPARTMENT STORES, LTD.

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	$ 1,386,963	$ 2,099,325
Adjustments for:		
Depreciation expenses	1,284,042	1,287,152
Amortization expenses	9,612	11,107
Impairment loss recognized on receivables	-	19
Amortization of prepayments	8,143	8,363
Finance costs	202,433	228,199
Reversal of deferred revenue	(38,775)	(14,892)
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	880,568	(142,971)
Interest income	(551)	(991)
Dividend income	(104,042)	(168,671)
Loss on disposal of property, plant and equipment	14,191	4,994
Loss on disposal of investment properties	247	145
Impairment loss recognized on financial assets	2,055	2,055
Gain on changes in fair value of investment properties	(157,290)	(398,179)
Net changes in operating assets and liabilities		
Notes receivable	(13,853)	(814)
Trade receivables	(107,218)	(9,103)
Trade receivables from related parties	(17,339)	(10,818)
Other receivables	22,837	(26,419)
Inventories	6,808	23,344
Prepayments	(1,764)	(12,512)
Other current assets	7,609	(2,458)
Net defined benefit assets	-	8,351
Notes payable and trade payables	(131,881)	10,293
Trade payables to related parties	(7,564)	1,996
Other payables	(216,876)	(95,057)
Deferred revenue	37,161	38,775
Advance receipts	(96,239)	271,148
Other current liabilities	(6,603)	81,435
Net defined benefit liabilities	13,335	-
Cash generated from operations	2,976,009	3,193,816
Interest paid	(239,708)	(263,830)
Interest received	45	336
Dividends received	227,837	632,296
Income tax returned	-	18,988
Income tax paid	(142,646)	(259,445)
Net cash generated from operating activities	2,821,537	3,322,161

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

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

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of debt investments with no active market	$ -	$ 192,371
Acquisition of investments accounted for using the equity method	-	(203,000)
Payments for property, plant and equipment	(805,780)	(953,756)
Payments for investment properties	(3,792)	(11,488)
Decrease in other non-current assets	9,056	2,224
Payments for intangible assets	(21,248)	(1,763)
Proceeds from disposal of property, plant and equipment	127	726
Net cash used in investing activities	(821,637)	(974,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	49,330,000	17,300,000
Repayments of short-term borrowings	(50,330,000)	(14,200,000)
Proceeds from short-term bills payable	13,714,162	11,097,355
Repayments of short-term bills payable	(13,614,370)	(11,697,129)
Repayments of bonds payable	-	(1,000,000)
Proceeds from long-term borrowings	32,249,971	38,300,910
Repayments of long-term borrowings	(31,950,000)	(40,250,000)
Increase in other non-current liabilities	11,717	15,224
Dividends paid	(1,417,029)	(1,439,211)
Payments for buy-back of treasury shares	-	(405,304)
Net cash used in financing activities	(2,005,549)	(2,278,155)
NET (DECREASE) INCREASE IN CASH	(5,649)	69,320
CASH AT THE BEGINNING OF THE YEAR	522,970	453,650
CASH AT THE END OF THE YEAR	$ 517,321	$ 522,970

The accompanying notes are an integral part of the 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) in 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 financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 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 Company 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 27 Equity Method in Separate Financial Statements	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Amendment to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 Levies	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant 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 Company's accounting policies, except for the following:

1) 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.

2) 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.

3) 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 Company'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 Company's assets, liabilities and equity, comprehensive income and loss, and cash flows.

As of the date the financial statements were authorized for issue, the Company 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 Company'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 Company 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 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 IFRS 15 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 Company's equity instruments are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative 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 Company shall recognize revenue by applying the following steps:

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

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

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

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

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

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 Company 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 Company should assess its deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax laws restrict 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 Company's assets for more than their carrying amount, if there is sufficient evidence that it is probable that the Company 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 Company 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 Company 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 Company 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 Company 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Presentation

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

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

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

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

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

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

Foreign Currencies

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

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

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

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

Inventories

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

Investments in Subsidiaries

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

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

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

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

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

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

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

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

Investments in Associates

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

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

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

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

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be associates. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that subsidiary had directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

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

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

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

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

Investment Properties

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

Investment properties are measured initially at cost, (including transaction costs), and are subsequently measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

Intangible Assets

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

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

Impairment of Tangible and Intangible Assets

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

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

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

Financial Instruments

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

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

<u>Financial assets</u>

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

a. Measurement category

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

1) Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired. Refer to Note 28 for the information on the selected method of fair value.

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

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

2) Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash, and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Financial liabilities

a. Subsequent measurement of financial liabilities

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

b. Derecognition

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

Revenue Recognition

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

a. Sale of goods

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

b. Commissions from concessionaires' sales

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

c. Maintenance and promotion fee income

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

d. Dividend and interest income

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

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

Leasing

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

a. The Company as a lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

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

b. The Company as lessee

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

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

c. Leasehold lands and buildings

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

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

Borrowing Costs

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

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

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

Retirement Benefit Costs

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit 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 they occur. 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 liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

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

a. Current tax

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the 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 financial statements and the corresponding tax bases used in the computation of taxable profit.

   Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with these investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the temporary differences and are expected to reverse in deferred tax assets in the foreseeable future.

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

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

c. Current and deferred tax for the year

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the 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 assessment of tangible and intangible assets

For impairment tests of assets, the Company 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.

Management should evaluate if any tangible and intangible asset is impaired. If any such indication exists, the recoverable amount of the asset is estimated and compared to its carrying amount to determine the impairment loss.

b. Fair value measurements and valuation processes

If some of the Company's assets measured at fair value have no quoted prices in active markets, the Company 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 Company’s investment properties. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 13.

6. CASH

	December 31	
	2016	2015
Cash on hand and revolving funds	$ 42,998	$ 56,428
Checking accounts and demand deposits	474,323	466,542
	$ 517,321	$ 522,970

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

	December 31	
	2016	2015
Cash in bank	0.001%-0.300%	0.010%-0.300%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Listed and OTC shares	$ 2,325,016	$ 2,432,846
Current	$ 234,515	$ 247,350
Non-current	2,090,501	2,185,496
	$ 2,325,016	$ 2,432,846

Refer to Note 30 for information relating to available-for-sale financial assets pledged as security.

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2016	2015
Domestic unlisted common shares	$ 105,378	$ 107,433

Management believed that the above unlisted common share investments held by the Company had fair values 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.

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

	December 31	
	2016	2015
Notes receivable		
Notes receivable - operating	$ 14,890	$ 1,037
Notes receivable - non-operating	1,794	1,794
Less: Allowance for impairment loss	(1,794)	(1,794)
	$ 14,890	$ 1,037
Trade receivables		
Trade receivables	$ 405,284	$ 280,727
Less: Allowance for impairment loss	(3,569)	(3,569)
	$ 401,715	$ 277,158
Other receivables		
Other receivables	$ 91,904	$ 114,235
Less: Allowance for impairment loss	(21,050)	(21,050)
	$ 70,854	$ 93,185

a. Trade receivables

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

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

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

The aging of trade receivables was as follows:

	December 31	
	2016	2015
Not overdue	$ 380,813	$ 245,749
Up to 30 days	20,830	30,235
31 to 60 days	11	451
More than 60 days	3,630	4,292
	$ 405,284	$ 280,727

The above aging schedule was presented based on the past due days from end of credit term.

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

	December 31	
	2016	2015
Up to 30 days	$ 20,830	$ 30,235
31 to 60 days	11	451
More than 60 days	61	723
	$ 20,902	$ 31,409

The above aging schedule was based on the past due days from end of credit term.

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	$ 25	$ 3,550	$ 3,575
Add: Impairment losses recognized on receivables	19	-	19
Less: Amounts written off during the year as uncollectible	(25)	-	(25)
Balance at December 31, 2015	$ 19	$ 3,550	$ 3,569
Balance at December 31, 2016	$ 19	$ 3,550	$ 3,569

b. Other receivables

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

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

	December 31	
	2016	2015
Up to 30 days	$ -	$ -
31 to 60 days	-	-
More than 60 days	357	300
	$ 357	$ 300

The above aging schedule was based on the past due days from end of credit term.

10. INVENTORIES

	December 31	
	2016	2015
Merchandise	$ 383,267	$ 390,075

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 were $3,656,742 thousand and $3,535,344 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2016	2015
Investments in subsidiaries	$ 14,698,902	$ 15,723,346
Investments in associates	2,061,895	2,142,780
	$ 16,760,797	$ 17,866,126

a. Investments in subsidiaries

	December 31	
	2016	2015
Bai Yang Investment Co., Ltd. (Bai Yang Investment)	$ 6,632,712	$ 7,323,453
Pacific Liu Tong Investment Co., Ltd. (Pacific Liu Tong Investment)	3,707,413	3,539,169
Bai Ding Investment Co., Ltd. (Bai Ding Investment)	2,147,261	2,231,550
FEDS Development Ltd. (FEDS Development)	1,303,009	1,286,401
Far Eastern Ai Mai Co., Ltd. (Far Eastern Ai Mai)	1,296,790	1,785,878
Far Eastern CitySuper Co., Ltd. (Far Eastern CitySuper)	125,596	70,818
Yu Ming Advertising Agency Co., Ltd. (Yu Ming Advertising Agency)	86,468	87,761
Far Eastern Hon Li Do Co., Ltd. (Far Eastern Hon Li Do)	11,424	11,274
Asians Merchandise Company (AMC)	4,670	4,723
Ya Tung Department Stores, Ltd. (Ya Tung Department Stores)	(21,640)	57,626
	15,293,703	16,398,653
Add: Credit balance on carrying amount of investments accounted for using the equity method reclassified to other liabilities	21,640	-
Less: Common shares held by subsidiaries and reclassified from long-term investments to treasury shares		
Bai Ding Investment	97,110	97,110
	15,218,233	16,301,543
Less: The differences of accounting treatments from the consolidated financial statements (Note)	519,331	578,197
	$ 14,698,902	$ 15,723,346

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

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31 2016	Proportion of Ownership and Voting Rights December 31 2015
Bai Yang Investment	100%	100%
Pacific Liu Tong Investment	35%	35%
Bai Ding Investment	67%	67%
FEDS Development	54%	54%
Far Eastern Ai Mai	100%	100%
Far Eastern CitySuper	96%	96%
Yu Ming Advertising Agency	100%	100%
Far Eastern Hon Li Do	56%	56%
AMC	100%	100%
Ya Tung Department Stores	100%	100%

Refer to Note 33 for the details of the subsidiaries indirectly held by the Company.

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

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

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

The investments in subsidiaries accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 was based on the subsidiaries' financial statements audited for the same years by the auditors.

b. Investments in associates

	December 31 2016	December 31 2015
Associates that is not individually material	$ 2,061,895	$ 2,142,780

Aggregate information of associates that are not individually material:

	For the Year Ended December 31 2016	For the Year Ended December 31 2015
The Company's share of:		
Loss from continuing operations	$ (79,524)	$ (136,666)
Other comprehensive loss	(1,361)	(7,715)
Total comprehensive loss for the year	$ (80,885)	$ (144,381)

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

Ding Ding Integrated Marketing Service issued shares in May 2015. The Company acquired 5,300 thousand shares at $10 per share. The investment amount totaled $53,000 thousand.

Yuan Hsin Digital Payment undertook the registration of a capital reduction to offset the deficit, which resulted in a decrease in the Company's equity in Yuan Hsin Digital Payment of 6,171 thousand shares.

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

	For the Year Ended December 31	
	2016	**2015**
Unrecognized share of losses of associates for the year	$ 24,916	$ 24,563
Accumulated unrecognized share of losses of associates	$ 49,479	$ 24,563

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 the associates' financial statements audited for the same years by the auditors.

Refer to Note 30 for the information on the carrying amount of investments accounted for using the equity method that were pledged as security.

12. 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	$ 7,953,952	$ 9,356,004	$ 5,555,003	$ 5,778,872	$ 5,717,881	$ 451,293	$ 1,881,564	$ 36,694,569
Additions (deductions)	-	(350)	50,672	195,646	-	55,757	212,961	514,686
Disposals	-	-	(27,850)	(157,675)	-	(25,162)	-	(210,687)
Reclassification	-	-	8,399	88,628	-	17,298	(114,325)	-
Balance at December 31, 2015	$ 7,953,952	$ 9,355,654	$ 5,586,224	$ 5,905,471	$ 5,717,881	$ 499,186	$ 1,980,200	$ 36,998,568
Accumulated depreciation and impairment								
Balance at January 1, 2015	$ -	$ (1,614,356)	$ (2,492,811)	$ (3,636,688)	$ (1,570,171)	$ (289,737)	$ -	$ (9,603,763)
Disposals	-	-	25,854	112,803	-	24,233	-	162,890
Depreciation expense	-	(161,108)	(430,746)	(608,651)	(200,080)	(58,219)	-	(1,458,804)
Balance at December 31, 2015	$ -	$ (1,775,464)	$ (2,897,703)	$ (4,132,536)	$ (1,770,251)	$ (323,723)	$ -	$ (10,899,677)
Carrying amount at December 31, 2015	$ 7,953,952	$ 7,580,190	$ 2,688,521	$ 1,772,935	$ 3,947,630	$ 175,463	$ 1,980,200	$ 26,098,891
Cost								
Balance at January 1, 2016	$ 7,953,952	$ 9,355,654	$ 5,586,224	$ 5,905,471	$ 5,717,881	$ 499,186	$ 1,980,200	$ 36,998,568
Additions (deductions)	-	(589)	48,706	78,999	-	113,892	505,837	746,845
Disposals	-	-	(16,277)	(190,033)	-	(16,484)	-	(222,794)
Transfers to investment properties	(12,974)	(3,289)	-	-	-	-	-	(16,263)
Reclassification	-	-	-	5,307	-	8,534	-	13,841
Balance at December 31, 2016	$ 7,940,978	$ 9,351,776	$ 5,618,653	$ 5,799,744	$ 5,717,881	$ 605,128	$ 2,486,037	$ 37,520,197

(Continued)

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Equipment Held Under Finance Leases	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ -	$ (1,775,464)	$ (2,897,703)	$ (4,132,536)	$ (1,770,251)	$ (323,723)	$ -	$ (10,899,677)
Disposals	-	-	13,901	171,976	-	16,019	-	201,896
Depreciation expense	-	(161,067)	(428,444)	(577,404)	(200,079)	(72,200)	-	(1,439,194)
Transfers to investment properties	-	2,567	-	-	-	-	-	2,567
Balance at December 31, 2016	$ -	$ (1,933,964)	$ (3,312,246)	$ (4,537,964)	$ (1,970,330)	$ (379,904)	$ -	$ (12,134,408)
Carrying amount at December 31, 2016	$ 7,940,978	$ 7,417,812	$ 2,306,407	$ 1,261,780	$ 3,747,551	$ 225,224	$ 2,486,037	$ 25,385,789

(Concluded)

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

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

Part of property, plant and equipment were transferred to investment properties at their net carrying amount as the use of these assets changed to leasing for the purpose of earning rental income during the year ended December 31, 2016.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Total
Balance at January 1, 2015	$ 5,843,997	$ 2,890,947	$ 8,734,944
Additions	-	11,488	11,488
Disposals	-	(145)	(145)
Gain on changes in fair value of investment properties	340,033	58,146	398,179
Balance at December 31, 2015	6,184,030	2,960,436	9,144,466
Additions	-	3,792	3,792
Disposals	-	(247)	(247)
Transfers from property, plant and equipment	12,974	722	13,696
Gain on changes in fair value of investment properties	116,804	40,486	157,290
Balance at December 31, 2016	$ 6,313,808	$ 3,005,189	$ 9,318,997

Some of the Company’s investment properties had been leased out under operating leases in the lease term of 1 to 20 years. Except from the minimum lease payments, some of the Company’s lease contracts included contingent lease clauses, and the Company should adjust rentals on the basis of Consumer Price Index per annum. The rental incomes generated for the years ended December 31, 2016 and 2015 were $135,541 thousand and $70,710 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	$ 138,288	$ 96,147
1 year to 5 years	283,021	220,624
Later than 5 years	335,453	373,688
	$ 756,762	$ 690,459

The fair values of the investment properties as of December 31, 2016 and December 31, 2015 were based on the valuations carried out at those dates, on a recurring basis by independent qualified professional valuators, 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	$ 22,610,345	$ 22,543,179
Expected future cash outflows	2,868,550	2,919,728
Expected future cash inflows, net	$ 19,741,795	$ 19,623,451
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 Company and comparative market rentals covering 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the one-year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as house taxes, insurance premium, management fee, maintenance costs and replacement allowance. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value, the tax rate promulgated under the Construction Cost Index and the House Tax Act and construction cost.

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

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

	December 31	
	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 30 for the information on the carrying amount of investment properties that were pledged as security.

14. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2015	$ 29,671
Additions	1,763
Balance at December 31, 2015	$ 31,434
Accumulated amortization and impairment	
Balance at January 1, 2015	$ (7,774)
Amortization expenses	(11,107)
Balance at December 31, 2015	$ (18,881)
Carrying amount at December 31, 2015	$ 12,553
Cost	
Balance at January 1, 2016	$ 31,434
Additions	21,248
Balance at December 31, 2016	$ 52,682
Accumulated amortization and impairment	
Balance at January 1, 2016	$ (18,881)
Amortization expenses	(9,612)
Balance at December 31, 2016	$ (28,493)
Carrying amount at December 31, 2016	$ 24,189

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

Computer software	3-5 years

15. LONG-TERM PREPAYMENTS FOR LEASES

	December 31	
	2016	2015
A13 land use rights	$ 2,298,572	$ 2,360,977

In September 2003, the Company 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 the Company completed the registration of its acquisition of the land use rights in October 2003. Under the contract, the Company has the right to use the land for 50 years from the completion of the land use rights' 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.

16. OTHER ASSETS

	December 31	
	2016	2015
Refundable deposits (Note 26)	$ 173,795	$ 175,793
Leasing incentives	11,902	18,961
Long-term prepayments	1,191	1,906
Others	25,724	32,021
	$ 212,612	$ 228,681
Current	$ 10,000	$ 17,609
Non-current	202,612	211,072
	$ 212,612	$ 228,681

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Credit loans	$ 3,900,000	$ 4,200,000
Secured loans (Note 30)	-	700,000
	$ 3,900,000	$ 4,900,000
Interest rate intervals are as follows:		
Credit loans	0.900%-0.960%	1.050%-1.100%
Secured loans	-	1.100%

b. Short-term bills payable

	December 31 2016	December 31 2015
Commercial papers	$ 1,150,000	$ 1,050,000
Less: Unamortized discount on bills payable	522	314
	$ 1,149,478	$ 1,049,686

Outstanding short-term bills payable were as follows:

December 31, 2016

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial papers						
Grand Bills Finance	$ 300,000	$ 180	$ 299,820	0.692%	-	$ -
China Bills Finance	300,000	95	299,905	0.550%	-	-
International Bills Finance	200,000	59	199,941	0.640%	-	-
Taiwan Finance	200,000	117	199,883	0.770%	-	-
Taiwan Cooperative Bills Finance	150,000	71	149,929	0.670%	-	-
	$ 1,150,000	$ 522	$ 1,149,478			$ -

December 31, 2015

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

c. Long-term borrowings

	December 31 2016	December 31 2015
Secured loans	$ 12,500,000	$ 11,900,000
Revolving commercial papers	996,916	996,945
Credit loans	700,000	1,000,000
	14,196,916	13,896,945
Less: Current portion	4,696,916	300,000
Long-term borrowings	$ 9,500,000	$ 13,596,945

Interest rate intervals are as follows:

	December 31	
	2016	2015
Secured loans	0.920%-1.801%	1.080%-1.801%
Revolving commercial papers	0.952%	0.952%
Credit loans	1.780%	1.720%-1.780%

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

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

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

	December 31	
	2016	2015
Notes payable		
Operating	$ 46	$ -
Non-operating	-	10
	$ 46	$ 10
Trade payables	$ 3,283,097	$ 3,422,578

19. OTHER LIABILITIES

	December 31	
	2016	2015
Other payables		
Payable for purchase of equipment	$ 417,363	$ 583,435
Payable for salaries and bonus	268,107	344,887
Payable for remuneration of directors	156,214	164,952
Payable for employees' compensation	54,780	82,226
Payable for rentals	21,313	30,479
Payable for dividends	-	21,713
Others	553,639	620,258
	$ 1,471,416	$ 1,847,950
Deferred revenue		
Arising from customer loyalty program	$ 37,161	$ 38,775

(Continued)

	December 31	
	2016	2015
Other liabilities		
Lease incentives	$ 84,556	$ 68,450
Deposits received	66,674	54,957
Credit balance on carrying amount of investments accounted for using the equity method	21,640	-
Others	130,490	137,093
	$ 303,360	$ 260,500
Current		
Other payables	$ 1,471,416	$ 1,847,950
Deferred revenue	$ 37,161	$ 38,775
Other liabilities	$ 130,490	$ 137,093
Non-current		
Other liabilities	$ 172,870	$ 123,407

(Concluded)

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 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 Company has no right to influence the investment policy and strategy.

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

	December 31	
	2016	2015
Present value of defined benefit obligation	$ 805,974	$ 881,675
Fair value of plan assets	(491,413)	(704,911)
Net defined benefit liability	$ 314,561	$ 176,764

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2015	$ 844,876	$ (1,030,658)	$ (185,782)
Service cost			
Current service cost	11,603	-	11,603
Net interest expense (income)	14,785	(18,037)	(3,252)
Recognized in profit or loss	26,388	(18,037)	8,351
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	299,468	299,468
Actuarial loss - changes in demographic assumptions	16,733	-	16,733
Actuarial loss - changes in financial assumptions	22,250	-	22,250
Actuarial loss - experience adjustments	15,744	-	15,744
Recognized in other comprehensive income	54,727	299,468	354,195
Benefits paid	(44,316)	44,316	-
Balance at December 31, 2015	$ 881,675	$ (704,911)	$ 176,764
Balance at January 1, 2016	$ 881,675	$ (704,911)	$ 176,764
Service cost			
Current service cost	10,809	-	10,809
Net interest expense (income)	13,100	(10,574)	2,526
Recognized in profit or loss	23,909	(10,574)	13,335
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	53,024	53,024
Actuarial loss - changes in demographic assumptions	10,619	-	10,619
Actuarial loss - changes in financial assumptions	20,599	-	20,599
Actuarial loss - experience adjustments	40,220	-	40,220
Recognized in other comprehensive income	71,438	53,024	124,462
Benefits paid	(171,048)	171,048	-
Balance at December 31, 2016	$ 805,974	$ (491,413)	$ 314,561

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

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

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments of the plan assets.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2016	**2015**
Discount rate	1.25%	1.50%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2016	**2015**
Discount rate(s)		
0.25% increase	$ (20,930)	$ (22,934)
0.25% decrease	$ 21,751	$ 23,846
Expected rate(s) of salary increase		
0.25% increase	$ 21,185	$ 23,246
0.25% decrease	$ (20,491)	$ (22,470)

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

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ -	$ 16,633
The average duration of the defined benefit obligation	10.9 years	10.7 years

21. 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)		
Issuance in excess of common shares	$ 2,142,074	$ 2,142,074
Treasury share transactions	1,173,346	1,173,346
May only be used to offset a deficit		
Changes in percentage of ownership interest in subsidiaries and 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).

	Arising from Issuance of Common Shares	Arising from Treasury Share Transactions	Arising from Changes in Percentage of Ownership Interest in Subsidiaries and Associates	Total
Balance at January 1, 2015	$ 2,175,718	$ 1,322,456	$ 78	$ 3,498,252
Arising from treasury share transactions	(33,644)	(149,110)	-	(182,754)
Arising from changes in percentage of ownership interest in subsidiaries and associates	-	-	(78)	(78)
Balance at December 31, 2015	2,142,074	1,173,346	-	3,315,420
Arising from changes in percentage of ownership interest in subsidiaries and 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 23.

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 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 on 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
Share of exchange difference of subsidiaries and associates of accounted for using the equity method	790	(13,516)
Balance, end of year	$ 58,273	$ 57,483

2) Unrealized (loss) gain 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 loss on available-for-sale financial assets	(107,830)	(812,531)
Share of unrealized loss on available-for-sale financial assets of subsidiaries and associates accounted for using the equity method	(93,350)	(1,079,014)
Balance, end of year	$ 1,566,157	$ 1,767,337

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

f. Treasury shares

(In Thousands of Shares)

Purpose of Buy-back	Maintain the Credibility of the Company and Shareholder's Equity	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.

22. REVENUE

	For the Year Ended December 31	
	2016	2015
Sale of goods (Note)	$ 4,457,588	$ 4,282,528
Commissions from concessionaires' sales (Note)	4,624,995	4,814,070
Maintenance and promotion fee income	588,893	536,850
Rental income from property	471,174	390,729
Others	382,063	324,389
	$ 10,524,713	$ 10,348,566

Note: Gross revenues were presented as follows:

	For the Year Ended December 31	
	2016	2015
Concessionaires' sales	$ 37,869,418	$ 38,154,788
Sale of goods	4,649,646	4,460,982
	$ 42,519,064	$ 42,615,770

23. 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	$ 3,656,742	$ 3,535,344
Rental costs	148,414	133,422
Others	38,582	41,918
	$ 3,843,738	$ 3,710,684

b. Other income

	For the Year Ended December 31	
	2016	2015
Interest income		
Bank deposits	$ 45	$ 175
Others	506	816
	551	991
Dividend income	104,042	168,671
	$ 104,593	$ 169,662

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gains arising from the changes in fair value of investment properties	$ 157,290	$ 398,179
Net foreign exchange gains (losses)	32	(136)
Losses on disposal of investment properties	(247)	(145)
Losses on disposal of property, plant and equipment	(14,191)	(4,994)
Other gains	395,942	103,295
Other losses	(17,757)	(12,440)
	$ 521,069	$ 483,759

d. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 237,454	$ 254,968
Interest on bonds	-	9,414
Other interest expenses	24,863	23,993
Interest on financial liabilities measured at amortized cost	262,317	288,375
Less: Amounts included in the cost of qualifying assets	(59,884)	(60,176)
	$ 202,433	$ 228,199

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2016	2015
Capitalized interest	$ 59,884	$ 60,176
Capitalization rate	1.27%-1.36%	1.36%-1.45%

e. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 1,439,194	$ 1,458,804
Less: Adjustment to advance receipts and depreciation	(155,152)	(171,652)
	1,284,042	1,287,152
Intangible assets (including amortization expense)	9,612	11,107
	$ 1,293,654	$ 1,298,259
An analysis of deprecation by function		
Operating costs	$ 55,984	$ 56,396
Operating expenses	1,228,058	1,230,756
	$ 1,284,042	$ 1,287,152
An analysis of amortization by function		
Operating expenses	$ 9,612	$ 11,107

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	$ 51,779	$ 36,714
Direct operating expenses from investment properties that did not generate rental income	78,175	74,209
	$ 129,954	$ 110,923

g. Employee benefits expenses

	For the Year Ended December 31	
	2016	2015
Post-employment benefits		
Defined contribution plans	$ 33,174	$ 37,454
Defined benefit plans (Note 20)	13,335	8,351
	46,509	45,805
Other employee benefits	1,141,580	1,311,185
Total employee benefits expenses	$ 1,188,089	$ 1,356,990
Employee benefits expenses by function		
Operating expenses	$ 1,188,089	$ 1,356,990

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 proposed amounts after the annual 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 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, which have been 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' meeting on June 22, 2015, and the amounts recognized in the 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 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 at the Market Observation Post System website of the Taiwan Stock Exchange.

24. 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	$ 314,001	$ 167,798
Adjustment of prior year	(4,298)	(3,019)
Investment tax credit	-	(10,000)
	309,703	154,779

(Continued)

	For the Year Ended December 31	
	2016	2015
Deferred tax		
In respect of the current year	$ (1,237)	$ 195,416
Adjustment of prior year	(55,755)	34,360
	(56,992)	229,776
Income tax expense recognized in profit or loss	$ 252,711	$ 384,555

(Concluded)

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	$ 1,386,963	$ 2,099,325
Income tax expense calculated at the statutory rate	$ 235,783	$ 356,885
Nondeductible expenses in determining taxable income	78,382	1,610
Tax-exempt income	(37,544)	(105,299)
Investment tax credit	-	(10,000)
Land value increment tax	43,053	114,317
Unrecognized deductible temporary differences	(7,468)	(4,847)
Adjustments for prior years' income tax	(4,298)	(3,019)
Adjustments for prior years' deferred tax	(55,755)	34,360
Others	558	548
Income tax expense recognized in profit or loss	$ 252,711	$ 384,555

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

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
Deferred tax		
Remeasurement of defined benefit plans	$ 21,158	$ 60,213

c. Current tax assets and liabilities

	December 31	
	2016	2015
Current tax assets		
Tax refund receivable	$ 4,270	$ 4,270
Current tax liabilities		
Income tax payable	$ 232,251	$ 65,194

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 Comprehen-sive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Investments accounted for using the equity method	$ 30,820	$ 149,518	$ -	$ 180,338
Promotion expense on coupons	17,394	(7)	-	17,387
Leasing incentives	11,636	2,739	-	14,375
Payable - compensated absences	4,492	48	-	4,540
Deferred revenue	6,591	(274)	-	6,317
Differences of pension in determining taxable income	30,050	2,267	21,158	53,475
Others	5,975	(170)	-	5,805
	$ 106,958	$ 154,121	$ 21,158	$ 282,237
Deferred tax liabilities				
Temporary differences				
Depreciation	$ 887,770	$ 29,218	$ -	$ 916,988
Reserve for land revaluation increment tax	391,157	-	-	391,157
Investment properties	395,397	49,936	-	445,333
Investments accounted for using the equity method	159,100	19,147	-	178,247
Leasing incentives	6,702	(1,178)	-	5,524
Others	-	6	-	6
	$ 1,840,126	$ 97,129	$ -	$ 1,937,255

For the year ended December 31, 2015

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

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

	December 31	
	2016	2015
Deductible temporary differences	$ 444,026	$ 487,944

f. Integrated income tax

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

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

g. Income tax assessments

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

25. 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:		
Employees' compensation	-	-
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 Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weight average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees at their meeting in the following year.

26. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

In addition to the transaction described in Note 15 to the financial statements, the Company signed operating lease arrangements with related parties and unrelated parties in line with its business operations.

As of December 31, 2016 and 2015, the deposit paid for operating lease arrangements was $157,739 thousand for each of these dates.

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

	December 31	
	2016	2015
Not later than 1 year	$ 825,960	$ 741,275
Later than 1 year but not later than 5 years	2,827,041	1,992,956
Later than 5 years	11,454,551	8,222,990
	$ 15,107,552	$ 10,957,221

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

	For the Year Ended December 31	
	2016	2015
Minimum lease payments	$ 816,373	$ 777,941
Contingent rentals	36,638	46,011
	$ 853,011	$ 823,952

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

	December 31	
	2016	2015
Leasing incentives (Note 19)		
Non-current	$ 84,556	$ 68,450

b. The Company as lessor

For investment property that is leased out under operating lease agreements, refer to Note 13.

As of December 31, 2016 and 2015, the deposits received by the Company through operating lease contracts were $54,839 thousand and $46,281 thousand, respectively.

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

	December 31	
	2016	2015
Not later than 1 year	$ 345,150	$ 345,020
Later than 1 year but not later than 5 years	720,820	745,435
Later than 5 years	862,079	1,007,570
	$ 1,928,049	$ 2,098,025

27. CAPITAL MANAGEMENT

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

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

28. 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
Available-for-sale financial assets				
Listed common shares				
Equity investments	$ 2,325,016	$ -	$ -	$ 2,325,016

Fair value hierarchy as at December 31, 2015

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

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

c. Categories financial instruments

	December 31	
	2016	2015
Financial assets		
Loans and receivables (1)	$ 1,157,984	$ 1,049,680
Available-for-sale financial assets (2)	2,430,394	2,540,279
Financial liabilities		
Measured at amortized cost (3)	24,067,627	25,172,126

1) The balances included the carrying amount of cash, notes receivable, trade receivables (including related parties), other receivables and refundable deposits, which were measured at amortized cost.

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

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

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

1) Market risk

a) Interest rate risk

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

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

	December 31	
	2016	**2015**
Fair value interest rate risk		
Financial liabilities	$ 8,196,916	$ 8,496,945
Cash flow interest rate risk		
Financial assets	47,965	79,972
Financial liabilities	11,049,478	11,349,686

Sensitivity analysis

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

If interest rates had been 100 basis points higher or lower and all other variables had been held constant, the profit before income tax for the years ended December 31, 2016 and 2015 would decrease/increase by $110,015 thousand and $112,697 thousand, respectively.

b) Other price risks

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

Sensitivity analysis

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

If equity prices had been 5% higher or lower, pre-tax other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by $116,251 thousand and $121,642 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

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

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

3) Liquidity risk

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

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

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

December 31, 2016

Non-derivative financial liabilities	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Short-term borrowings	$ 3,900,000	$ -	$ -	$ -	$ -	$ -	$ 3,900,000
Short-term bills payable	1,149,478	-	-	-	-	-	1,149,478
Notes payable	46	-	-	-	-	-	46
Trade payables	3,223,663	-	-	-	-	-	3,223,663
Trade payables to related parties	59,434	-	-	-	-	-	59,434
Other payables	1,471,416	-	-	-	-	-	1,471,416
Long-term borrowings (including current portion)	4,696,916	7,500,000	-	2,000,000	-	-	14,196,916
Deposits received	55,458	2,859	5,153	601	1,580	1,023	66,674

December 31, 2015

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

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

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating revenue

	For the Year Ended December 31 2016	2015
Sales of goods (Note)		
The associates of investor that has significant influence over the Company	$ 37,926	$ 43,530
Subsidiaries	36,918	33,588
Other related parties	372	9,989
Associates	350	4,723
	$ 75,566	$ 91,830

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

	For the Year Ended December 31 2016	2015
Other operating revenue		
Subsidiaries	$ 33,089	$ 34,028
The associates of investor that has significant influence over the Company	15,410	14,223
Other related parties	15,018	14,164
Associates	11,925	15,692
Investor that has significant influence over the Company	77	-
	$ 75,519	$ 78,107

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 Company	$ 31,932	$ 39,595
Subsidiaries	2,676	205
	$ 34,608	$ 39,800

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 Company	$ 341,594	$ 352,981
Subsidiaries	244,494	244,768
Investor that has significant influence over the Company	67,993	62,928
Other related parties	2,767	3,723
Associates	42,616	50,013
	$ 699,464	$ 714,413

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

c. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Other gains		
Subsidiaries	$ 21,679	$ 21,452
Other related parties	16,337	15,143
Investor that has significant influence over the Company	6,150	7,000
Associates	177	697
The associates of investor that has significant influence over the Company	19	1,774
	$ 44,362	$ 46,066
Other losses		
Associates	$ 7,270	$ 7,254
Investor that has significant influence over the Company	2	1
	$ 7,272	$ 7,255

d. Finance costs

	For the Year Ended December 31 2016	2015
Subsidiaries	$ 10,231	$ 9,579
The associates of investor that has significant influence over the Company	211	105
Other related parties	12	14
	$ 10,454	$ 9,698

e. Receivables from related parties

	December 31 2016	2015
Trade receivables, net		
The associates of investor that has significant influence over the Company	$ 20,885	$ 8,331
Other related parties	7,292	5,369
Subsidiaries	5,894	2,985
Associates	4,644	4,011
Investor that has significant influence over the Company	1,481	2,161
	$ 40,196	$ 22,857
Other receivables		
Subsidiaries	$ 7,375	$ 8,346
The associates of investor that has significant influence over the Company	2,810	8,426
Associates	1,496	1,541
Other related parties	21	4,933
	$ 11,702	$ 23,246

f. Other assets

	December 31 2016	2015
Prepayments		
Other related parties	$ -	$ 166
Other current assets		
The associates of investor that has significant influence over the Company	$ -	$ 15
Other non-current assets		
Leasing incentives		
The associates of investor that has significant influence over the Company	$ 10,256	$ 5,579
Other related parties	1,646	1,749
Associates	-	39
	$ 11,902	$ 7,367

(Continued)

	December 31	
	2016	2015
Refundable deposits		
The associates of investor that has significant influence over the Company	$ 7,743	$ 7,743
		(Concluded)

g. Payables to related parties

	December 31	
	2016	2015
Trade payables		
The associates of investor that has significant influence over the Company	$ 41,157	$ 49,077
Subsidiaries	18,277	17,921
	$ 59,434	$ 66,998
Other payables		
The associates of investor that has significant influence over the Company	$ 271,618	$ 398,281
Subsidiaries	91,449	99,499
Associates	55,326	51,076
Investor that has significant influence over the Company	31,218	32,495
Other related parties	77	1,086
	$ 449,688	$ 582,437

h. Other liabilities

	December 31	
	2016	2015
Advance receipts		
The associates of investor that has significant influence over the Company	$ 476	$ 304
Associates	11	-
	$ 487	$ 304
Other current liabilities		
The associates of investor that has significant influence over the Company	$ 7,090	$ 169
Associates	1,537	1,115
Investor that has significant influence over the Company	157	-
Other related parties	150	-
Subsidiaries	25	-
	$ 8,959	$ 1,284
		(Continued)

	December 31	
	2016	2015
Other non-current liabilities		
Leasing incentives		
The associates of investor that has significant influence over the Company	$ 84,556	$ 68,450
Deposits received		
The associates of investor that has significant influence over the Company	$ 20,726	$ 12,168
Other related parties	1,023	1,023
Subsidiaries	881	881
	$ 22,630	$ 14,072

(Concluded)

i. Construction projects

The Company contracted out construction projects to the associates of investor that has significant influence over the Company. The construction costs in 2016 and 2015 were $359,577 thousand and $221,074 thousand, respectively.

j. Compensation of key management personnel

	For the Year Ended December 31	
	2016	2015
Short-term employee benefit	$ 52,826	$ 73,875
Post-employment benefit	387	261
	$ 53,213	$ 74,136

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2016	2015
Available-for-sale financial assets	$ 922,250	$ 959,000
Investments accounted for using the equity method	1,132,525	1,151,506
Property, plant and equipment	14,164,303	15,532,576
Investment properties	1,668,604	9,066,229
	$ 17,887,682	$ 26,709,311

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

The amount of unrecognized commitments were as follow:

	December 31	
	2016	**2015**
Acquisition of property, plant and equipment	$ 227,595	$ 309,317

b. Min-Chiang Chang filed an incidental civil suit in connection with the criminal case of forgery against Ming-Zong Kuo (an employee of FENC), owing to Ming-Zong Kuo already 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 financial statements were approved, both appeals are still pending in the SAC.

e. In April 2016, under a ruling by the Ministry of Economic Affairs whereby “the terms and conditions of coupons for certain goods and for certain services within the retail industry should be documented in a standard contract while others should not”, the Company and SOGO signed an agreement to have mutual performance guarantees on gift certificates bought by customers. The guarantee period was from April 1, 2016 to March 31, 2017. As of December 31, 2016, the Company’s guarantee amount for SOGO was $4,328,967 thousand and that of SOGO for the Company was $2,602,415 thousand.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On March 20, 2017, the board of directors of the Company resolved to inject $3,500,000 thousand of capital in cash into Bai Yang Investment.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: Table 2.

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

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

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

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

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

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

9) Trading in derivative instruments: None.

10) Information on investees. Table 6.

c. Information on investments in mainland China:

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

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

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

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

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

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

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

FAR EASTERN DEPARTMENT STORES, LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 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		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
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)	499,768 (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)	274,291 (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 Holdings 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. (BVI)	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.

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.	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. (BVI)	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)	-	-	-

Note A: 60% of the endorser/guarantor's net assets.

Note B: 100% of the endorser/guarantor's net assets.

Note C: 60% of the net assets of the ultimate parent company, Far Eastern Department Stores, Ltd. (the "Company").

(Continued)

Note D: 100% of the net assets of the ultimate 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)

TABLE 3

FAR EASTERN DEPARTMENT STORES, LTD.

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 Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
Far Eastern Department Stores, Ltd.	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				Note
				Shares (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
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 parties.
6. Investor that has significant influence over FEDS.
7. The associate of investor that has significant influence over FEDS.
8. Other related parties 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.

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	-	Associate	-	$ (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 associate'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. Adjustments 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.

FAR EASTERN DEPARTMENT STORES, LTD.

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 the FEDS	$ 1,006,834 (Note)	-	$ -	-	$ -	$ -
	Yuan Ding Enterprise (Shanghai) Co., Ltd.	The associate of investor that has significant influence over the 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.

FAR EASTERN DEPARTMENT STORES, LTD.

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.	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.

TABLE 7

FAR EASTERN DEPARTMENT STORES, LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 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.	Taiwan	Investment	$ 5,422,181	$ 5,422,181	652,991	100	$ 6,632,712	$ (684,750)	$ (684,718)	2
	Oriental Securities Corporation	Taiwan	Securities brokerage	143,652	143,652	140,297	20	1,909,730	(157,006)	(30,867)	1
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,764,210	1,764,210	281,734	35	3,707,413	378,980	133,136	2
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	33,357	33,357	119,981	67	2,050,151 (Note C)	95,194	63,671	2
	Far Eastern Ai Mai Co., Ltd.	Taiwan	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.	Taiwan	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.	Taiwan	Department store	319,292	319,292	17,000	100	(21,640)	(83,277)	(83,277)	2
	Ding Ding Integrated Marketing Service Co.	Taiwan	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.	Taiwan	Building rental	40,278	40,278	1,571	56	11,424	573	436	2
	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Electronic commerce	49,850	49,850	4,985	11	-	(225,078)	-	1
	Far Eastern CitySuper Co., Ltd.	Taiwan	Hypermarket	478,269	478,269	47,827	96	125,596	57,263	54,778	2
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	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	Taiwan	Securities brokerage	163,563	163,563	97,116	14	1,322,046	(157,006)		1
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	658,129	658,129	100,250	13	1,332,912	378,980		2
	Far Eastern International Leasing Corp.	Taiwan	Leasing	301,125	301,125	22,203	5	322,868	108,467		1
	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	33,490	33,490	11,254	1	145,511	501,083		2
	Yu Ming Trading Co.	Taiwan	Importation of certain merchandise	21,291	21,291	3,956	47	65,980	20,916		1
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building rental	28,672	28,672	1,259	44	12,761	573		2
	Far Eastern CitySuper Co., Ltd.	Taiwan	Hypermarket	-	-	2	-	1	57,263		2
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	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.	Taiwan	Investment	99,000	99,000	19,800	2	280,462	378,980		2
	Chubei New Century Shopping Mall Co., Ltd.	Taiwan	Department store	400,000	400,000	40,000	100	394,021	800		2
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Shopping mall	1,522,761	1,522,761	149,100	70	1,758,923	144,842		2
	Far Eastern International Leasing Corp.	Taiwan	Leasing	1,555,590	1,555,590	132,388	30	1,661,428	108,467		1
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	577,457	577,457	60,019	33	1,041,178	95,194		2
	FEDS New Century Development Co., Ltd.	Taiwan	Shopping mall	645,272	645,272	72,000	100	784,825	10,420		2
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	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.	Taiwan	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.	Taiwan	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.	Taiwan	Investment	1,200	1,200	200	-	2,636	378,980		2
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	8,400	8,400	1,400	-	17,838	378,980		2
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	4,469,904	4,469,904	650,817	79	10,001,644	501,083		2
	Pacific Department Store Co., Ltd.	Taiwan	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.	Taiwan	Department store	599,000	525,000	60,296	29	636,142	31,963		1
	Lian Ching Investment Co., Ltd.	Taiwan	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.	Taiwan	Credit card business	32,984	32,984	7,120	34	-	-		1
	Pacific Sogo Investment Co., Ltd.	Taiwan	Investment	999,900	999,900	99,990	100	-	-		2
	Ding Ding Integrated Marketing Service Co.	Taiwan	Marketing	64,500	64,500	6,939	10	33,759	(44,206)		1
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	300,000	300,000	30,000	60	315,034	82,023		2
	Far Eastern Electronic Commerce Co., Ltd.	Taiwan	Electronic commerce	49,850	49,850	4,985	11	-	(225,078)		1
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	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		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			
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.

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: The foreign-currency investments were 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)