

USI Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and 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 audit 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 (ROC). 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 ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2017 are stated as follows:

Estimation of Inventory Write-downs

As of December 31, 2017, the Company's inventories amounted to NT\$1,343,725 thousand (i.e. net inventory amount at NT\$1,345,890 thousand with a deduction for allowances for impairment of NT\$2,165 thousand) and accounted for 5% of the total assets for the financial statements as a whole. The Company's inventories are stated at the lower of cost or net realizable value and are subject to price fluctuations of ethylene. With volatile oil prices worldwide, the estimation of the net realizable value is affected by management's subjective judgment and evaluation. Thus, the estimation of inventory write-downs, in our professional judgement, is one of the key audit matters.

For the estimation of inventory write-downs related to the significant accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of inventory write-downs, refer to Note 4(e), Note 5(b) and Note 11 to the financial statements.

We performed the corresponding audit procedures, for the estimation of inventory write-downs, as follows:

1. Obtained an understanding of the reasonableness of the Company's policy and methods for the allowance for losses on obsolete inventory.
2. Obtained the evaluation documents of the allowance for losses on obsolete inventory from management. We sampled and inspected the latest inventory quotations or sales invoices to verify basis of the evaluation and whether it is appropriate.
3. By performing a year-end inventory observation, understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventory.

Recognition of Defined Benefit Liabilities

As of December 31, 2017, the carrying amount of the defined benefit liabilities was NT\$376,438 thousand, and accounted for 1% of the total liabilities for the financial statements as a whole. The carrying amount of defined benefit liabilities comes from actuaries' reports. The assumptions of the actuarial analyses were based on management's subjective evaluation and judgment, which are highly uncertain. Thus, the recognition of net defined benefit liabilities, in our professional judgment, is one of the key audit matters.

For to the significant accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the recognition of defined benefit liabilities, refer to Note 4(p), Note 5(f) and Note 21 to the financial statements.

Corresponding audit procedures:

We performed the corresponding audit procedures, for the recognition of defined benefit liabilities, as follows:

1. Evaluated the professional capacity, competency, objectivity and qualification of the independent vocational evaluator engaged by management.
2. Understood and tested the reasonability of the management's information used in the actuarial analyses.
3. Compared the methodology and significant assumption, including discount rates and expected wage growth rates, along with market sensitive information and specific historical data from entrepreneurs, used by management in order to evaluate the appropriateness of management's judgment.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ROC 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 ROC, 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's 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 Tzu-Jung Kuo and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2018

Notice to Readers

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

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

USI CORPORATION

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

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,951,190	7	\$ 4,019,984	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,680,720	6	2,265,872	9
Debt investments with no active market - current (Notes 4, 9 and 30)	54,000	-	54,000	-
Notes receivable, net (Notes 4, 5 and 10)	98,428	1	95,368	-
Accounts receivable, net (Notes 4, 5 and 10)	1,128,049	4	877,669	4
Accounts receivable from related parties (Notes 4, 10 and 29)	84,119	1	74,657	-
Other receivables (Notes 4 and 10)	72,405	-	58,695	-
Other receivables from related parties (Notes 10 and 29)	566,138	2	397,077	2
Current tax assets (Notes 4 and 24)	3,254	-	8,104	-
Inventories (Notes 4, 5 and 11)	1,343,725	5	1,181,733	5
Prepayments	151,889	1	182,626	1
Other current assets	-	-	171	-
Total current assets	<u>7,133,917</u>	<u>27</u>	<u>9,215,956</u>	<u>38</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	892,511	3	1,046,653	4
Financial assets measured at cost - non-current (Notes 4 and 12)	186,650	1	207,697	1
Investments accounted for using the equity method (Notes 4 and 13)	11,721,808	44	8,503,164	35
Property, plant and equipment (Notes 4, 5, 14 and 30)	6,536,559	25	5,187,836	21
Investment properties (Notes 4, 15 and 29)	33,467	-	35,065	-
Intangible assets (Notes 4, 5 and 16)	33,638	-	54,209	-
Deferred tax assets (Notes 4, 5 and 24)	75,183	-	81,578	-
Other non-current assets (Notes 26 and 30)	<u>108,312</u>	<u>-</u>	<u>103,859</u>	<u>1</u>
Total non-current assets	<u>19,588,128</u>	<u>73</u>	<u>15,220,061</u>	<u>62</u>
TOTAL	<u>\$ 26,722,045</u>	<u>100</u>	<u>\$ 24,436,017</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Note 17)	\$ 200,000	1	\$ 400,000	1
Short-term bills payable (Note 17)	-	-	99,980	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	5,154	-	1,464	-
Accounts payable (Note 19)	1,208,350	5	752,636	3
Accounts payable from related parties (Notes 19 and 29)	100,228	-	166,898	1
Other payables (Notes 20 and 23)	403,848	2	401,507	2
Other payables from related parties (Notes 20 and 29)	17,720	-	182,348	1
Current tax liabilities (Notes 4 and 24)	58,642	-	6,184	-
Other current liabilities (Note 29)	<u>82,902</u>	<u>-</u>	<u>75,607</u>	<u>-</u>
Total current liabilities	<u>2,076,844</u>	<u>8</u>	<u>2,086,624</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	5,990,167	22	3,993,064	16
Deferred tax liabilities (Notes 4 and 24)	137,354	1	160,270	1
Net defined benefit liabilities - non-current (Notes 4, 5 and 21)	376,438	1	451,228	2
Credit balance for investments accounted for using the equity method (Notes 4 and 13)	2,841	-	2,970	-
Other non-current liabilities (Note 26)	<u>13,994</u>	<u>-</u>	<u>15,065</u>	<u>-</u>
Total non-current liabilities	<u>6,520,794</u>	<u>24</u>	<u>4,622,597</u>	<u>19</u>
Total liabilities	<u>8,597,638</u>	<u>32</u>	<u>6,709,221</u>	<u>27</u>
EQUITY (Notes 4, 8, 21, 22 and 24)				
Share capital	<u>11,654,544</u>	<u>44</u>	<u>11,426,024</u>	<u>47</u>
Capital surplus	<u>238,194</u>	<u>1</u>	<u>216,135</u>	<u>1</u>
Retained earnings				
Legal reserve	2,814,630	11	2,695,673	11
Special reserve	375,127	1	411,010	2
Unappropriated earnings	<u>3,548,804</u>	<u>13</u>	<u>3,367,821</u>	<u>14</u>
Total retained earnings	<u>6,738,561</u>	<u>25</u>	<u>6,474,504</u>	<u>27</u>
Other equity	<u>(31,286)</u>	<u>-</u>	<u>85,739</u>	<u>-</u>
Treasury shares	<u>(475,606)</u>	<u>(2)</u>	<u>(475,606)</u>	<u>(2)</u>
Total equity	<u>18,124,407</u>	<u>68</u>	<u>17,726,796</u>	<u>73</u>
TOTAL	<u>\$ 26,722,045</u>	<u>100</u>	<u>\$ 24,436,017</u>	<u>100</u>

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

USI CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)	\$ 11,551,511	100	\$ 11,458,198	100
OPERATING COSTS (Notes 4, 11, 14, 16, 21, 23 and 29)	<u>10,350,818</u>	<u>90</u>	<u>9,879,153</u>	<u>86</u>
GROSS PROFIT FROM OPERATIONS	1,200,693	10	1,579,045	14
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 29)	(1,905)	-	(2,127)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 29)	<u>2,127</u>	<u>-</u>	<u>1,941</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,200,915</u>	<u>10</u>	<u>1,578,859</u>	<u>14</u>
OPERATING EXPENSES (Notes 4, 14, 16, 21, 23, 26 and 29)				
Selling and marketing expenses	254,971	2	240,300	2
General and administrative expenses	290,739	3	293,766	3
Research and development expenses	<u>151,419</u>	<u>1</u>	<u>221,271</u>	<u>2</u>
Total operating expenses	<u>697,129</u>	<u>6</u>	<u>755,337</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>503,786</u>	<u>4</u>	<u>823,522</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 14, 23, 26 and 29)	176,984	2	166,513	2
Other gains and losses (Notes 4, 8, 12, 13, 23 and 29)	(60,654)	(1)	43,249	-
Finance costs (Notes 4, 17, 18 and 23)	(43,818)	-	(22,719)	-
Share of profit or loss of subsidiaries accounted for using the equity method (Notes 4 and 13)	<u>630,640</u>	<u>5</u>	<u>271,995</u>	<u>2</u>
Total non-operating income and expenses	<u>703,152</u>	<u>6</u>	<u>459,038</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,206,938	10	1,282,560	11
INCOME TAX EXPENSE (Notes 4 and 24)	<u>95,648</u>	<u>1</u>	<u>92,990</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,111,290</u>	<u>9</u>	<u>1,189,570</u>	<u>10</u>

(Continued)

USI CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ (11,231)	-	\$ (48,636)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method, net of tax (Note 4)	(14,911)	-	(45,047)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>1,909</u>	<u>-</u>	<u>20,020</u>	<u>-</u>
	<u>(24,233)</u>	<u>-</u>	<u>(73,663)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 22)	(140,102)	(1)	(43,476)	(1)
Unrealized (loss) gain on available-for-sale financial assets (Notes 4 and 22)	(76,626)	(1)	195,780	2
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 22)	75,886	1	(20,559)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 22 and 24)	<u>23,817</u>	<u>-</u>	<u>7,846</u>	<u>-</u>
	<u>(117,025)</u>	<u>(1)</u>	<u>139,591</u>	<u>1</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(141,258)</u>	<u>(1)</u>	<u>65,928</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 970,032</u>	<u>8</u>	<u>\$ 1,255,498</u>	<u>11</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.06</u>		<u>\$ 1.13</u>	
Diluted	<u>\$ 1.06</u>		<u>\$ 1.13</u>	

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

(Concluded)

USI CORPORATION

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

	Capital Surplus				Retained Earnings			Other Equity		Treasury Shares (Notes 4 and 22)	Total
	Share Capital (Notes 4 and 22)	Treasury Share Transactions (Note 22)	Changes in Capital Surplus from Investments in Associates Accounted for Using the Equity Method (Notes 4 and 22)	Others (Note 22)	Legal Reserve (Note 22)	Special Reserve (Note 22)	Unappropriated Earnings (Notes 4, 21 and 22)	Exchange Differences on Translating Foreign Operations (Notes 4, 22 and 24)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4, 8 and 22)		
BALANCE AT JANUARY 1, 2016	\$ 11,426,024	\$ 185,868	\$ 129	\$ 11,717	\$ 2,607,710	\$ 375,127	\$ 2,947,891	\$ 204,334	\$ (258,186)	\$ (475,606)	\$ 17,025,008
Appropriation of the 2015 earnings											
Legal reserve	-	-	-	-	87,963	-	(87,963)	-	-	-	-
Special reserve	-	-	-	-	-	35,883	(35,883)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(571,301)	-	-	-	(571,301)
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	1,189,570	-	-	-	1,189,570
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(73,663)	(196,130)	335,721	-	65,928
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	1,115,907	(196,130)	335,721	-	1,255,498
Changes in retained earnings from investments in subsidiaries accounted for using the equity method	-	-	-	-	-	-	(830)	-	-	-	(830)
Adjusted capital surplus from cash dividends paid to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	18,421
BALANCE AT DECEMBER 31, 2016	11,426,024	204,289	129	11,717	2,695,673	411,010	3,367,821	8,204	77,535	(475,606)	17,726,796
Appropriation of the 2016 earnings											
Legal reserve	-	-	-	-	118,957	-	(118,957)	-	-	-	-
Special reserve reversal	-	-	-	-	-	(35,883)	35,883	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(571,301)	-	-	-	(571,301)
Share dividends distributed by the Company	228,520	-	-	-	-	-	(228,520)	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,111,290	-	-	-	1,111,290
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(24,233)	(199,084)	82,059	-	(141,258)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,087,057	(199,084)	82,059	-	970,032
Changes in capital surplus and retained earnings from investments in subsidiaries accounted for using the equity method	-	-	867	-	-	-	(23,179)	-	-	-	(22,312)
Other changes in capital surplus	-	-	-	2,771	-	-	-	-	-	-	2,771
Adjusted capital surplus from cash dividends paid to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	18,421
BALANCE AT DECEMBER 31, 2017	\$ 11,654,544	\$ 222,710	\$ 996	\$ 14,488	\$ 2,814,630	\$ 375,127	\$ 3,548,804	\$ (190,880)	\$ 159,594	\$ (475,606)	\$ 18,124,407

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

USI CORPORATION

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,206,938	\$ 1,282,560
Adjustments for:		
Depreciation expenses	373,573	221,249
Amortization expenses	26,693	35,861
Net loss on fair value change of financial assets and liabilities as at fair value through profit or loss	55,533	4,797
Finance costs	62,324	50,370
Interest income	(22,755)	(24,053)
Dividend income	(57,681)	(50,977)
Share of profit or loss of subsidiaries accounted for using the equity method	(630,640)	(271,995)
Gain on disposal of property, plant and equipment	(766)	(2,176)
Gain on disposal of financial assets	(45,693)	(102,053)
Impairment loss recognized on financial assets	3,047	-
Inventory write-downs recognized (reversed)	728	(1,799)
Unrealized gain on transactions with subsidiaries	1,905	2,127
Realized gain on transactions with subsidiaries	(2,127)	(1,941)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	557,393	495,323
Increase in notes receivable	(3,060)	(2,687)
Increase in accounts receivable	(250,380)	(39,575)
(Increase) decrease in accounts receivable from related parties	(9,462)	11,750
Increase in other receivables	(14,594)	(6,467)
Increase in other receivables from related parties	(169,061)	(213,198)
Increase in inventories	(162,720)	(56,590)
Decrease (increase) in prepayments	30,737	(57,560)
Decrease (increase) in other current assets	171	(124)
Decrease in financial liabilities held for trading	(24,084)	(286)
Increase in accounts payable	455,714	97,849
Decrease in accounts payable from related parties	(66,670)	(24,993)
Increase in other payables	1,126	58,372
(Decrease) increase in other payables from related parties	(164,628)	139,436
Increase in other current liabilities	7,295	35,772
Decrease in net defined benefit liabilities	<u>(86,021)</u>	<u>(384,727)</u>
Cash generated from operations	1,072,835	1,194,265
Interest received	23,639	24,089
Interest paid	(56,656)	(57,771)
Income tax paid	<u>(29,134)</u>	<u>(157,999)</u>
Net cash generated from operating activities	<u>1,010,684</u>	<u>1,002,584</u>

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USI CORPORATION

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

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	\$ 123,208	\$ 217,481
Proceeds from capital reduction by returning cash of financial assets measured at cost	18,000	-
Net cash outflow on acquisition of subsidiaries	(330,000)	-
Payments for property, plant and equipment	(1,715,177)	(650,093)
Proceeds from disposal of property, plant and equipment	1,461	1,783
Increase in refundable deposits	(4,160)	(1,746)
Payments for intangible assets	(566)	(2,682)
Increase in other non-current assets	(12,954)	(19,522)
Dividends received	<u>69,601</u>	<u>62,897</u>
Net cash used in investing activities	<u>(1,850,587)</u>	<u>(391,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(200,000)	400,000
(Decrease) increase in short-term bills payable	(99,980)	99,980
Proceeds from issue of bonds payable	1,995,421	1,995,421
Repayments of bonds payables	-	(1,000,000)
Increase in guarantee deposits received	40	-
Decrease in guarantee deposits received	-	(6,222)
Acquisition of additional interests in subsidiaries	(2,353,071)	(59,296)
Partial disposal of interests in subsidiaries	-	56,000
Cash dividends paid	<u>(571,301)</u>	<u>(571,301)</u>
Net cash (used in) generated from financing activities	<u>(1,228,891)</u>	<u>914,582</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,068,794)	1,525,284
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,019,984</u>	<u>2,494,700</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,951,190</u>	<u>\$ 4,019,984</u>

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

(Concluded)

USI CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

USI Corporation (the “Company”) was incorporated in May 1965. The Company mainly produces and sells polyethylene.

In May 1972, the Company’s shares became listed on the Taiwan Stock Exchange (“TWSE”).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and issued by the Company’s board of directors on March 13, 2018.

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

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

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

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

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

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

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions and impairment of goodwill are enhanced. Refer to Note 29 for the related disclosures.

- b. The IFRSs endorsed by the FSC for application starting from 2018

New, Revised or Amended Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
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
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

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

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

Except for the following, the Company believes that adoption of the aforementioned IFRSs with effective dates shown above will not have a significant effect on the Company’s accounting policies:

IFRS 9 “Financial Instruments” and related amendments

Classification, measurement and impairment of financial assets

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

For the Company’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method; and

- 2) For debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Company analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

- 1) Listed shares and unlisted shares classified as available-for-sale will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be measured at fair value instead; and
- 2) Debt investments classified as debt investments with no active market and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

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

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

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Impact on assets, liabilities and equity</u>			
Debt investments with no active market - current	\$ 54,000	\$ (54,000)	\$ -
Financial assets measured at amortized cost - current	-	54,000	54,000
Financial assets at fair value through other comprehensive income - non-current	-	1,111,193	1,111,193
Available-for-sale financial assets - non-current	892,511	(892,511)	-
Investment accounted for using the equity method	11,721,808	20,149	11,741,957
Financial assets measured at cost - non-current	<u>186,650</u>	<u>(186,650)</u>	<u>-</u>
Total effect on assets	<u>\$ 12,854,969</u>	<u>\$ 52,181</u>	<u>\$ 12,907,150</u>
Retained earnings	\$ 3,548,804	\$ 253,915	\$ 3,802,719
Unrealized gain on available-for-sale financial assets	159,594	(159,594)	-
Profit or loss of equity instrument measured at fair value through other comprehensive income	<u>-</u>	<u>(42,140)</u>	<u>(42,140)</u>
Total effect on equity	<u>\$ 3,708,398</u>	<u>\$ 52,181</u>	<u>\$ 3,760,579</u>

Except for the above impact, as of the date the financial statements were authorized for issue, the application of other standards and interpretations have no significant impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

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

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

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

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the statements of comprehensive income, the Company should present the depreciation expense charged on right-of-use assets separately from 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 on the date of initial application.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

The fair value measurements 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:

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars 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.

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

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

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Company.

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

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

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

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

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

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

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

g. 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 assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

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

i. 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

j. 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, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 28.

ii. Available-for-sale financial assets

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

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

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

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 the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

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

Cash equivalents include time deposits and repurchase agreements collateralized by bonds, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at 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 assets, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of 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 any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method. Fair value is determined in the manner described in Note 28.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liabilities.

b) Derecognition of financial liabilities

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

l. 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 provisions. Provisions for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

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

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

2) Dividend and interest income

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Borrowing costs

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

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

o. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, 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 such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income.

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. Estimated impairment of trade receivables

When there is objective evidence of an impairment loss on trade receivables, the Company takes into consideration the estimated future cash flows of such receivables. The impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise. Refer to Note 10 for the carrying amount of trade receivables.

b. Write-down of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. The Company estimates the net realizable value of inventory for impairments, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The estimation of the net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value. Refer to Note 11 for the carrying amount of inventories.

c. Useful lives of property, plant and equipment

As described in Note 4(g) the Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Any changes in the estimation of useful lives will affect the Company's carrying amount and depreciation expenses of property, plant and equipment. There were no significant change in the useful lives for the year ended December 31, 2017.

d. Impairment measurement of tangible and intangible assets

The impairment of tangible and intangible assets is based on the impact of plastic industry and the recoverable amounts of those assets, which is the higher of their fair values less costs of disposal and their values in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to recognition of additional impairment losses or reversals of impairment losses.

e. Realization of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which those deferred tax assets can be utilized. Assessments of the realization of the deferred tax assets require the Company's subjective judgment and estimates, including the future revenue growth and profitability, tax holidays, the amount of tax credits which can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. Refer to Note 24 for the carrying amount of deferred tax assets.

f. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under defined benefit pension plans and the net defined benefit liabilities are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities. Refer to Note 21 for the carrying amount of retirement benefit costs and net defined benefit liabilities (assets).

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 520	\$ 520
Checking accounts and demand deposits	97,549	109,103
Cash equivalents		
Time deposits	1,853,121	3,860,397
Repurchase agreements collateralized by bonds	<u>-</u>	<u>49,964</u>
	<u>\$ 1,951,190</u>	<u>\$ 4,019,984</u>

At the end of the reporting period, the range of the market rates for bank deposits and repurchase agreements collateralized by bonds were as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Bank deposits	0.13%-1.35%	0.07%-1.49%
Repurchase agreements collateralized by bonds	-	0.42%

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 20	\$ 360
Non-derivative financial assets		
Domestic listed and over-the-counter shares	84,895	57,923
Mutual funds	1,363,115	1,942,104
Beneficiary securities	<u>232,690</u>	<u>265,385</u>
	<u>1,680,700</u>	<u>2,265,512</u>
	<u>\$ 1,680,720</u>	<u>\$ 2,265,872</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 5,154	\$ 1,464

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.18-2018.03.23	RMB126,000/NTD567,315
<u>December 31, 2016</u>			
Sell	USD/NTD	2017.01.16-2017.02.01	USD2,490/NTD80,197
Sell	RMB/NTD	2017.02.02	RMB6,420/NTD29,340
Sell	RMB/USD	2017.01.13-2017.01.23	RMB13,500/USD1,925

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, the Company did not apply hedge accounting treatments for derivative contracts.

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

	<u>December 31</u>	
	2017	2016
Domestic listed and over-the-counter shares	<u>\$ 892,511</u>	<u>\$ 1,046,653</u>

The Company sold 1,933 thousand shares and 4,000 thousand shares of Vanguard International Semiconductor Corporation in 2017 and 2016, and the gain on the disposal of the investments was \$75,745 thousand and \$132,163 thousand, respectively.

The Company sold 1,000 thousand shares of AU Optronics Corporation in 2017 and 2016, and the loss on the disposal of the investments was \$30,052 thousand and \$30,110 thousand, respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	<u>December 31</u>	
	2017	2016
Restricted deposits	<u>\$ 54,000</u>	<u>\$ 54,000</u>

Restricted deposits are as collateral for purchasing materials and outward documentary bill. Refer to Note 30.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Notes receivable (a)	\$ 98,428	\$ 95,368
<u>Accounts receivable</u>		
Non-related parties (a)	\$ 1,130,700	\$ 880,320
Less: Allowance for impairment loss	<u>(2,651)</u>	<u>(2,651)</u>
	<u>\$ 1,128,049</u>	<u>\$ 877,669</u>
Related parties	<u>\$ 84,119</u>	<u>\$ 74,657</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 57,128	\$ 50,196
Securities transaction receivables	13,099	-
Purchasing price variance receivables	439	6,079
Others	<u>1,739</u>	<u>2,420</u>
	<u>\$ 72,405</u>	<u>\$ 58,695</u>
Related parties	<u>\$ 566,138</u>	<u>\$ 397,077</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 90 days. No interest is charged on accounts receivable. In determining the recoverability of an account receivable, the Company considers any change in the credit quality of the account receivable since the date credit was initially granted to the end of the reporting period. The Company's accounts receivable mainly stem from long-term customers with whom the Company has historical experience, and no significant past default experience was observed. Thus, the irrecoverable ratio due of overdue receivables is not high.

Before accepting a new customer, the Company takes both past credit survey and client evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically.

The concentration of credit risk is limited because the customer base of the Company is wide and the customers are unrelated to each other.

For the notes receivable balances that were not past due at December 31, 2017 and 2016, the Company did not recognize an allowance for impairment loss. For the accounts receivable 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 no 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. In addition, the Company did not have the legal right of offset the accounts receivable and payable against the respective counterparties.

The aging schedule of notes and accounts receivable was as follows:

	December 31	
	2017	2016
Not overdue	\$ 1,304,345	\$ 1,044,919
Up to 60 days	<u>8,902</u>	<u>5,426</u>
	<u>\$ 1,313,247</u>	<u>\$ 1,050,345</u>

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

	December 31	
	2017	2016
Up to 60 days	<u>\$ 8,902</u>	<u>\$ 5,426</u>

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

Movements in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1 and December 31, 2016	<u>\$ -</u>	<u>\$ 2,651</u>	<u>\$ 2,651</u>
Balance at January 1 and December 31, 2017	<u>\$ -</u>	<u>\$ 2,651</u>	<u>\$ 2,651</u>

b. Other receivables

Other receivables mainly consisted of tax refund receivables. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date. There were no overdue other receivables with unrecognized allowances for doubtful accounts in the Company as of December 31, 2017 and 2016.

11. INVENTORIES

	December 31	
	2017	2016
Finished goods	\$ 988,064	\$ 817,308
Work in progress	55,258	58,363
Raw materials	231,174	226,266
Supplies	<u>69,229</u>	<u>79,796</u>
	<u>\$ 1,343,725</u>	<u>\$ 1,181,733</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016, was \$10,350,818 thousand and \$9,879,153 thousand, respectively.

The cost of goods sold included inventory write-downs of \$728 thousand and reversals of inventory write-downs of \$1,799 thousand for the years ended December 31, 2017 and 2016, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

12. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Domestic unlisted common shares	\$ 186,650	\$ 204,650
Overseas unlisted common shares	<u>-</u>	<u>3,047</u>
	<u>\$ 186,650</u>	<u>\$ 207,697</u>

Classifications according to financial asset measurement categories were as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Available-for-sale financial assets	<u>\$ 186,650</u>	<u>\$ 207,697</u>

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

The Company assessed the operating and financial status of Teratech Corp. and confirmed an impairment of its investment value; thereafter the Company recognized an impairment loss of \$3,047 thousand for the year ended December 31, 2017, which led to a carrying amount for that equity investment of zero as on December 31, 2017.

The investee, KHL IB Venture Capital Co., Ltd., announced a reduction of capital by returning cash in September 2017, and the Company got \$18,000 thousand back at its ownership percentage.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Carrying Amount</u>	<u>% of Ownership and Voting Rights</u>	<u>Carrying Amount</u>	<u>% of Ownership and Voting Rights</u>
<u>Investment in subsidiaries</u>				
Listed company at over-the-counter market				
Acme Electronics Corp. ("ACME")	<u>\$ 352,649</u>	27.0	<u>\$ 383,450</u>	27.0
Not listed				
USI Investment Co., Ltd.	744,391	100.0	643,510	100.0
Swanlake Traders Ltd.	1,270,833	100.0	1,354,919	100.0
USI Far East (HK) Co., Ltd.	129,596	100.0	143,067	100.0
USI Management Consulting Corp. ("UM")	(2,841)	100.0	(2,970)	100.0
Chong Loong Trading Co., Ltd.	32,484	99.9	33,952	99.9
Union Polymer Int'l Investment Corp. ("UPIIC")	5,142,634	100.0	4,438,883	100.0

(Continued)

	December 31			
	2017		2016	
	Carrying Amount	% of Ownership and Voting Rights	Carrying Amount	% of Ownership and Voting Rights
Taiwan United Venture Capital Corp. ("TUVC")	\$ 224,863	70.0	\$ 212,463	70.0
Swanson Plastics Corp.	1,001,333	40.6	1,006,916	40.6
Thintec Materials Corp	7,616	30.4	7,880	30.4
Cypress Epoch Limited	127,270	100.0	118,704	100.0
INOMA Corporation ("INOMA")	71,417	93.2	67,755	89.2
Ever Conquest Global Limited ("ECGL")	2,375,283	62.6	91,665	59.1
USI Optronics Company ("USIO")	<u>241,439</u>	50.9	<u>-</u>	-
	11,366,318		8,116,744	
Add: Credit balance for investments accounted for using the equity method classified as non-current liabilities	<u>2,841</u>		<u>2,970</u>	
	<u>11,369,159</u>		<u>8,119,714</u>	
	<u>\$ 11,721,808</u>		<u>\$ 8,503,164</u>	

(Concluded)

The Company indirectly held the receipt of investments in subsidiaries, the details for which can be found in Note 34.

At December 31, 2017 and 2016, the fair value of the closing prices for listed shares' accounted for using the equity method are \$906,213 thousand and \$600,859 thousand, respectively.

The Company's share of profit (loss) and other comprehensive income (loss) of subsidiaries was recognized based on audited financial statements.

USIO, subsidiary of ACME, recognized impairment loss of machinery equipment and other equipment in 2016 of \$256,936 thousand based on the poor performance of its main product, sapphire crystal, on the market and the estimated future cash flows expected to decrease from the related equipment. USIO carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. In order to improve its financial structure and cover losses of \$966,795 thousand, USIO performed a capital reduction by cancelling 96,680 thousand shares, accounting for 80.18% of its paid-in capital, on May 24, 2017, as approved in the shareholders' meeting held on April 7, 2017. USIO performed a capital increase of 41,000 thousand shares with a par value of \$10 on June 8, 2017. The Company subscribed for 33,000 thousand shares in the amount of 330,000 thousand and the capital of USIO was \$649,017 thousand, and the ownership percentage in USIO of the Company was 50.9%.

Swanlake and APC (BVI) signed a shareholding transfer agreement to transfer 100% of the shares of USI Trading (Shanghai) Co., Ltd. held by Swanlake to APC (BVI) in US dollars at the same amount as RMB20,300 thousand. The project was approved by the Ministry of Economic Affairs on August 3, 2016. Swanlake received the payment of US\$3,036 thousand, which equaled RMB20,300 thousand, from APC (BVI) and completed the shareholding transfer process on October 19, 2016.

The Company recognized losses in UM at its ownership percentage; therefore, the carrying amount of this long-term equity investment presents at a credit balance. The Company transferred the relevant credit amount to non-current liabilities.

UPIIC will test the goodwill for impairment annually. The recoverable amount of goodwill was based on a value in use model. For the year ended December 31, 2016, UPIIC recognized an impairment loss of \$40,000 thousand on Taita Chemical Company, Ltd., an investment accounted for using the equity method.

In order to improve its financial structure and to meet the needs of operating capital, in the special shareholders' meeting, the TUVV shareholders approved the use of the capital surplus to offset the deficit of \$30,000 thousand. Additionally, in carrying out a capital reduction project, TUVV reduced the capital to make up for losses and refunded its shareholders the amounts of \$94,000 and \$80,000 by cancelling 9,400 thousand shares and 8,000 thousand shares, respectively, together accounting for 27.02% of its outstanding shares, on September 29, 2016. After that, the paid-in capital of TUVV was \$470,000 thousand; the Company received the payment from the capital reduction project of \$56,000 thousand.

In order to develop a business on green (i.e. environmentally friendly) building materials, the Company's board of directors approved the establishment of INOMA. In order to improve its financial structure and to meet the needs of operating capital, INOMA announced a reduction of capital, as agreed in the shareholders' meeting held on June 7, 2016, to cover a loss of \$88,000 thousand. INOMA canceled 8,800 thousand shares, a capital reduction project accounting for 57.35% of its original capital, and issued 6,000 thousand shares on June 7, 2016. The Company subscribed for 5,930 thousand shares. INOMA was continually in the research and developed stage, it experienced subsequent operating losses. On June 26, 2017, the shareholders' meeting of INOMA approved a capital reduction project for to make up for losses in the amount of \$67,500 thousand and canceled 6,750 thousand shares, a capital reduction accounting for 53.81% of its paid-in capital. The shareholders' meeting also approved the issuance of 4,000 thousand shares. The paid-in capital of INOMA is 97,950 thousand after the above reduction and issuance of shares. The Company subscribed for the 3,955 thousand shares and owned 93.18% of the outstanding shares. Until December 31, 2017, there has been no significant operating income.

On February 19, 2014, the board of directors of the Company and APC agreed to establish ECGL. The Company and APC invested in refining crude oil and producing ethylene and other petro-chemical products in Gulei Park, located in Zhangzhou, Fujian Province, China, via ECGL. The Company invested US\$3,131 thousand (\$94,221 thousand) with a 59.1% ownership percentage in ECGL. The Company and APC invested in EVGL and DEIL. via ECGL. The Company invested additional capital of US\$37,572 thousand (around \$1,200,087 thousand) and US\$36,643 thousand (around \$1,113,427 thousand) in ECGL in January and July 2017, respectively. As of December 31, 2017, the ownership percentage to ECGL increased to 62.6%. For more explanation, refer to Note 32.

National Datacomm Corp. ("NDC") had no actual operations in research, development, production and sales in the most recent year. On December 26, 2014, the NDC's shareholders' meeting had approved the proposal for dissolution and liquidation starting from the dissolution date, December 30, 2014. In September 2015, the Company retrieved the residual property from liquidation of \$4,910 thousand and completed the liquidation process on January 9, 2016.

The investment in USIM to manufacture and sell silicon products was approved in the meeting of the board of directors held on March 15, 2012. The original investment cost was US\$1,829 thousand (\$53,938 thousand). However, there was no investment value on this plan since the local government raised the price of raw materials at will and could not offer a qualified plot of land for the new facilities. As a result, the Company's termination of the investment plan was approved in the meeting of the board of directors held on August 8, 2012, and the Company took back part of the investment amount of US\$1,721 thousand (\$50,915 thousand). In October 2015, the Company took back the residual property from the liquidation of US\$13 thousand (\$422 thousand) and recognized an investment loss of \$2,601 thousand. The total amount taken back from the investment was US\$1,734 thousand (\$51,337 thousand), and the Company completed the process of the liquidation in March 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	land Improvements	Buildings Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Cost								
Balance at January 1, 2016	\$ 515,281	\$ 104,269	\$ 438,427	\$ 3,624,773	\$ 31,144	\$ 173,124	\$ 3,641,485	\$ 8,528,503
Additions	-	-	-	-	1,960	-	648,133	650,093
Disposals	-	-	(612)	(360,092)	(4,652)	(7,716)	-	(373,072)
Reclassification	-	-	629,856	2,865,766	5,480	3,273	(3,488,710)	15,665
Balance at December 31, 2016	\$ 515,281	\$ 104,269	\$ 1,067,671	\$ 6,130,447	\$ 33,932	\$ 168,681	\$ 800,908	\$ 8,821,189
Accumulated depreciation and impairment								
Balance at January 1, 2016	\$ -	\$ 100,355	\$ 306,269	\$ 3,185,271	\$ 25,617	\$ 169,013	\$ -	\$ 3,786,525
Depreciation expenses	-	816	14,510	199,135	2,349	2,594	-	219,404
Disposals	-	-	(613)	(359,595)	(4,652)	(7,716)	-	(372,576)
Balance at December 31, 2016	\$ -	\$ 101,171	\$ 320,166	\$ 3,024,811	\$ 23,314	\$ 163,891	\$ -	\$ 3,633,353
Carrying amounts at December 31, 2016	\$ 515,281	\$ 3,098	\$ 747,505	\$ 3,105,636	\$ 10,618	\$ 4,790	\$ 800,908	\$ 5,187,836
Cost								
Balance at January 1, 2017	\$ 515,281	\$ 104,269	\$ 1,067,671	\$ 6,130,447	\$ 33,932	\$ 168,681	\$ 800,908	\$ 8,821,189
Additions	-	-	-	-	1,204	-	1,713,973	1,715,177
Disposals	-	-	-	(25,190)	(5,197)	(438)	-	(30,825)
Reclassification	-	7,512	31,101	519,248	2,649	1,307	(554,712)	7,105
Balance at December 31, 2017	\$ 515,281	\$ 111,781	\$ 1,098,772	\$ 6,624,505	\$ 32,588	\$ 169,550	\$ 1,960,169	\$ 10,512,646
Accumulated depreciation and impairment								
Balance at January 1, 2017	\$ -	\$ 101,171	\$ 320,166	\$ 3,024,811	\$ 23,314	\$ 163,891	\$ -	\$ 3,633,353
Depreciation expenses	-	1,164	27,853	336,889	3,457	2,612	-	371,975
Disposals	-	-	-	(24,727)	(4,076)	(438)	-	(29,241)
Balance at December 31, 2017	\$ -	\$ 102,335	\$ 348,019	\$ 3,336,973	\$ 22,695	\$ 166,065	\$ -	\$ 3,976,087
Carrying amounts at December 31, 2017	\$ 515,281	\$ 9,446	\$ 750,753	\$ 3,287,532	\$ 9,893	\$ 3,485	\$ 1,960,169	\$ 6,536,559

No impairment assessment was performed for the years ended December 31, 2017 and 2016 as there was no indication of impairment.

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

Land improvements	7 to 25 years
Buildings improvements	3 to 55 years
Machinery and equipment	3 to 9 years
Transportation equipment	5 to 7 years
Other equipment	2 to 15 years

The board of directors of the Company passed an EVA capacity expansion in the Kaohsiung plant, and authorized the chairman with full power on December 28, 2011. The Company signed the EVA equipment contract with CTCI Corporation on November 8, 2012. The total contract price was \$3,000,000 thousand, which was paid in the amount of \$2,373,409 thousand as of December 31, 2017.

On March 21, 2013 the board of directors of the Company decided to invest in constructing a cyclic block copolymer production plant, which cost \$1,000,000 thousand. On September 23, 2014, the board of directors decided to construct a front-end material production plant and utility system, which cost \$1,000,000 thousand. In addition, the amount of investment to adjust the plant configuration increased by \$700,000 thousand after discussion of the board of directors in its meeting on August 11, 2016, and the total cost was \$2,700,000 thousand. As of December 31, 2017, the Company has paid CTCI of \$1,556,251 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of December 31, 2017, the Company has received \$128,841 thousand. According to the schedule and acceptance situation, the subsidy income had accumulated to \$106,548 thousand.

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

For the related capitalized interest, refer to Note 23 (c).

15. INVESTMENT PROPERTIES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Buildings	<u>\$ 33,467</u>	<u>\$ 35,065</u>
	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Cost</u>		
Balance at January 1 and December 31	<u>\$ 69,805</u>	<u>\$ 69,805</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 34,740	\$ 32,895
Depreciation expenses	<u>1,598</u>	<u>1,845</u>
Balance at December 31	<u>\$ 36,338</u>	<u>\$ 34,740</u>
Carrying amounts at December 31	<u>\$ 33,467</u>	<u>\$ 35,065</u>

The investment properties were depreciated using the straight-line method over their estimated useful lives of 3 to 55 years.

The fair value of the investment properties were \$190,912 thousand and \$193,976 thousand at December 31, 2017 and 2016, respectively, which did not evaluated by an independent qualified professional valuer. The management of the Company used the valuation model that market participants would use in determining fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment properties was held under freehold interests.

16. INTANGIBLE ASSETS

	Licenses and Franchises	Computer Software	Patents	Total
<u>Cost</u>				
Balance at January 1, 2016	\$ 147,220	\$ 26,085	\$ 27,630	\$ 200,935
Additions	<u>-</u>	<u>2,682</u>	<u>-</u>	<u>2,682</u>
Balance at December 31, 2016	<u>\$ 147,220</u>	<u>\$ 28,767</u>	<u>\$ 27,630</u>	<u>\$ 203,617</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2016	\$ 106,975	\$ 18,860	\$ -	\$ 125,835
Amortization expenses	<u>17,887</u>	<u>5,686</u>	<u>-</u>	<u>23,573</u>
Balance at December 31, 2016	<u>\$ 124,862</u>	<u>\$ 24,546</u>	<u>\$ -</u>	<u>\$ 149,408</u>
Carrying amounts at December 31, 2016	<u>\$ 22,358</u>	<u>\$ 4,221</u>	<u>\$ 27,630</u>	<u>\$ 54,209</u>
<u>Cost</u>				
Balance at January 1, 2017	\$ 147,220	\$ 28,767	\$ 27,630	\$ 203,617
Additions	<u>-</u>	<u>566</u>	<u>-</u>	<u>566</u>
Balance at December 31, 2017	<u>\$ 147,220</u>	<u>\$ 29,333</u>	<u>\$ 27,630</u>	<u>\$ 204,183</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2017	\$ 124,862	\$ 24,546	\$ -	\$ 149,408
Amortization expenses	<u>17,887</u>	<u>3,250</u>	<u>-</u>	<u>21,137</u>
Balance at December 31, 2017	<u>\$ 142,749</u>	<u>\$ 27,796</u>	<u>\$ -</u>	<u>\$ 170,545</u>
Carrying amounts at December 31, 2017	<u>\$ 4,471</u>	<u>\$ 1,537</u>	<u>\$ 27,630</u>	<u>\$ 33,638</u>

Other intangible assets were depreciated on a straight-line basis over their estimated useful lives as follows:

Licenses and franchises	5 years
Computer software	1 to 5 years
Patents	2 to 7 years

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2017	2016
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 200,000</u>	<u>\$ 400,000</u>
Range of interest rates	0.80%	0.80%-0.95%

b. Short-term bills payable (December 31, 2017: None)

	<u>December 31,</u> <u>2016</u>
Commercial paper	\$ 100,000
Less: Discounts on bills payable	<u>(20)</u>
	<u>\$ 99,980</u>
Range of interest rates	0.60%

18. BONDS PAYABLE

	<u>December 31</u>	
	2017	2016
Domestic unsecured bonds 104-1A - issuance on February 12, 2015, 5 years, total amount \$1,000,000 thousand, coupon rate 1.55%, bullet repayment	\$ 1,000,000	\$ 1,000,000
Domestic unsecured bonds 104-1B - issuance on February 12, 2015, 7 years, total amount \$1,000,000 thousand, coupon rate 1.90%, bullet repayment	1,000,000	1,000,000
Domestic unsecured bonds 105-1 - issuance on October 28, 2016, 5 years, total amount \$2,000,000 thousand, coupon rate 0.80%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 106-1 - issuance on October 27, 2017, 5 years, total amount \$2,000,000 thousand, coupon rate 1.10%, bullet repayment	<u>2,000,000</u>	<u>-</u>
	6,000,000	4,000,000
Less: Discounts on bonds payable	<u>(9,833)</u>	<u>(6,936)</u>
	<u>\$ 5,990,167</u>	<u>\$ 3,993,064</u>

In order to avoid the rise of the interest rate risk, the Company applied for issuing the first and second naked debentures with the amount of \$1,000,000 thousand in January 2011 and June 2011, respectively, to reimburse the long-term debt, and the bonds were paid at maturity in January 2016 and in June 2016, respectively.

The Company applied for issuing the first naked debenture of 2015 with the amount of \$2,000,000 thousand in December 2014 in order to reimburse the due bonds and to increase working capital. The naked debentures were all issued in February 2015.

The Company applied for issuing the first naked debenture of 2016 with the amount of \$2,000,000 thousand in October 2016 in order to reimburse the bank loans, and the naked dentures were issued in October 2016.

The Company applied for issuing the first naked debenture of 2017 with the amount of \$2,000,000 thousand in October 2017 in order to reimburse the bank loans, and the naked dentures were issued in October 2017.

19. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Accounts payable</u>		
Operating	\$ <u>1,208,350</u>	\$ <u>752,636</u>
<u>Accounts payable - related parties</u>		
Operating	\$ <u>100,228</u>	\$ <u>166,898</u>

The average credit period of the Company is between 1 to 3 months. The Company has financial risk management policies to ensure that all payables are paid within the credit terms.

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Non related parties		
Payables for salaries and bonuses	\$ 116,209	\$ 127,470
Payables for purchases of equipment	113,178	93,108
Payables for water and electricity	54,371	43,530
Payables for interests	37,367	33,381
Payables for service expenses	3,603	24,096
Payables for annual leave	22,738	22,592
Payables for fares	15,314	22,175
Payables for dividends	7,798	8,998
Others	<u>33,270</u>	<u>26,157</u>
	<u>\$ 403,848</u>	<u>\$ 401,507</u>
Related parties		
Payables for purchasing materials from abroad	\$ 7,618	\$ 176,020
Others	<u>10,102</u>	<u>6,328</u>
	<u>\$ 17,720</u>	<u>\$ 182,348</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% (the percentage increased to 12% since November 10, 2016) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The 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	
	2017	2016
Present value of defined benefit obligation	\$ (773,362)	\$ (822,474)
Fair value of plan assets	<u>396,924</u>	<u>371,246</u>
Net defined benefit liabilities- non-current	<u>\$ (376,438)</u>	<u>\$ (451,228)</u>

Movements in net defined benefit liabilities non-current were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2016	\$ (846,701)	\$ 59,382	\$ (787,319)
Current service cost	(7,952)	-	(7,952)
Net interest income (expense)	<u>(10,180)</u>	<u>624</u>	<u>(9,556)</u>
Recognized in profit or loss	<u>(18,132)</u>	<u>624</u>	<u>(17,508)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	277	277
Actuarial loss - changes in demographic assumptions	(4,018)	-	(4,018)
Actuarial loss - changes in financial assumptions	(14,727)	-	(14,727)
Actuarial loss - experience adjustments	<u>(30,168)</u>	<u>-</u>	<u>(30,168)</u>
Recognized in other comprehensive income	<u>(48,913)</u>	<u>277</u>	<u>(48,636)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ 86	\$ 402,149	\$ 402,235
Benefits paid	<u>91,186</u>	<u>(91,186)</u>	<u>-</u>
Balance at December 31, 2016	<u>\$ (822,474)</u>	<u>\$ 371,246</u>	<u>\$ (451,228)</u>
Balance at January 1, 2017	<u>\$ (822,474)</u>	<u>\$ 371,246</u>	<u>\$ (451,228)</u>
Current service cost	(8,065)	-	(8,065)
Net interest income (expense)	<u>(7,702)</u>	<u>5,175</u>	<u>(2,527)</u>
Recognized in profit or loss	<u>(15,767)</u>	<u>5,175</u>	<u>(10,592)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,395)	(2,395)
Actuarial loss - changes in demographic assumptions	(4,800)	-	(4,800)
Actuarial loss - changes in financial assumptions	(12,908)	-	(12,908)
Actuarial gain - experience adjustments	<u>8,872</u>	<u>-</u>	<u>8,872</u>
Recognized in other comprehensive income	<u>(8,836)</u>	<u>(2,395)</u>	<u>(11,231)</u>
Contributions from the employer	4,061	92,552	96,613
Benefits paid	<u>69,654</u>	<u>(69,654)</u>	<u>-</u>
Balance at December 31, 2017	<u>\$ (773,362)</u>	<u>\$ 396,924</u>	<u>\$ (376,438)</u> (Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2017	2016
Discount rate	1.00%	1.00%
Expected rate of salary increase	2.25%	2.00%

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

	December 31	
	2017	2016
Discount rate		
0.25% increase	<u>\$ (13,290)</u>	<u>\$ (14,763)</u>
0.25% decrease	<u>\$ 13,723</u>	<u>\$ 15,237</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 13,312</u>	<u>\$ 14,821</u>
0.25% decrease	<u>\$ (12,961)</u>	<u>\$ (14,435)</u>

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

	December 31	
	2017	2016
The expected contributions to the plan for the next year	<u>\$ 31,055</u>	<u>\$ 396,981</u>
The average duration of the defined benefit obligation	7.6 years	7.6 years

22. EQUITY

	December 31	
	2017	2016
Share capital	\$ 11,654,544	\$ 11,426,024
Capital surplus	238,194	216,135
Retained earnings	6,738,561	6,474,504
Other equity items	(31,286)	85,739
Treasury shares	<u>(475,606)</u>	<u>(475,606)</u>
	<u>\$ 18,124,407</u>	<u>\$ 17,726,796</u>

a. Share capital

	December 31	
	2017	2016
Number of shares authorized (in thousands)	<u>1,342,602</u>	<u>1,342,602</u>
Shares authorized	<u>\$ 13,426,024</u>	<u>\$ 13,426,024</u>
Number of shares issued and fully paid (in thousands)	<u>1,165,454</u>	<u>1,142,602</u>
Shares issued	<u>\$ 11,654,544</u>	<u>\$ 11,426,024</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On June 8, 2017, the Company's regular shareholders' meeting resolved to issue 22,852 thousand ordinary shares as share dividends appropriated from earnings, with a par value of \$10, which increased the share capital issued and fully paid to \$11,654,544 thousand. On June 22, 2017, this transaction was approved by the FSC, and the subscription base date was determined as at August 4, 2017 by the board of directors. The Company finished the change of registration on August 31, 2017.

b. Capital surplus

The capital surplus generated from donations and the excess of the issuance price over the par value of share capital (including the shares issued from new capital, mergers and treasury shares) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital. The capital surplus arising from investments accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 8, 2016, and in that meeting, had resolved amendments to the Company's Articles of Incorporation ("the Articles"), particularly the amendment to the policy on dividends distribution and the addition of the policy on the distribution of employees' compensation and remuneration of directors.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23(f).

The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall be no less than 10% of the distributable earnings in the current year, of which the cash dividends shall be no less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed.

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company. The creditable ratio for individual shareholders residing in the ROC will be half of the original creditable ratio.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 8, 2017 and June 8, 2016, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Legal reserve	\$ 118,957	\$ 87,963		
Special reserve	(35,883)	35,883		
Cash dividends	571,301	571,301	\$0.5	\$0.5
Share dividends	<u>228,520</u>	<u>-</u>	0.2	-
	<u>\$ 882,895</u>	<u>\$ 695,147</u>		

The appropriation of earnings for 2017 was proposed by the Company's board of directors on March 13, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 111,129	
Cash dividends	349,636	\$0.3
Share dividends	<u>233,091</u>	0.2
	<u>\$ 693,856</u>	

The appropriation of earnings for 2017 are subject to resolution in the shareholders' meeting to be held on June 5, 2018.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 8,204	\$ 204,334
Exchange differences on translating foreign operations	(140,102)	(43,476)
Related income tax	23,817	7,846
Share of exchange differences of subsidiaries accounted for using the equity method	<u>(82,799)</u>	<u>(160,500)</u>
Balance at December 31	<u>\$ (190,880)</u>	<u>\$ 8,204</u>

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 77,535	\$ (258,186)
Unrealized (loss) gain on revaluation of available-for-sale financial assets	(122,319)	93,727
Cumulative loss (gain) reclassified to profit or loss on sale of available-for-sale financial assets	45,693	102,053
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries accounted for using the equity method	<u>158,685</u>	<u>139,941</u>
Balance at December 31	<u>\$ 159,594</u>	<u>\$ 77,535</u>

e. Treasury shares

Purpose of Buy-Back	Number of Shares at January 1 (In Thousands of Shares)	Increase during the Year	Decrease during the Year	Number of Shares at December 31 (In Thousands of Shares)
<u>2017</u>				
Shares held by subsidiaries	<u>111,943</u>	<u>2,239</u>	<u>-</u>	<u>114,182</u>
<u>2016</u>				
Shares held by subsidiaries	<u>111,943</u>	<u>-</u>	<u>-</u>	<u>111,943</u>

The Company's shares held by its subsidiaries at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2017</u>			
Asia Polymer Corporation ("APC")	99,368	\$ 1,377,381	\$ 1,629,640
Taita Chemical Company, Limited ("TTC")	14,814	<u>81,875</u>	<u>242,944</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,872,584</u>
<u>December 31, 2016</u>			
Asia Polymer Corporation ("APC")	97,420	\$ 1,377,381	\$ 1,544,106
Taita Chemical Company, Limited ("TTC")	14,523	<u>81,875</u>	<u>230,192</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,774,298</u>

The Company's shares which subsidiaries hold are view as treasury shares. Investments accounted for using the equity method are reclassified as treasury shares.

APC and TTC holdings of the Company's shares are carried as available-for-sale financial assets and are valued at the closing price of December 31, 2017 and 2016. The carrying amount of investments accounted for using the equity method and the unrealized gain (loss) on available-for-sale financial assets were reduced by \$140,670 thousand and \$108,323 thousand, respectively.

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations includes the following:

a. Other income

	For the Year Ended December 31	
	2017	2016
Interest income		
Bank deposits	\$ 15,156	\$ 15,159
Real estate securities	7,368	7,647
Other	231	1,247
	<u>22,755</u>	<u>24,053</u>
Dividends income	57,681	50,977
Rental income	20,256	20,400
Grants income (Note 14)	27,491	18,030
Management service income	37,490	34,445
Others	<u>11,311</u>	<u>18,608</u>
	<u>\$ 176,984</u>	<u>\$ 166,513</u>

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Gain on disposal of property, plant and equipment	\$ 1,350	\$ 2,672
Loss on disposal of property, plant and equipment	(584)	(496)
Net gain on disposal of financial instruments	60,964	104,053
Net foreign exchange losses	(29,240)	(23,863)
Net loss on financial assets at fair value through profit or loss	(27,759)	(3,047)
Net loss on financial liabilities at fair value through profit or loss	(27,774)	(1,750)
Loss on financial assets measured at cost - non-current	(3,047)	-
Other expenses	<u>(34,564)</u>	<u>(34,320)</u>
	<u>\$ (60,654)</u>	<u>\$ 43,249</u>

c. Finance costs

	For the Year Ended December 31	
	2017	2016
Interest on bonds payable	\$ 56,145	\$ 42,402
Interest on bank loans	5,627	7,330
Other interest expense	552	638
Less: Capitalized interest amount (included in construction in progress)	<u>(18,506)</u>	<u>(27,651)</u>
	<u>\$ 43,818</u>	<u>\$ 22,719</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2017	2016
Capitalized interest	\$ 18,506	\$ 27,651
Capitalization rate	1.25%-1.30%	1.63%-1.76%

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	\$ 371,975	\$ 219,404
Investment properties	1,598	1,845
Intangible assets	21,137	23,573
Others	<u>5,556</u>	<u>12,288</u>
	<u>\$ 400,266</u>	<u>\$ 257,110</u>
 An analysis of depreciation by function		
Operating costs	\$ 360,779	\$ 209,800
Operating expenses	11,196	9,604
Other gains and losses	<u>1,598</u>	<u>1,845</u>
	<u>\$ 373,573</u>	<u>\$ 221,249</u>
 An analysis of amortization by function		
Operating costs	\$ 5,556	\$ 12,288
General and administrative expenses	3,250	5,687
Research and development expenses	<u>17,887</u>	<u>17,886</u>
	<u>\$ 26,693</u>	<u>\$ 35,861</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2017	2016
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 18,884	\$ 17,952
Defined benefit plans	<u>10,592</u>	<u>17,508</u>
	29,476	35,460
Other employee benefits	<u>591,812</u>	<u>596,812</u>
Total employee benefits expense	<u>\$ 621,288</u>	<u>\$ 632,272</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 385,493	\$ 412,581
Operating expenses	<u>235,795</u>	<u>219,691</u>
	<u>\$ 621,288</u>	<u>\$ 632,272</u>

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016 which were approved by the Company's board of directors on March 13, 2018 and March 16, 2017, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2017	2016
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.45%	0.54%

Amount

	<u>For the Year Ended December 31</u>	
	2017	2016
Employees' compensation	\$ 12,247	\$ 13,026
Remuneration of directors	5,500	7,000

If there is a change in the 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 years ended December 31, 2016 and 2015.

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

g. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2017	2016
Foreign exchange gains	\$ 74,268	\$ 95,753
Foreign exchange losses	<u>(103,508)</u>	<u>(119,616)</u>
	<u>\$ (29,240)</u>	<u>\$ (23,863)</u>

24. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense (benefit) were as follows:

	<u>For the Year Ended December 31</u>	
	2017	2016
Current tax		
In respect of the current year	\$ 61,576	\$ 51,428
Income tax on unappropriated earnings	23,301	12,660
Adjustments for prior years	<u>1,566</u>	<u>(124)</u>
	<u>86,443</u>	<u>63,964</u>
Deferred tax		
In respect of the current year	15,607	28,571
Adjustments for prior years	<u>(6,402)</u>	<u>455</u>
	<u>9,205</u>	<u>29,026</u>
Income tax expense recognized in profit or loss	<u>\$ 95,648</u>	<u>\$ 92,990</u>

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

	<u>For the Year Ended December 31</u>	
	2017	2016
Profit before tax from continuing operations	<u>\$ 1,206,938</u>	<u>\$ 1,282,560</u>
Income tax expense calculated at the statutory rate	\$ 205,179	\$ 218,035
Nondeductible expenses in determining taxable income	248	399
Tax-exempt income	(20,170)	(26,355)
Loss on valuation of financial assets	5,397	670
Share of profit or loss of domestic subsidiaries accounted for using the equity method	(103,534)	(45,631)
Loss on impairment of investing activities	(10,241)	(23,742)
Income tax on unappropriated earnings	23,301	12,660
Unrecognized deductible temporary differences	-	(43,315)
Adjustments for prior years	(4,836)	331
Others	<u>304</u>	<u>(62)</u>
Income tax expense recognized in profit or loss	<u>\$ 95,648</u>	<u>\$ 92,990</u>

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

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by \$13,268 thousand and \$16,548 thousand, respectively, in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences on the 2017 unappropriated earnings are not reliably determinable.

b. Current income tax assets and liabilities

	December 31	
	2017	2016
Current income tax assets		
Tax refund receivable	\$ 3,254	\$ 8,104
Current income tax liabilities		
Income tax payable	\$ 58,642	\$ 6,184

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	\$ 244	\$ 124	\$ -	\$ 368
Defined benefit obligation	63,230	(14,624)	1,909	50,515
Payables for annual leave	3,841	25	-	3,866
Unrealized gains on transactions	2,108	(349)	-	1,759
Impairment loss recognized on financial assets measured at cost	4,663	518	-	5,181
Differences on amortization period of intangible assets between finance and tax	6,638	1,526	-	8,164
Differences on depreciation period between finance and tax	667	-	-	667
Deferred revenue	-	3,790	-	3,790
Unrealized loss on valuation of financial assets at fair value through profit or loss	187	686	-	873
	<u>\$ 81,578</u>	<u>\$ (8,304)</u>	<u>\$ 1,909</u>	<u>\$ 75,183</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of overseas subsidiaries accounted for using the equity method	\$ 88,484	\$ 3,675	\$ -	\$ 92,159
Exchange differences on foreign operations	24,783	-	(23,817)	966
Unrealized foreign exchange gains	3,423	(2,774)	-	649
Revaluation increments of land	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 160,270</u>	<u>\$ 901</u>	<u>\$ (23,817)</u>	<u>\$ 137,354</u> (Concluded)

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	\$ 550	\$ (306)	\$ -	\$ 244
Defined benefit obligation	65,299	(22,089)	20,020	63,230
Payables for annual leave	3,249	592	-	3,841
Unrealized gains on transactions	2,422	(314)	-	2,108
Impairment loss recognized on financial assets measured at cost	4,663	-	-	4,663
Differences on amortization period of intangible assets between finance and tax	6,593	45	-	6,638
Differences on depreciation period between finance and tax	667	-	-	667
Deferred revenue	3,065	(3,065)	-	-
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
Unrealized liquidation loss	\$ 442	\$ (442)	\$ -	\$ -
Unrealized loss on valuation of financial assets at fair value through profit or loss	<u>-</u>	<u>187</u>	<u>-</u>	<u>187</u>
	<u>\$ 86,950</u>	<u>\$ (25,392)</u>	<u>\$ 20,020</u>	<u>\$ 81,578</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of overseas subsidiaries accounted for using the equity method	\$ 87,876	\$ 608	\$ -	\$ 88,484
Exchange differences on foreign operations	32,174	455	(7,846)	24,783
Unrealized foreign exchange gains	852	2,571	-	3,423
Revaluation increments of land	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 164,482</u>	<u>\$ 3,634</u>	<u>\$ (7,846)</u>	<u>\$ 160,270</u> (Concluded)

d. Integrated income tax

	<u>December 31</u>	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	\$ -	\$ 97,591
Generated on and after January 1, 1998	<u>-</u>	<u>3,270,230</u>
	<u>\$ -</u>	<u>\$ 3,367,821</u>
	(Note)	
Shareholder-imputed credits account	<u>\$ -</u>	<u>\$ 531,040</u>
	(Note)	
	<u>For the Year Ended December 31</u>	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	19.61%

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

e. Income tax assessments

The income tax returns of the Company through 2015 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The weighted average number of shares outstanding used in the computation of earnings per share was adjusted retroactively for the issuance of bonus shares on August 4, 2017. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2016 were as follows:

	Unit: NT\$ Per Share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 1.15</u>	<u>\$ 1.13</u>
Diluted earnings per share	<u>\$ 1.15</u>	<u>\$ 1.13</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2017	2016
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 1,111,290</u>	<u>\$ 1,189,570</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2017	2016
Weighted average number of ordinary shares used in computation of basic earnings per share	1,051,272	1,051,272
Effect of potentially dilutive ordinary shares:		
Employees' compensation issue to employees	<u>911</u>	<u>984</u>
	<u>1,052,183</u>	<u>1,052,256</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the board of directors resolve the number of shares to be distributed to employees at their meeting in the following year.

26. OPERATING LEASE AGREEMENTS

a. The Company as lessee

Operating leases relate to leases of office space and staff quarters with lease terms between 1 and 6 years. As of December 31, 2017 and 2016, the Company's refundable deposits paid resulting from operating lease agreements were \$7,241 thousand and \$7,279 thousand, respectively.

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	\$ 31,724	\$ 31,882
Later than 1 year and not later than 5 years	<u>56,800</u>	<u>39,401</u>
	<u>\$ 91,229</u>	<u>\$ 71,283</u>

b. The Company as lessor

Operating leases are related to leases of investment properties with lease terms between 1 and 6 years. All operating lease agreements contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

As of December 31, 2017 and 2016, the Company's guarantee deposits received resulting from operating lease agreements were \$5,276 thousand and \$5,236 thousand, respectively.

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	\$ 18,854	\$ 21,756
Later than 1 year and not later than 5 years	<u>23,157</u>	<u>50,623</u>
	<u>\$ 42,011</u>	<u>\$ 72,379</u>

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall management strategy remains unchanged from the past year.

The capital structure of the Company consists of its net debt and equity.

Key management of the Company review the capital structure periodically. As part of this review, the key management consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management of the Company considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values. Otherwise, the fair values cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 20	\$ -	\$ 20
Non-derivative financial assets held for trading	<u>1,680,700</u>	<u>-</u>	<u>-</u>	<u>1,680,700</u>
	<u>\$ 1,680,700</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,680,720</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	<u>\$ 892,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892,511</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 5,154</u>	<u>\$ -</u>	<u>\$ 5,154</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 360	\$ -	\$ 360
Non-derivative financial assets held for trading	<u>2,265,512</u>	<u>-</u>	<u>-</u>	<u>2,265,512</u>
	<u>\$ 2,265,512</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 2,265,872</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	<u>\$ 1,046,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,046,653</u>

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ _____ -	\$ 1,464	\$ _____ -	\$ 1,464

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Evaluation techniques measured by fair value and assumptions

The Company holds non-derivative financial assets held for trading and available-for-sale financial assets which are used to active market transactions. Their fair values are measured at the market price.

c. Categories of financial instruments

	<u>December 31</u>	
	2017	2016
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (FVTPL)		
Held for trading	\$ 1,680,720	\$ 2,265,872
Loans and receivables (Note 1)	3,954,329	5,577,450
Available-for-sale financial assets (Note 2)	1,079,161	1,254,350
Refundable deposits	39,187	34,989
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	5,154	1,464
Financial liabilities measured at amortized cost (Note 3)	7,920,313	5,996,433

Note 1: The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and accounts receivable (including related parties) and other receivables (including related parties, except tax refund receivable).

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

Note 3: The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, accounts payable (including related parties), other payables (including related parties) and bonds payable.

d. Financial risk management objectives and policies

The Company's risk controlling and hedging strategy is influenced by the operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. The trade of derivative financial instruments that the Company engaged in was not for speculation purposes. In order to avoid the impact of foreign currency changes, which lead to the deduction of foreign currency assets and fluctuations of future cash flows, the Company used foreign exchange forward contracts to eliminate currency exposure and thus mitigate the impact of the risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (U.S. dollar denominated items). When the USD appreciates/depreciates by 3%, the Company's profit before tax in 2017 will decrease/increase \$4,716 thousand; the profit before tax in 2016 will decrease/increase \$45,162 thousand.

Because this formerly mentioned sensitivity analysis is based on the computation of foreign currency exposure at balance sheet date, the management concedes that this analysis cannot properly reflect the mid-year exposures.

b) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by the changing market rates.

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:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Fair value interest rate risk		
Financial assets	\$ 1,928,138	\$ 3,980,215
Financial liabilities	5,990,167	4,293,044
Cash flow interest rate risk		
Financial assets	94,558	104,748
Financial liabilities	200,000	200,000

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Company's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Company's profit before tax for the years ended December 31, 2017 and 2016 would have decreased/increased by \$528 thousand and \$476 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities listed in the ROC and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The analysis below was determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower, profit before tax for years ended December 31, 2017 and 2016 would have increased/decreased by \$84,035 thousand and \$113,276 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the years ended December 31, 2017 and 2016 would have increased/decreased by \$44,626 thousand and \$52,333 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. The Company's exposure to credit risk mainly comes from:

- a) Carrying amount of financial assets recognized on the balance sheets.
- b) Amount of contingent liabilities generated from the financial guarantees of the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. The Company provides financial guarantees and endorsements for tariffs and loans of subsidiaries. As of December 31, 2017 and 2016 the amount the Company's provided endorsements and guarantees as \$4,845,869 thousand and \$4,899,397 thousand. As the end of the reporting period expected, subsidiaries operate well and the possibility of loss on such endorsements and guarantees due to defaults of subsidiaries is not high.

The counterparties of the Company's trade receivable include numerous clients distributed over a variety of areas, and not centered on a single client or location. Besides this, ongoing credit evaluations are performed on the financial condition of trade receivables, so the Company's credit risk is limited. At balance sheet date, the Company's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated in the balance sheet.

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.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

December 31, 2017

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,730,146	\$ -	\$ -
Fixed interest rate liabilities	0.80-1.90	-	5,990,167	-
Floating interest rate liabilities	0.80	<u>200,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,930,146</u>	<u>\$ 5,990,167</u>	<u>\$ -</u>

December 31, 2016

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,503,389	\$ -	\$ -
Fixed interest rate liabilities	0.60-1.90	299,980	998,844	2,994,220
Floating interest rate liabilities	0.80	<u>200,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,003,369</u>	<u>\$ 998,844</u>	<u>\$ 2,994,220</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 168,320	\$ 398,995	\$ -
Outflows	<u>(169,883)</u>	<u>(403,984)</u>	<u>-</u>
	<u>\$ (1,563)</u>	<u>\$ (4,989)</u>	<u>\$ -</u>

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 171,619	\$ -	\$ -
Outflows	<u>(172,910)</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,291)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2017 and 2016, the unused amount of bank loan facilities were as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Bank loan facilities		
Amount unused	<u>\$ 4,772,671</u>	<u>\$ 4,074,318</u>

29. TRANSACTIONS WITH RELATED PARTIES

Except for disclosure on other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties' names and their relationships

<u>Related Party Name</u>	<u>Relationship with the Company</u>
USIFE Investment Co., Ltd.	Subsidiary
Swanson Plastics Corp. ("SPC")	Subsidiary
Acme Electronics Corp. ("ACME")	Subsidiary
Chong Loong Trading Co., Ltd. ("CLT")	Subsidiary
Swanlake Traders Ltd.	Subsidiary
Union Polymer Int'l Investment Corp. ("UPIIC")	Subsidiary
USI Far East (HK) Co., Ltd. ("USI HK")	Subsidiary
USI Management Consulting Corp. ("UM")	Subsidiary
Thintec Materials Corporation	Subsidiary
Forever Young Company Limited ("Forever Young")	Subsidiary
Swanson Technologies Corporation	Subsidiary
Taiwan United Venture Management Corp. ("TUVVM")	Subsidiary
China General Plastics Corporation ("CGPC")	Subsidiary
Taita Chemical Company, Ltd. ("TTC")	Subsidiary
Asia Polymer Corporation ("APC")	Subsidiary
Taiwan VCM Corporation ("TVCM")	Subsidiary
CGPC Polymer Corporation	Subsidiary
China General Terminal & Distribution Co. ("CGTD")	Subsidiary
INOMA Corporation	Subsidiary
USIG (Shanghai) Co., Ltd. ("USIG")	Subsidiary
Forum Pacific Trading Ltd.	Subsidiary
USI International Corporation ("USI International")	Subsidiary
USI Trading (Shanghai) Co., Ltd. ("USI Trading Shanghai")	Subsidiary
APC Investment Corporation	Subsidiary
USI Optronics Corporation	Subsidiary
Dynamic Ever Investments Limited ("DEIL")	Associates (Since January 13, 2017 as a subsidiary)
USI Education Foundation ("USIF")	Other related party

b. Sales

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>525,339</u>	\$ <u>448,417</u>

The Company sold inventories to subsidiaries in 2017 and 2016, and at the end of 2017 and 2016, the Company's unearned gross margin for SPC was \$1,453 thousand and \$1,396 thousand, respectively, which was deferred. The Company's unearned gross margin for USI Trading (Shanghai) was \$452 thousand and \$731 thousand, respectively, which was deferred. The deferred unrealized gain of subsidiaries was \$1,905 thousand and \$2,127 thousand in 2017 and 2016, respectively.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>667,508</u>	\$ <u>1,005,420</u>

d. Exports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
APC	\$ 733,680	\$ 161,143
TVCM	<u>337,238</u>	<u>110,074</u>
	\$ <u>1,070,918</u>	\$ <u>271,217</u>

e. Imports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
APC	\$ 75,044	\$ 188,034
TVCM	<u>18,004</u>	<u>238,249</u>
	\$ <u>93,048</u>	\$ <u>426,283</u>

f. Rental income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
SPC	\$ 6,442	\$ 6,298
CGPC	5,283	5,307
TTC	5,325	5,129
ACME	2,883	2,947
Others	<u>8,641</u>	<u>9,011</u>
	28,574	28,692
Associates	<u>-</u>	<u>555</u>
	<u>\$ 28,574</u>	<u>\$ 29,247</u>

The Company leased part of the floors of its Neihu office building to subsidiaries, and the lease period was from April 2006 to April 2014. When the lease term ended, the contract was extended to April 2019, and the rental income was received monthly according to the contract.

The Company entered into a housing lease contract between the Company and Dynamic Ever Investments Limited in May 2016, and the lease period is from May 2016 to April 2018. The rental income was received monthly in accordance with the contract.

g. Management service income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
CGPC	\$ 3,981	\$ 2,729
APC	6,474	5,617
TTC	9,912	10,630
DEIL	5,579	-
Others	<u>11,544</u>	<u>11,286</u>
	37,490	30,262
Associate		
Dynamic Ever Investments Limited	<u>-</u>	<u>4,183</u>
	<u>\$ 37,490</u>	<u>\$ 34,445</u>

The Company, in order to correspond to the demands of management and integrating corporation resources, signed a resource support contract with its subsidiary, UM, on July 2002. UM coordinates the resources of the Company's common services department, and the related fee is calculated and charged by the contract content.

In order to correspond to management demands, the Company signed a management service contract with Dynamic Ever Investment Limited on May 2015, and the related fee is calculated and charged by the contract content.

h. Management service fee-investment (classified as other gains and losses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary TUVM	\$ <u>542</u>	\$ <u>542</u>

i. Management service fee-management (classified as general and administrative expenses and research and development expense)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary UM	\$ 95,350	\$ 79,456
Others	<u>10,104</u>	<u>9,463</u>
	\$ <u>105,454</u>	\$ <u>88,919</u>

j. Rental expenses (classified as operating expense)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 2,689	\$ 2,593
TTC	910	836
USI International	164	1,052
Others	<u>135</u>	<u>78</u>
	\$ <u>3,898</u>	\$ <u>4,559</u>

k. Commission expenses (classified as selling and marketing expenses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USI Trading (Shanghai)	\$ <u>1,065</u>	\$ <u>1,005</u>

l. Environmental protection expenses (classified as cost of goods sold)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>537</u>	\$ <u>-</u>

m. Operating storage tank costs (classified as cost of goods sold)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary CGTD	\$ <u>56,685</u>	\$ <u>36,888</u>

- n. Donations (classified as general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USIF	\$ <u>3,000</u>	\$ <u>3,000</u>

- o. Foreign business trip expenses (classified as operating expense)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>21</u>	\$ <u>69</u>

- p. Revenue from sale of raw materials (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 135,944	\$ 141,276
TVCM	<u>37,435</u>	<u>105,183</u>
	\$ <u>173,379</u>	\$ <u>246,459</u>

- q. Import fees on ethylene inspection income (classified as other income)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>888</u>	\$ <u>696</u>

- r. Gains on disposal of property, plant and equipment (classified as other income and loss)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USI HK	\$ <u>889</u>	\$ <u>889</u>

The Hong Kong branch sold fixed assets to USI (HK) in August 2005, and the price was \$18,049 thousand (HK\$4,180 thousand). As of December 31, 2017 and 2016, the unrealized profit and loss was \$6,813 thousand and \$7,702 thousand, which was deferred, and the reversal was recognized by estimating the useful life of the equipment.

s. Accounts receivable

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
USI HK	\$ 11,759	\$ 3,019
SPC	13,033	21,223
Forever Young	21,517	13,037
USI Trading (Shanghai)	<u>37,810</u>	<u>37,378</u>
	<u>\$ 84,119</u>	<u>\$ 74,657</u>

There was no collateral provided for outstanding related party receivables. There is no bad debt for related parties' accounts receivable in 2017 and 2016.

t. Other receivables

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
APC	\$ 322,683	\$ 145,945
TVCM	231,747	239,852
Others	<u>11,708</u>	<u>9,894</u>
	566,138	395,691
Associates	<u>-</u>	<u>1,386</u>
	<u>\$ 566,138</u>	<u>\$ 397,077</u>

u. Accounts payable

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
APC	\$ 96,995	\$ 160,975
Others	<u>3,233</u>	<u>5,923</u>
	<u>\$ 100,228</u>	<u>\$ 166,898</u>

Outstanding amounts due to related parties had no guarantee provided.

v. Other payables

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
UM	\$ 7,407	\$ 3,934
CGTD	7,710	2,011
APC	240	54,843
TVCM	518	119,373
Others	<u>1,845</u>	<u>2,187</u>
	<u>\$ 17,720</u>	<u>\$ 182,348</u>

w. Other unearned revenue (classified as current liabilities)

Related Party Category	December 31	
	2017	2016
Subsidiary	\$ <u>284</u>	\$ <u>284</u>

x. Endorsements (tariffs and bank loans)

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
UPIIC	\$ 3,900,000	\$ 3,700,000
USIG	479,469	504,397
CLT	317,600	533,750
Others	<u>148,800</u>	<u>161,250</u>
	<u>\$ 4,845,869</u>	<u>\$ 4,899,397</u>

y. Compensation of key management personnel

The types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 49,019	\$ 50,160
Post-employment benefits	<u>432</u>	<u>432</u>
	<u>\$ 49,451</u>	<u>\$ 50,592</u>

Compensation of the directors and other key management personnel depends on individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as guarantees for materials' purchases, outward documentary bill, and collateral for bank borrowings:

	December 31	
	2017	2016
Time deposits		
Classified as debt investments with no active market - current	\$ 54,000	\$ 54,000
Classified as other assets - non-current	21,017	15,854
Property, plant and equipment	<u>564,104</u>	<u>515,273</u>
	<u>\$ 639,121</u>	<u>\$ 585,127</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2017 and 2016, the Company's unused letter of credit amounted to \$1,884,286 thousand and \$1,332,033 thousand, respectively, and the Company's endorsements and guarantees provided by related parties were \$4,845,869 thousand and \$4,899,397 thousand. Refer to Notes 28 and 29 for details.
- b. The following is regarding the subsidiary, CGTD, who had been commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014, the Kaohsiung District Prosecutor Office instituted a public prosecution against the related personnel of the Kaohsiung City Government, LCY Chemical Corp. and CGTD employees on December 18, 2014. As of the reporting date, the attribution of responsibility for the gas explosion and the subsequent impact is still pending the conclusion of the in-progress trial of the Kaohsiung District Court.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$226,983 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. At the end of February 2018, the provisionally attached property was worth \$151,229 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received \$12,000 thousand, and the compensation was \$384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties.

Up to February 2018, victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. Along with the formerly mentioned compensation, the accumulated amount of compensation is \$4,038,198 thousand, and the actual payment of CGTD depends on the verdict of the civil procedures. The date of the criminal procedures is estimated to be on May 11, 2018 and part of the civil procedures will be held on June 22, 2018.

32. SIGNIFICANT CONTRACT

The Company and APC enter into a joint venture contract for their investment on Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Industrial Corporation. The main contents of the contract and commitments include: (1) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to the “Joint Venture”) and agree to pass the establishment of the 100%-owned company named Dynamic Ever Investments Limited in Hong Kong, whose purpose is to build oil refineries and produce ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission at Taiwan’s Ministry of Economic Affairs and according to the operating business permitted by the Joint Venture’s board of directors; and (2) Dynamic Ever Investments Limited will establish a joint venture company in accordance with the laws of the People’s Republic of China with Fujian Refining and Chemical Co. in Gulei Park located in Zhangzhou Fujian province (hereunder “Gulei Company”) and acquire 50% interest of Gulei Company for cooperative investment.

The Company and APC invested US\$3,131 thousand (approximately \$94,221 thousand) and US\$2,171 thousand (approximately \$65,202 thousand), respectively, to establish Ever Conquest Global Limited in order to invest in Ever Victory Global Limited via the third party, and the shareholding ratio of the joint venture is 31.75%. Dynamic Ever Investments Limited and Fujian Refining and Chemical Co. signed “Fujian Gulei Petrochemical Corporation Limited joint venture contract” which stipulated an increase in the investment amount, and this contract led to part of the original related contract entities being unable to keep their respective investment ratio as provided by the original contract or to participate in the subsequent capital increase procedures. In order to meet the business requirement of the original contract, the Company and APC resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$37,572 thousand (approximately \$1,200,087 thousand) and US\$23,086 thousand (approximately \$739,424 thousand), respectively, on January 13, 2017. Via Ever Conquest Global Limited, the Company and APC increased capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding rights ratio of the Joint Venture increased from 31.75% to 66.4% (qualifying as having control) after the capital increase. Dynamic Ever Investments Limited invested in Gulei Company by RMB576,200 thousand on April 18, 2017.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$36,643 thousand (approximately \$1,113,427 thousand) and US\$21,013 thousand (approximately \$638,499 thousand), respectively, in July 2017. Via Ever Conquest Global Limited, the Company and APC increased capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding rights ratio of the joint venture was 67.9% after the capital increase. Dynamic Ever Investments Limited reinvested in Gulei Company by RMB576,200 thousand on August 1, 2017.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: Foreign Currency/Carrying Amount in Thousands

	December 31, 2017		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 25,885	29.76	\$ 770,347
RMB	145,369	4.55	662,084
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	127,252	29.76	3,787,032
HKD	34,042	3.81	129,596
<u>Foreign currency liabilities</u>			
Monetary items			
USD	20,603	29.76	613,136
	December 31, 2016		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 58,203	32.25	\$ 1,877,056
RMB	43,059	4.65	200,180
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	48,959	32.25	1,578,934
HKD	34,408	4.16	143,067
<u>Foreign currency liabilities</u>			
Monetary items			
USD	11,524	32.25	371,664

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange losses were \$29,240 thousand and \$23,863 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries). (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) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 9) Trading in derivative instruments:

As of December 31, 2017, information about foreign exchange forwards contracts held by the Company and its subsidiaries were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB193,200/NTD870,415
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	USD/MYR	2018.03.30	USD170/MYR725
Sell	USD/NTD	2018.01.03-2018.04.03	USD44,190/NTD1,319,154
Buy	NTD/USD	2018.01.02-2018.01.26	NTD249,743/USD8,340
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	EUR/MYR	2018.04.30-2018.05.31	EUR101/MYR484
Sell	AUD/USD	2018.01.26-2018.03.23	AUD600/USD461

- 10) Information on investees. (Table 8)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 5)
 - 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 during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

USI CORPORATION
(Acme Electronics Corporation (ACME))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Borrowing Amount (Note 3)	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	\$ 211,820 (US\$ 7,000 thousand)	\$ 208,320 (US\$ 7,000 thousand)	\$ 148,800 (US\$ 5,000 thousand)	1.6286-2.39073	2	\$ -	Business turnover	\$ -	-	-	\$ 545,229	\$ 545,229
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	251,317 (RMB 56,000 thousand)	127,526 (RMB 28,000 thousand)	\$ 87,028 (RMB 19,108 thousand)	2.30522-4.785	2	-	Business turnover	-	-	-	545,229	545,229

Note 1: Total financing provided to others shall not exceed 40% of ACME's net value, and the highest aggregate financing limits are calculated by the net value as of December 31, 2017.

Note 2: The nature of financing is provided as follow:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 3: The amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION
(Swanson Plastics Corporation (SPC))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
1	Forever Young Company Limited	Swanson Plastics (Kunshan) Co., Ltd.	Long-term receivables - related parties	Yes	\$ -	\$ -	\$ -	-	1	\$ 7,403	-	\$ -	-	-	\$ 116,293	\$ 116,293
		PT Swanson Plastics Indonesia	Long-term receivables - related parties	Yes	3,260	3,206	3,206	-	1	2,334	-	-	-	-	116,293	116,293
		A.S. Holding (UK) Limited	Long-term receivables - related parties	Yes	9,369	8,895	8,895	-	1	-	-	-	-	-	116,293	116,293
		Swanson Plastics (India) Private Limited	Long-term receivables - related parties	Yes	130,373	87,272	87,272	-	1	2,350	-	-	-	-	116,293	116,293
		Swanson International Ltd.	Other receivables - related parties	Yes	97,326	92,405	92,405	-	2	-	Business turnover	-	-	-	116,293	116,293
		Swanson Plastics (Nantong) Co., Ltd.	Long-term receivables - related parties	Yes	145,419	122,924	122,924	-	1	-	-	-	-	-	116,293	116,293
2	Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	82,260	81,981	81,981	4.35	2	-	Business turnover	-	-	-	922,586	922,586
		Swanson Plastics (Nantong) Co., Ltd.	Other receivables - related parties	Yes	45,720	-	-	-	2	-	Business turnover	-	-	-	922,586	922,586
3	ASK-Swanson (Kunshan) Co., Ltd	Swanson Plastics (Nantong) Co., Ltd.	Other receivables - related parties	Yes	45,545	45,545	45,545	4.35	2	-	Business turnover	-	-	-	527,013	527,013
		Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	128,016	104,754	104,754	4.35	2	-	Business turnover	-	-	-	527,013	527,013
4	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	138,431	108,349	108,349	-	1	-	-	-	-	-	314,359	314,359
		PT Swanson Plastics Indonesia	Other receivables - related parties	Yes	183,541	77,467	77,467	-	1	-	-	-	-	-	314,359	314,359

Note 1: Fill in the nature of financing provided as follow:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 2: Financing provided to others limits shall not exceed 40% of SPC's net value.

Note 3: The foreign currency amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION
(China General Plastics Corporation (CGPC))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4)	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 4)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
1	CGPC (BVI) Holding Co., Ltd.	Continental General Plastics (Zhong Shan) Co., Ltd.	Other receivables - related parties	Yes	\$ 119,040 (US\$ 4,000 thousand)	\$ 119,040 (US\$ 4,000 thousand)	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 347,575	\$ 347,575

Note 1: The total amount of financing by CGPC to others shall not exceed 40% of the net worth of CGPC. CGPC has no financing provided to others as of December 31, 2017.

Note 2: The total amount of financing by the CGPC (BVI) Holding Co., Ltd. to others collectively and to any individual entity shall not exceed 40% of its net worth. However, the total amount of financing provided to any subsidiary wholly-owned by CGPC shall not exceed 100% of the net worth of CGPC according to the most recent audit.

Note 3: The alphabetic indications for the nature of financing are described as follows:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 4: The amount is calculated using the spot exchange rate as on December 31, 2017.

USI CORPORATION
(Taita Chemical Company, Limited (TTC))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4)	Actual Borrowing Amount (Note 4)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	\$ 910,900 (RMB 200,000 thousand)	\$ 455,450 (RMB 100,000 thousand)	\$ 273,270 (RMB 60,000 thousand)	5.22	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,918,118	\$ 1,918,118

Note 1: The total amount of lending to TTC for funding for a short-term period shall not exceed 40% of the net worth of TTC. As of December 31, 2017, TTC didn't loan funds to anyone.

Note 2: The total amount of lending to a company for funding for a short-term period shall not exceed 40% of the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As December 31, 2017, the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. is RMB421,148 thousand.

Note 3: The nature of financing is provided as follows:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 4: The amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	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 (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	USI Corporation	Union Polymer Int'l Investment Corp.	Subsidiary which directly held more than 50% of ordinary shares	\$ 10,874,644	\$ 4,000,000	\$ 3,900,000	\$ 1,526,000	None	21.52	\$ 10,874,644	Yes	No	No
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	10,874,644	317,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	317,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	68,773	None	1.75	10,874,644	Yes	No	No
		Forum Pacific Trading Ltd.	Subsidiary which Chong Loong Co. directly held more than 50% of ordinary shares	10,874,644	148,800 (US\$ 5,000 thousand)	148,800 (US\$ 5,000 thousand)	-	None	0.82	10,874,644	Yes	No	No
		Usig (Shanghai) Co., Ltd.	Parent company and subsidiary totally held more than 50% of ordinary shares	10,874,644	479,469 (RMB 53,000 thousand) (US\$ 8,000 thousand)	479,469 (RMB 53,000 thousand) (US\$ 8,000 thousand)	245,767	None	2.64	10,874,644	Yes	No	Yes

Note: Both total endorsements/guarantees provided amounts and the amount of endorsements/guarantees for an individual entity shall not exceed 60% of the Company's net value. Maximum limits on endorsement/guarantees provided is calculated by net value of December 31, 2017.

USI CORPORATION
(Acme Electronics Corporation)

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 4,089,219	\$ 695,859 (US\$ 22,200 thousand)	\$ 357,120 (US\$ 12,000 thousand)	\$ 238,080 (US\$ 8,000 thousand)	None	26.20	\$ 4,089,219	Yes	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	4,089,219	(US\$ 407,485 thousand)	(US\$ 297,600 thousand)	-	None	21.83	4,089,219	Yes	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME (Cayman)	4,089,219	(US\$ 125,380 thousand)	(US\$ 119,040 thousand)	-	None	8.73	4,089,219	Yes	No	No

Note 1: The rate is calculated by the ending balance of equity of the endorser/guarantor as of December 31, 2017.

Note 2: The maximum total endorsement/guarantee shall not exceed 300% of the equity attributable to owners of the endorser/guarantor. The maximum of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2017.

Note 3: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

USI CORPORATION

(Swanson Plastics Corporation (SPC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (Note 2)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
0	Swanson Plastics Corporation	Forever Young Company Limited	Subsidiary	\$ 6,199,885	\$ 2,757,752	\$ 2,107,616	\$ 550,560	\$ -	85	\$ 6,199,885	No	No	No
		Swanson Plastics (Singapore) Private Limited	Subsidiary	6,199,885	94,035	89,280	-	-	4	6,199,885	No	No	No
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsidiary	6,199,885	31,345	29,760	-	-	1	6,199,885	No	No	No
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsidiary	6,199,885	125,380	119,040	57,073	-	5	6,199,885	No	No	Yes
		Swanson Technologies Corporation	Subsidiary	6,199,885	122,690	89,760	88,000	-	4	6,199,885	No	No	No
						<u>\$ 2,435,456</u>							

Note 1: The amount of endorsements/guarantees for an individual entity shall not exceed 250% of SPC's equity.

Note 2: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

Note 3: On the condition that the public parent company endorses the subsidiary, the subsidiary endorses the public parent company and endorsements for mainland China-based entities shall be coded "Yes".

USI CORPORATION

(China General Plastics Corporation (CGPC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 11,709,512	\$ 3,297,600	\$ 3,297,600	\$ 514,880	None	42.24	\$ 11,709,512	Yes	No	No

Note 1: The ration is calculated by the ending balance of equity of CGPC as of December 31, 2017.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of CGPC. The maximum amount of endorsement/guarantee was calculated based on the equity of CGPC as of December 31, 2017.

Note 3: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

USI CORPORATION

(Taita Chemical Company, Ltd. (TTC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 1)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount (Note 1)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taita Chemical Company, Ltd.	Taita (BVI) Holding Co., Ltd.	Subsidiary	\$ 7,811,100	\$ 1,482,080 (US\$ 33,000 thousand) (NT\$ 500,000 thousand)	\$ 1,482,080 (US\$ 33,000 thousand) (NT\$ 500,000 thousand)	\$ 720,787 (US\$ 24,220 thousand)	\$ -	37.95	\$ 7,811,100	Yes	No	No
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by TTC	7,811,100	239,890 (US\$ 5,000 thousand) (RMB 20,000 thousand)	239,890 (US\$ 5,000 thousand) (RMB 20,000 thousand)	-	-	6.14	7,811,100	Yes	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares indirectly owned by TTC	7,811,100	297,600 (US\$ 10,000 thousand)	148,800 (US\$ 5,000 thousand)	148,800 (US\$ 5,000 thousand)	-	3.81	7,811,100	Yes	No	Yes

Note 1: The amount is calculated at the spot exchange rate on December 31, 2017.

Note 2: The ceilings on the aggregate amounts of endorsements/guarantees permitted shall not exceed 200% of total equity of TTC.

USI CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Corporation	<u>Shares</u>							
	Vanguard International Semiconductor Corporation	-	Available-for-sale financial assets - non-current	1,538,343	\$ 101,530	0.10	\$ 101,530	
	AU Optronics Corporation	-	Available-for-sale financial assets - non-current	8,514,006	105,574	0.21	105,574	
	CTCI Corporation	-	Available-for-sale financial assets - non-current	15,180,656	685,407	1.99	685,407	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	18,200,000	182,000	11.90	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	310,000	4,650	0.45	-	
	Teratech Corp.	-	Financial assets measured at cost - non-current	110,000	-	-	-	Note
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	30,950	-	30,950	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	24,525	-	24,525	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	830,000	26,270	-	26,270	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	3,150	-	3,150	
	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,061,105	49,659	-	49,659	
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	6,641,554	100,999	-	100,999	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,982,392	61,351	-	61,351	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,417,605	145,638	-	145,638	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,861,923	153,837	-	153,837	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,788,001	46,323	-	46,323	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,516,652	24,513	-	24,513	
	Taishin Ta-chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,542,105	50,024	-	50,024	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,378	\$ 50,051	-	\$ 50,051	
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	312,467	55,423	-	55,423	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,233	50,050	-	50,050	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,608,393	169,545	-	169,545	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	861,156	10,013	-	10,013	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,582,049	67,482	-	67,482	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,035,366	41,052	-	41,052	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,841,100	21,921	-	21,921	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,672,231	75,727	-	75,727	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,650,272	138,590	-	138,590	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,956,314	50,917	-	50,917	
	<u>Beneficiary certificates (REIT)</u>							
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	8,000,000	90,960	-	90,960	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	3,000,000	43,530	-	43,530	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	64,925	-	64,925	
	Mega Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	
Union Polymer Int'l Investment Corp.	<u>Shares</u> Asia Polymer Corporation	Equity-method investee	Available-for-sale financial assets - non-current	19,356,952	373,589	3.74	373,589	
	China General Plastics Corporation	Equity-method investee	Available-for-sale financial assets - non-current	3,784,347	122,613	0.77	122,613	
	Taita Chemical Company, Ltd.	Equity-method investee	Available-for-sale financial assets - non-current	376,000	5,715	0.11	5,715	
Swanlake Traders Ltd.	<u>Shares</u> SOHWARE Inc.	-	Financial assets measured at cost - non-current	1,150,000	-	1.05	-	Note
	TGF Linux Communications Inc.	-	Financial assets measured at cost - non-current	300,000	-	2.14	-	Note
	Neurosky Inc. Preferred D	-	Financial assets measured at cost - non-current	2,397,364	4,113	0.70	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USIFE Investment Co., Ltd.	Shares							
	AU Optronic Corporation	-	Available-for-sale financial assets - current	1,266,061	\$ 15,699	0.01	\$ 15,699	
	AU Optronic Corporation	-	Available-for-sale financial assets - non-current	1,266,061	15,699	0.01	15,699	
	Wafer Works Corporation	-	Available-for-sale financial assets - non-current	3,000,891	127,838	0.64	127,838	
	Solargiga Energy Holdings Ltd.	-	Available-for-sale financial assets - non-current	11,876,111	12,886	0.37	12,886	
	Dah Chung Bills Finance Corporation	-	Financial assets measured at cost - non-current	470,914	4,000	0.10	-	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets measured at cost - non-current	207,403	1,330	0.14	-	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets measured at cost - non-current	165,279	1,471	0.25	-	
	Digimax, Inc.	-	Financial assets measured at cost - non-current	23,234	170	0.05	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	712,000	10,680	1.03	-	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets measured at cost - non-current	1,215,798	42,419	2.36	-	
	Boldworks Inc.	-	Financial assets measured at cost - non-current	300,000	-	-	-	Note
	TGF Linux Communication, Inc.	-	Financial assets measured at cost - non-current	200,000	-	-	-	Note
	!Hey Inc.	-	Financial assets measured at cost - non-current	557,661	-	-	-	Note
	SOHWARE Ordinary	-	Financial assets measured at cost - non-current	9,000,000	-	8.19	-	Note
	SOHWARE Preferred A	-	Financial assets measured at cost - non-current	4,950,000	-	4.51	-	Note
	SOHWARE Preferred A (new)	-	Financial assets measured at cost - non-current	700,000	-	-	-	Note
	SOHWARE Preferred D	-	Financial assets measured at cost - non-current	7,725,000	-	7.03	-	Note
	SOHWARE Preferred E	-	Financial assets measured at cost - non-current	5,000,000	-	4.55	-	Note
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	426,298	13,812	0.09	13,812	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,474,588	28,460	0.28	28,460	
	Taita Chemical Company, Ltd.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,132,098	17,208	0.35	17,208	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	354,000	11,204	0.04	11,204	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	8,175	0.01	8,175	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	2,465,005	\$ 33,894	0.24	\$ 33,894	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	9,200	0.27	9,200	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	1,071	-	1,071	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,239,968	33,738	-	33,738	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,470,081	40,035	-	40,035	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	2,149,137	30,868	-	30,868	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	63,793	-	63,793	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	750,000	9,983	-	9,983	
Taiwan United Venture Capital Corp.	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	4,384,556	62,976	-	62,976	
	<u>Shares</u> Neo Solar Power Corp.	-	Available-for-sale financial assets - current	4,593,286	63,158	0.45	63,158	
	Mitac Holdings Corp.	-	Available-for-sale financial assets - current	1,392,422	49,709	0.17	49,709	
	Chitec Technology Co., Ltd.	-	Available-for-sale financial assets - current	374,418	7,589	1.37	7,589	
	Leadwell Cnc Machines Mfg., Corp.	-	Financial assets measured at cost - non-current	419,753	3,651	0.68	-	
	Digimax, Inc.	-	Financial assets measured at cost - non-current	720,804	-	0.73	-	Note
	Orgchem Technology, Inc.	-	Financial assets measured at cost - non-current	518,898	3,804	1.18	-	
	Hexawave, Inc.	-	Financial assets measured at cost - non-current	594,594	20,400	1.04	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	770,000	7,703	1.08	-	
	Uranus Chemicals Co., Ltd.	-	Financial assets measured at cost - non-current	712,000	10,680	1.03	-	
	Teratech Corp.	-	Financial assets measured at cost - non-current	8,022	120	0.03	-	
	B4 Composites, Inc.	-	Financial assets measured at cost - non-current	90,000	-	0.58	-	Note
		-	Financial assets measured at cost - non-current	4,000	-	4.00	-	Note

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Preference Shares</u> SOHware Inc.	-	Financial assets measured at cost - non-current	750,000	\$ -	0.68	\$ -	Note
	TGF Linux Communications Inc.	-	Financial assets measured at cost - non-current	600,000	-	4.26	-	Note
	Intergraph, Inc.	-	Financial assets measured at cost - non-current	167,000	-	1.20	-	Note
	Neurosky Inc. Preferred A	-	Financial assets measured at cost - non-current	10,000,000	9,862	2.14	-	
	Neurosky Inc. Preferred B	-	Financial assets measured at cost - non-current	12,595,523	21,608	2.62	-	
	Neurosky Inc. Preferred C	-	Financial assets measured at cost - non-current	4,532,823	7,776	0.97	-	
	IWICS, Inc.	-	Financial assets measured at cost - non-current	500,000	-	0.40	-	Note
Taiwan United Venture Management Corp.	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	91,730	1,318	-	1,318	
	<u>Shares</u> Sohoware Inc. Preferred B2	-	Financial assets measured at cost - non-current	5,277,560	-	4.80	-	Note
	Sohoware Inc. Preferred C	-	Financial assets measured at cost - non-current	1,250,458	-	1.14	-	Note
Thintec Materials Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,600,167	21,517	-	21,517	
USI Management Consulting Corp.	<u>Beneficiary certificates</u> Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,848,497	25,000	-	25,000	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,616,732	21,740	-	21,740	
	Taishin Lucky Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,085,963	12,013	-	12,013	
USI Optronics Corporation	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,082,411	60,124	-	60,124	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,483,573	35,075	-	35,075	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	596,073	8,015	-	8,015	

Note: The amount is all already recognized as impairment losses.

(Concluded)

USI CORPORATION AND JOINT VENTURES
(China General Plastics Corporation (CGPC))

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	<u>Closed-end fund beneficiary certificates</u>							
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	5,000,000	\$ 56,850	-	\$ 56,850	1
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	56,551	-	56,551	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	43,530	-	43,530	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	1
	<u>Open-end fund beneficiary certificates</u>							
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,518,158	144,744	-	144,744	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,991,755	111,032	-	111,032	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,249,509	84,037	-	84,037	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,194,133	50,220	-	50,220	1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,710,217	50,179	-	50,179	1
	Shin Kong Chi-Shin Money-market Fund	-	Financial assets at fair value through profit or loss - current	3,247,534	50,030	-	50,030	1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,805,646	45,515	-	45,515	1
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	248,133	44,013	-	44,013	1
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,188,217	43,027	-	43,027	1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,431,581	39,002	-	39,002	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,106,999	35,009	-	35,009	1
CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,101,771	23,026	-	23,026	1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan VCM Corporation (TVCM)	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,378,417	\$ 21,502	-	\$ 21,502	1
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,615,339	20,004	-	20,004	1
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	877,683	11,002	-	11,002	1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	430,108	5,001	-	5,001	1
	<u>Ordinary shares</u> KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	9,100,000	91,000	5.95	-	1
	<u>Open-end fund beneficiary certificates</u> Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,205,806	50,008	-	50,008	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,540,976	50,008	-	50,008	1
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,352,443	50,008	-	50,008	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,180,641	50,008	-	50,008	1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,085,429	50,008	-	50,008	1
CGPC Polymer Corporation	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,200,022	50,007	-	50,007	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,805,815	30,004	-	30,004	1
	<u>Ordinary shares</u> Asia Polymer Corporation	The major shareholders are the same as the those of CGPC	Available-for-sale financial assets - non-current	113,656	2,194	0.02	2,194	1
	<u>Open-end fund beneficiary certificates</u> Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,199,457	50,001	-	50,001	1
CGPC (BVI) Holding Co., Ltd.	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,969,885	30,000	-	30,000	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,132,944	16,000	-	16,000	1
	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	1 and 3
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	100,000	-	-	-	1, 2 and 3

(Continued)

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preference shares are not used in the calculation of the shareholding ratio and net worth.

Note 3: The carrying amount has been fully recognized as accumulated impairment loss.

(Concluded)

USI CORPORATION
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Company, Ltd.	<u>Ordinary shares</u>	Parent company	Available-for-sale financial assets - non-current	14,813,629	\$ 242,944	1.27	\$ 242,944	1
	USI Corporation		Financial assets measured at cost - non-current	170,000	1,700	0.50	-	
	Harbinger Venture Capital	-						
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial instruments at fair value through profit or loss (FVTPL)	4,900,000	64,925	-	64,925	1
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	2,500,000	33,275	-	33,275	1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	4,000,000	58,040	-	58,040	1
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	6,600,000	75,042	-	75,042	1
	<u>Mutual funds and beneficiary certificates</u>							
	Franklin Templeton SinoAm Money Market Fund	-	Financial instruments at FVTPL	4,866,985	50,000	-	50,000	2
TCB Taiwan Money Market Fund	-	Financial instruments at FVTPL	2,276,912	23,000	-	23,000	2	
Taita (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets measured at cost - non-current	127,980	983	2.22	-	
	Teratech Corporation - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.72	-	3
	Sohoware Inc. - preference shares	-	Financial assets measured at cost - non-current	100,000	-	-	-	3

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as on December 31, 2017.

Note 2: Fair value was based on the carrying amount as on December 31, 2017.

Note 3: The carrying amount was zero as of December 31, 2017 due to the impairment loss recognized over the years.

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	<u>Ordinary shares</u>							
	Harbinger Venture Capital Corp.	-	Financial assets measured at cost - non-current	408,000	\$ 4,080	1.20	\$ -	
	Riselink Venture Capital	-	Financial assets measured at cost - non-current	769,516	7,695	1.67	-	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	18,200,000	182,000	11.90	-	
	USI Corporation	Ultimate parent company	Available-for-sale financial assets - non-current	99,368,307	1,629,640	8.53	1,629,640	
	CTCI Corporation	-	Available-for-sale financial assets - non-current	14,496,107	654,499	1.90	654,499	
	AU Optronics Corporation	-	Available-for-sale financial assets - non-current	9,618,516	119,270	0.10	119,270	
	Wafer Works Corporation	-	Available-for-sale financial assets - current	2,017,271	85,936	0.43	85,936	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	3,150	0.02	3,150	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	24,525	0.04	24,525	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	866,000	27,409	0.10	27,409	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	30,950	0.01	30,950	
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	64,938	-	64,938	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	29,020	-	29,020	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	56,850	-	56,850	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,534,072	52,048	-	52,048	
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,262,916	26,000	-	26,000	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,089,187	50,115	-	50,115	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,050	-	50,050	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,013,116	50,064	-	50,064	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,844,627	92,040	-	92,040	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,396,007	\$ 70,071	-	\$ 70,071	
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	798,148	10,005	-	10,005	
	Taishin Securities Investment Tr Co Ltd	-	Financial assets at fair value through profit or loss - current	3,476,051	49,091	-	49,091	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,570,721	74,082	-	74,082	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,649,432	166,121	-	166,121	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	862,076	10,024	-	10,024	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,715,649	50,252	-	50,252	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,741,512	80,267	-	80,267	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,319,943	50,004	-	50,004	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,245,636	50,001	-	50,001	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,230,679	40,009	-	40,009	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,814,087	89,035	-	89,035	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,417	50,051	-	50,051	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets measured at cost - non-current	256,140	1,975	4.45	-	
	Teratech Corp. - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	(1)
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets measured at cost - non-current	1,519,701	48,938	2.95	-	
	NeuroSky, Inc. - series D preference shares	-	Financial assets measured at cost - non-current	2,397,364	4,113	0.55	-	
	TGF Linux Communication, Inc. - preference shares	-	Financial assets measured at cost - non-current	300,000	-	-	-	(1)
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	450,000	-	-	-	(1)
	Boldworks, Inc. - preference shares	-	Financial assets measured at cost - non-current	689,266	-	-	-	(1)
	Solargiga Energy Holdings Ltd. - preference shares	-	Available-for-sale financial assets - non-current	15,868,333	17,212	0.49	17,212	
APC Investment Corporation	<u>Ordinary shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	43,930	720	-	720	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	8,175	0.01	8,175	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	350,000	11,078	0.04	11,078	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,112,602	\$ 16,758	-	\$ 16,758	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,762	-	24,762	
	<u>Ordinary shares</u> Neo Solar Power Corp.	-	Available-for-sale financial assets - non-current	1,131,920	15,564	0.11	15,564	

Note 1: The carrying amount was zero as of December 31, 2017 due to the impairment loss recognized in prior years.

Note 2: Refer to Table 8-5 and Table 9-5 for information about subsidiaries and associates.

(Concluded)

USI CORPORATION
(China General Terminal & Distribution Co.)

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Terminal & Distribution Co.	Shares							
	Asia Polymer Corporation	Equity-method investor	Available-for-sale financial assets - non-current	4,616,599	\$ 89,100	0.89	\$ 89,100	Note 2
	China General Plastics Corporation	Equity-method investor	Available-for-sale financial assets - non-current	2,490,089	80,679	0.51	80,679	Note 1
	Taita Chemical Company, Ltd.	Equity-method investor	Available-for-sale financial assets - non-current	1,877,484	28,538	0.57	28,538	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	12,364	-	12,364	Note 3

Note 1: No guarantees, pledged loans, or other restrictions on the use of the contract were provided.

Note 2: Part of 2,907,349 shares were provided to Taiwan Power Company as a provisional attachment.

Note 3: Part of 257,000 shares were provided to Taiwan Water Corporation as a provisional attachment.

USI CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal			Ending Balance (Notes 1 and 2)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
USI Corporation	<u>Shares</u> Ever Conquest Global Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	\$ 91,665	(Note 3)	\$ 2,313,514	-	\$ -	\$ -	\$ -	(Note 3)	\$ 2,375,283
	USI Optronics Corporation	Investments accounted for using the equity method	-	Subsidiary	-	-	33,000,000	330,000	-	-	-	-	330,000	241,439
	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,188,052	248,621	13,458,590	167,400	33,646,642	418,246	416,021	2,225	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss - current	-	-	1,150,662	202,700	3,345,530	592,600	4,183,725	741,082	739,900	1,182	312,467	55,400
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	14,183,429	212,700	18,486,740	278,000	32,670,169	491,196	490,700	496	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,248,952	81,500	34,292,317	534,000	29,679,346	462,046	461,800	246	9,861,923	153,700
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,280,669	62,600	25,316,059	300,900	28,755,628	341,766	341,600	166	1,841,100	21,900
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,224,199	100,400	19,555,255	316,500	21,107,223	341,444	341,200	244	4,672,231	75,700
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,026,770	107,400	24,621,692	293,700	33,648,462	401,348	401,100	248	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	16,874,242	247,300	47,949,809	704,600	60,242,002	885,478	884,515	963	4,582,049	67,385
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	18,646,181	249,600	40,128,549	539,000	46,166,337	619,487	619,100	387	12,608,393	169,500
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,788,678	18,000	87,261,553	880,100	74,632,626	752,709	752,500	209	14,417,605	145,600
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	125,568	1,900	24,387,173	370,200	17,871,187	271,357	271,200	157	6,641,554	100,900
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	31,334,124	342,800	18,683,852	204,328	204,300	28	12,650,272	138,500
	Ever Conquest Global Limited	<u>Shares</u> Ever Victory Global Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	155,219	(Note 3)	3,691,437	-	-	-	-	(Note 3)
Ever Victory Global Limited	<u>Shares</u> Dynamic Ever Investments Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	488,910	(Note 3)	5,117,728	-	-	-	-	(Note 3)	5,565,831
Dynamic Ever Investments Limited	<u>Shares</u> Fujian Gulei Petrochemical Co., Ltd.	Investments accounted for using the equity method	-	Joint venture	-	-	(Note 3)	5,150,364	-	-	-	-	(Note 3)	5,241,747

Note 1: Carrying amount includes the original acquisition cost, investments gain (loss) on valuation for using equity method, effects of exchange rate and net value changes.

Note 2: The ending balance of beneficiary certificates is at the original investment cost.

Note 3: There are zero shares of the limited company.

USI CORPORATION
(China General Plastics Corporation)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal			Ending Balance (Note)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
China General Plastics Corporation	<u>Beneficiary certificates</u>													
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	203,859	\$ 36,000	3,385,939	\$ 599,500	3,341,665	\$ 591,717	\$ 591,500	\$ 217	248,133	\$ 44,000
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,495,273	87,000	33,848,684	454,500	34,094,448	457,603	457,500	103	6,249,509	84,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,763,872	142,937	39,158,039	575,500	48,921,911	719,337	718,437	900	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	68,459,581	690,500	57,467,806	579,579	579,500	79	10,991,775	111,000
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	19,995,988	246,958	8,042,918	100,000	28,038,906	348,425	346,958	1,467	-	-
Taiwan VCM Corporation	<u>Beneficiary certificates</u>													
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,275,936	250,000	20,110,824	250,000	40,386,760	501,958	500,000	1,958	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	192,475	34,000	2,847,354	504,000	3,039,829	538,280	538,000	280	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	29,953,256	356,000	25,753,234	306,048	306,000	48	4,200,022	50,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	13,051,361	191,001	19,594,354	288,000	32,645,715	479,769	479,001	768	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,968,796	50,000	47,817,505	482,000	52,786,301	532,174	532,000	174	-	-
CGPC Polymer Corporation	<u>Beneficiary certificates</u>													
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	62,363,316	628,900	59,393,431	598,967	598,900	67	2,969,885	30,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,066,041	412,746	28,066,041	412,787	412,746	41	-	-

Note: The amount as of December 31, 2017 was accounted for as the original investment cost.

USI CORPORATION
(Taita Chemical Company, Ltd.)

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition (Note)		Disposal			Ending Balance (Note)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Company, Ltd.	Beneficiary certificates													
	FSITC Money Market Fund	Financial instruments at fair value through profit or loss (FVTPL)	-	-	73,571	\$ 13,000	3,141,155	\$ 556,000	3,214,726	\$ 569,066	\$ 569,000	\$ 66	-	\$ -
	FSITC Taiwan Money Market Fund	Financial instruments at FVTPL	-	-	-	-	24,758,506	375,800	24,758,506	375,837	375,800	37	-	-
	Jih Sun Money Market Fund	Financial instruments at FVTPL	-	-	2,386,049	35,000	48,802,637	717,500	51,188,686	752,592	752,500	92	-	-
	Franklin Templeton SinoAm Money Market Fund	Financial instruments at FVTPL	-	-	-	-	30,575,310	313,500	25,708,325	263,533	263,500	33	4,866,985	50,000
	TCB Taiwan Money Market Fund	Financial instruments at FVTPL	-	-	-	-	64,170,053	647,200	61,893,141	624,248	624,200	48	2,276,912	23,000

Note: The amount as of December 31, 2017 was accounted for as the original investment cost.

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Asia Polymer Corporation	Shares Ever Conquest Global Limited	Investments accounted for using the equity method	-	Associate	2,171,000	\$ 63,554	44,099,000	\$ 1,377,923	-	\$ -	\$ -	\$ -	46,270,000	\$ 1,420,944 (Note 1)
	Beneficiary certificates Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	18,538,306	248,000	33,085,671	444,300	44,779,350	601,232	600,300	932	6,844,627	92,040 (Note 2)
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	47,665,006	480,700	38,850,919	392,037	391,715	322	8,814,087	89,035 (Note 3)
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	10,862,044	159,000	15,710,003	231,000	23,037,975	339,156	337,972	1,184	3,534,072	52,048 (Note 4)
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,731,694	354,000	12,082,262	188,259	188,000	259	10,649,432	166,121 (Note 5)

Note 1: The ending balance includes the original investment cost, the share of profit (loss) of investees, effect of exchange rate and other related adjustments.

Note 2: The ending balance includes the original investment amount of \$92,000 thousand and adjustments for fair value changes of \$40 thousand.

Note 3: The ending balance includes the original investment amount of \$88,985 thousand and adjustments for fair value changes of \$50 thousand.

Note 4: The ending balance includes the original investment amount of \$52,028 thousand and adjustments for fair value changes of \$20 thousand.

Note 5: The ending balance includes the original investment amount of \$166,000 thousand and adjustments for fair value changes of \$121 thousand.

USI CORPORATION
(USI Optronics Corporation (USIO))

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
USI Optronics Corporation	Plant and partial attached electromechanical equipment	2017.02.22	Acquisition in 2008 and 2011, continue to decorating until 2014	\$ 275,314	\$ 290,000	Fully collected at the end of June 30, 2017	\$ 14,686	China General Plastics Corporation	Have the same chairman	For raising operating capital and repaying bank loans	Appraisal report prepared by CCIS Real Estate Joint Appraisers Firm with appraisal price \$324,536 thousand	None

Note 1: The disposal assets which should be appraised under regulations must note the appraisal conclusion in the column entitled "Price Reference".

Note 2: The paid-in capital is defined by USIO. The issuer issued none or NT\$10 par value shares, according to the present value of the defined 20% of the paid-in capital as calculated with reference to the 10% equity of USIO as indicated in the balance sheets.

Note 3: The event date refers to the earliest contract date, payment date, delegate delivery date, transfer date, the board of directors meeting date or date and transaction amount which can be define by the counterparty.

USI CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
USI Corporation	USI Far East (HK) Co., Ltd.	Subsidiary	Sale	\$ (235,571)	(2.04)	Collection within 60 days after selling on credit	No significant difference	No significant difference	\$ 11,759	0.89	
	Swanson Plastics Corp.	Subsidiary	Sale	(100,376)	(0.87)	Collection within 60 days after selling on credit	No significant difference	No significant difference	13,033	0.99	
	USI Trading (Shanghai) Co., Ltd.	Subsidiary	Sale	(131,711)	(1.14)	Collection within 60 days after selling on credit	No significant difference	No significant difference	37,810	2.88	
	Asia Polymer Corporation	Investee of UPI under equity method	Purchase	596,780	6.55	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(96,995)	(7.38)	
USI Far East (HK) Co., Ltd.	USI Corporation	Parent company	Purchase	235,571	2.58	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(11,759)	(55.04)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Parent company	Purchase	131,711	1.44	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(37,810)	(53.75)	

USI CORPORATION
(Acme Electronics Corporation)

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Purchase (includes processing fees)	\$ 469,748	57	55 days	\$ -	-	\$ (158,038)	71	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Sale (includes processing fees)	(469,748)	45	55 days	-	-	158,038	45	
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	Sale	(190,357)	18	55 days	-	-	37,059	14	
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME (Cayman)	Purchase	190,357	76	55 days	-	-	(37,059)	82	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Sale	(125,572)	12	55 days	-	-	13,592	5	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Purchase	125,572	29	55 days	-	-	(13,592)	43	

Note: The transaction terms and prices between Acme Electronics Corporation, Acme Electronics (Guang-Zhou) Co., Ltd. and Acme Electronics (Kunshan) Co., Ltd. have no significant difference from abnormal transactions.

USI CORPORATION
(Swanson Plastics Corporation)

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total		
Swanson Plastics Corporation	USI Corporation	Investor of company accounted for using the equity method	Purchase	\$ 100,376	10	Net 60 days from the end of the month of when invoice is issued	\$ -	-	Accounts payable - related parties	\$ (13,033)	15	
Swanson Plastics Corporation	Forever Young Company Limited	Subsidiary	Sale	(104,553)	9	Net 120 days from the end of the month of when invoice is issued	-	-	Accounts receivable - related parties	35,984	21	
Forever Young Company Limited	Our Company	Parent company	Purchase	104,553	8	Net 120 days from the end of the month of when invoice is issued	-	-	Accounts payable - related parties	(35,984)	15	

USI CORPORATION
(China General Plastics Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance		% of Total
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	\$ 3,970,741	72	45 days	No significant difference	No significant difference	Accounts payable to related parties	\$ (710,651)	(77)
	CGPC America Corporation	Subsidiary	Sale	(437,174)	(5)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	118,018	12
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(3,970,741)	(43)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	710,651	47
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(4,279,656)	(46)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	724,061	48
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	4,279,656	96	45 days	No significant difference	No significant difference	Accounts payable to related parties	(724,061)	(97)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	437,174	86	90 days	No significant difference	No significant difference	Accounts payable to related parties	(118,018)	(99)

USI CORPORATION
 (Taita Chemical Company, Limited)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Taita Chemical Company, Ltd.	Taita Chemical (Zhongsan) Co., Ltd.	Sub-subsiidiary	Sales	\$ (619,497) (US\$ -20,294 thousand)	(4.72)	30 days	No significant difference	No significant difference	Accounts payable - related parties	\$ 58,796 (US\$ 1,976 thousand)	3.74

USI CORPORATION
 (Asia Polymer Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	\$ (596,780)	(9.32)	60 days	No significant difference	No significant difference	Accounts receivable - \$	99,228	16.42
			Purchase	275,942	4.83	30 days	No significant difference	No significant difference	Accounts payable -	63,843	35.96

USI CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2017

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	
					Amount	Actions Taken			
USI Corporation	Asia Polymer Corporation	Subsidiary of the Company	Other receivables - related parties	\$ 322,683	-	\$ -	-	\$ 322,683	Note 1
	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties	231,747	-	-	-	231,747	Note 1

Note 1: The assessment does not need to recognize allowance for impairment loss.

Note 2: Subsequent period is between January 1, 2108 and March 16, 2018.

USI CORPORATION
(Acme Electronics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Acme Electronics Corporation	ACME Electronics (Cayman) Corp	Subsidiary of ACME	Other receivables - related parties \$ 150,767	-	\$ -	-	\$ 61,613	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Accounts receivable - related parties 158,038	3.31	-	-	84,568	-

Note: The assessment does not need to recognize an allowance for impairment loss.

USI CORPORATION
(Swanson Plastics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss (Note 1)	
					Amount	Actions Taken			
Forever Young Company Limited	Swanson Plastics (Nantong) Co., Ltd.	Have the same parent company	Long-term receivables - related parties	\$ 122,924 (US\$ 4,130,506)	-	\$ -	-	\$ -	\$ -
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Accounts receivable - related parties	\$ 125,296 (US\$ 4,210,208)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Long-term receivables - related parties	\$ 87,272 (US\$ 2,932,530)	-	-	-	9,281 (US\$ 311,850)	-
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties	\$ 248,944 (US\$ 8,365,056)	-	-	-	-	-
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Accounts receivable - related parties	\$ 108,781 (US\$ 3,655,290)	-	-	-	3,092 (US\$ 103,885)	-
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Long-term receivables - related parties	\$ 3,206 (US\$ 107,728)	-	-	-	3,206 (US\$ 107,728)	-
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Other receivables - related parties	\$ 104,951 (¥ 23,043,258)	-	-	-	-	-
Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties	\$ 23,992 (¥ 5,267,774)	-	-	-	-	-
	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Other receivables - related parties	\$ 82,582 (¥ 18,131,950)	-	-	-	-	-
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Other receivables - related parties	\$ 108,349 (US\$ 3,640,750)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Other receivables - related parties	\$ 124,132 (US\$ 4,171,102)	-	-	-	-	-

Note 1: The assessment does not need to recognize an allowance for impairment loss.

Note 2: The subsequent period refers to the period between January 1, 2108 and February 28, 2018.

USI CORPORATION
(China General Plastics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	
					Amount	Actions Taken			
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Accounts receivable from related parties	\$ 118,018	3.66	\$ -	-	\$ 49,397	Note 1
Taiwan VCM Corporation	China General Plastics Corporation CGPC Polymer Corporation	Parent company Fellow subsidiary	Accounts receivable from related parties	\$ 710,651	7.51	-	-	710,651	Note 1
			Accounts receivable from related parties	\$ 724,061	8.27	-	-	724,061	Note 1

Note 1: There is no allowance of impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and February 26, 2018.

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USI CORPORATION

(Taita Chemical Company, Limited)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2017

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Company, Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Accounts receivable \$ 18 Other receivables 160,928 (US\$ 5,408 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -
Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 283,076 (RMB 62,153 thousand) (Note 2)	-	-	-	57 (RMB 13 thousand)	-

Note 1: The total amount of other receivables of Taita Chemical Co., Ltd. stems from selling raw materials to Taita Chemical (Tianjin) Co., Ltd.

Note 2: The total amount of other receivables of Taita Chemical (Zhongsan) Co., Ltd. from Taita Chemical (Tianjin) Co., Ltd. includes the amount of financing provided, interest receivables and rental receivables.

Note 3: The amount received in the subsequent period means the collection made from January 1, 2018 to March 12, 2018.

USI CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
USI Corporation	USIFE Investment Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product, transportation, storage, building, bank, securities investment and trading industry")	\$ 550,000	\$ 550,000	87,250,000	100.00	\$ 744,391	\$ 10,952	\$ 7,734	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment	728,439	728,439	30,000,000	100.00	1,270,833	10,759	10,759	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment	63,482	63,482	159,999	100.00	129,596	(1,446)	(1,446)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product and service industry")	3,490,255	3,490,255	462,758,000	100.00	5,142,634	663,670	644,331	Subsidiary
	Taiwan United Venture Capital Corp.	10F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Venture capital (focus on "high technology industry")	471,800	471,800	32,900,000	70.00	224,863	20,110	14,077	Subsidiary
	Chong Loong Trading Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Engaging in import and export trade	28,323	28,323	3,758,195	99.93	32,484	1,000	999	Subsidiary
	Swanson Plastics Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	171,210	171,210	60,792,524	40.58	1,001,333	164,402	66,711	Subsidiary
	Acme Electronics Corp.	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of manganese-zinc soft ferrite powder	221,513	221,513	49,250,733	27.00	352,649	(103,454)	(37,577)	Subsidiary
	INOMA Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Engaging in optical products and fireproof materials	250,354	210,796	9,126,786	93.20	71,417	(39,279)	(35,799)	Subsidiary (Note 2)
	USI Management Consulting Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Providing management services	1,000	1,000	671,400	100.00	(2,841)	996	996	Subsidiary (Note 1)
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	150,540	150,540	5,000,000	100.00	127,270	10,884	10,884	Subsidiary
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Reinforced plastic products manufacturing	36,250	36,250	1,825,000	30.42	7,616	(866)	(264)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	2,407,735	94,221	77,346,000	62.57	2,375,283	2,289	1,421	Subsidiary (Note 3)
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of sapphire crystal	330,000	-	33,000,000	50.85	241,439	(175,708)	(52,186)	Subsidiary (Note 4)
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	3,678,812 (US\$ 123,616 thousand)	157,795 (US\$ 5,302 thousand)	(Note 5)	67.89	3,796,226 (US\$127,561,371)	3,417 (US\$ 115,185)		Sub-subsi-dary (Note 3)
Ever Victory Global Limited	Dynamic Ever Investments Limited	Hong Kong	Investment	5,412,660 (US\$ 181,877 thousand)	494,016 (US\$ 16,600 thousand)	(Note 5)	100.00	5,565,831 (US\$187,023,877)	4,043 (US\$ 135,894)		Sub-subsi-dary (Note 3)
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	1,749,212	1,749,212	120,159,750	36.67	1,685,281	502,079		Sub-subsi-dary
	Asia Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of low-density polyethylene, medium-density polyethylene, ethylene vinyl acetate and importing and marketing of linear low-density polyethylene and high-density polyethylene	1,965,437	1,965,437	167,598,922	32.35	3,674,890	565,354		Sub-subsi-dary
	China General Plastics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	1,320,045	1,320,045	119,060,262	24.20	2,018,752	1,269,808		Sub-subsi-dary
USIFE Investment Co., Ltd.	Acme Electronics Corp.	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of manganese-zinc soft ferrite powder	155,632	155,632	16,424,242	9.00	132,189	(103,454)		Subsidiary
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production, marketing and development of EVA packaging film and other value added plastic products	30,000	30,000	3,000,000	15.00	(9,397)	(21,502)		Sub-subsi-dary (Note 1)
	Taiwan United Venture Management Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Business management consulting	8,000	8,000	800,000	100.00	15,628	1,206		Sub-subsi-dary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Taiwan United Venture Capital Corp.	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Reinforced plastic products manufacturing	\$ 21,465	\$ 21,465	900,000	15.00	\$ 3,756	\$ 130		Subsidiary
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	6,547 (US\$ 220 thousand)	6,547 (US\$ 220 thousand)	220,000	100.00	33,751	(2,302) (US\$ -76 thousand)		Sub-subsiidiary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	105,278 (US\$ 3,538 thousand)	105,278 (US\$ 3,538 thousand)	5,609,231	11.23	128,573 (US\$ 4,320 thousand)	(50,195) (US\$ -1,699 thousand)		Sub-subsiidiary

Note 1: The Company gained control over USI Management Consulting Corp. and recognized the investment gain (loss) using the equity method, but it made a reclassification to other non-current liabilities if there was an accounting credit.

Note 2: The shareholders, in the shareholders' meeting for INOMA Corporation, approved a capital reduction project for the make-up of losses in the amount of \$67,500 thousand and a capital increase project on June 26, 2017. The board of directors approved the issuance of 4,000 thousand shares. The Company invested a proportionate share of the accumulated additional capital equivalent to \$39,558 thousand.

Note 3: The Company invested additional capital in the amount of US\$37,752 thousand (approximately \$1,200,087 thousand) and US\$36,643 thousand (approximately \$1,113,427 thousand) in Ever Conquest Global Limited in January 2017 and July 2017, respectively.

Note 4: To cover for the loss of \$966,795 thousand, USIO performed a capital reduction by cancelling 96,680 thousand shares, 80.18% of the amount of USIO's capital reduction, on May 24, 2017, as approved in the shareholder's meeting held on April 7, 2017. USIO performed a capital increase of 41,000 thousand shares on June 8, 2017. The Company subscribed for 33,000 thousand shares.

Note 5: There are zero shares of the limited company.

Note 6: Information on investments in mainland china is provided in Table 9.

(Concluded)

USI CORPORATION
 (Acme Electronics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 586,684	\$ (50,915) (US\$ -1,699 thousand)	\$ (25,423) (US\$ -847 thousand)	Note 3
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	638,676 (US\$ 19,800 thousand)	638,676 (US\$ 19,800 thousand)	19,800,000	100.00	792,622	68,614	69,046	
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	541	(75) (US\$ -2 thousand)	(75) (US\$ -2 thousand)	
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of sapphire monocrystal	646,200	626,200	22,064,224	34.00	161,429	(175,708)	(108,561)	
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment	US\$ 11,891 thousand	US\$ 11,891 thousand	39,600,000	100.00	US\$ 19,013 thousand	US\$ 1,523 thousand (MYR 6,867 thousand)		
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Production and marketing of soft ferrite core	MYR 5,500 thousand	MYR 5,500 thousand	5,500,000	100.00	MYR 45,708 thousand	MYR 6,956 thousand		

Note 1: The amount is calculated according to the original investment cost.

Note 2: Information on investments in mainland china is provided in Table 9-1.

Note 3: The Company lost control of USIO starting from June 2016 and recognized an investment loss in its financial statements.

USI CORPORATION
 (Swanson Plastics Corporation)

 INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017 (Note 2)	December 31, 2016 (Note 2)	Number of Shares	%	Carrying Amount (Notes 2)			
Swanson Plastics Corporation	Swanson Plastics (Singapore) Private Limited Forever Young Company Limited	16 Pandan Road Singapore 60926	Production and marketing of plastic products	\$ 808,506	\$ 808,506	36,863	100	\$ 1,873,976	\$ 107,793	\$ 107,793	Note 3
		Skelton Building Main Street P.O. Box 3136 Road Town, Tortola British Virgin Islands	Import, export and agency services	1,297	1,297	50	100	116,240	5,528	5,547	
	Swanson International Ltd.	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment	454,134	454,134	14,541	100	1,347,066	81,868	81,868	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment	4,850	4,850	1,600	100	689	(367)	(367)	Note 3
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production, sales and development of EVA packaging film and other value added plastic products	140,000	140,000	14,000	70	(43,850)	(21,502)	(15,052)	
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	5,486	4,588	180	1	4,315	(24,141)	(241)	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Zon Perdagangan Bebas, 13600 Perai, Seberang Perai	Production and marketing of plastic products	196,220	196,220	20,000	100	708,513	124,487	124,487	
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	(US\$ 6,593,398)	(US\$ 6,593,398)			(US\$ 23,807,555)	(RMB 17,571,514)		
Swanson International Ltd.	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	102,995	102,995	16,543	100	69,482	23,577	23,577	
	A.S. Holdings (UK) Limited	United Kingdom	Investment	(US\$ 3,460,850)	(US\$ 3,460,850)			(US\$ 2,334,747)	(INR 50,323,622)		
				(US\$ 530,323)	441,936	17,820	99	431,502	(24,141)		
				(US\$ 17,820,000)	(US\$ 14,850,000)			(US\$ 14,499,386)	(IDR-10,579,944,583)		
				211,120	211,120	-	100	515,704	18,283	18,283	Notes 1 and 3
				(US\$ 7,094,082)	(US\$ 7,094,082)			(US\$ 17,328,758)	(US\$ 600,782)		

Note 1: There are zero shares of the limited company.

Note 2: The original investment amount and carrying amount are translated at the spot exchange rate of December 31, 2017.

Note 3: Information on investments in mainland china is provided in Table 9-2.

USI CORPORATION
(China General Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacture and marketing of vinyl chloride monomer	\$ 2,930,994	\$ 2,930,994	196,198,860	87.22	\$ 2,642,545	\$ 543,460	\$ 477,156	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of PVC resin	800,000	800,000	56,478,291	100.00	845,548	248,678	248,678	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100.00	347,575	(4,427)	(4,427)	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehouse of petrochemical raw materials	41,106	41,106	17,079,108	33.33	272,509	53,358	17,786	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S. A.	Marketing of PVC second- and third-time processed products	648,931	648,931	100	100.00	198,483	9,101	9,101	Subsidiary
	Krystal Star International Corporation	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Marketing of PVC second- and third-time processed products	283,502	283,502	5,780,000	100.00	72,489	744	744	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of manganese-zinc soft ferrite powder	33,995	33,995	3,176,019	1.74	23,731	(103,454)	(1,801)	Associate accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,504	(866)	(87)	Associate accounted for using the equity method

USI CORPORATION
(Taita Chemical Company, Limited)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 1,837,323 (US\$ 61,738 thousand)	\$ 1,837,323 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,447,102 (US\$ 48,646 thousand)	\$ 122,436 (US\$ 4,021 thousand)	\$ 122,436 (US\$ 4,021 thousand)	Subsidiary (Notes 1 and 2)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	9,751,224	1.98	154,719	1,269,808	25,168	Investments accounted for using the equity method (Note 1)
	China General Terminal & Distribution Corporation	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	17,079,107	33.33	272,509	53,358	17,786	Investments accounted for using the equity method (Note 1)
	Acme Electronics Corporation	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.44	33,212	(103,454)	(2,521)	Investments accounted for using the equity method (Note 1)
	Thintec Materials Corporation	Taiwan	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,504	(866)	(87)	Investments accounted for using the equity method (Note 1)
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Virgin Islands	Reinvestment	50,593 (US\$ 1,700 thousand)	50,593 (US\$ 1,700 thousand)	2,695,619	5.39	61,788 (US\$ 2,076 thousand)	(50,915) (US\$ -1,699 thousand)		Investments accounted for using the equity method (Note 1)

Note 1: The amount of the investee was based on audited financial statements.

Note 2: Investments in mainland China are included in Table 9-4.

USI CORPORATION
 (Asia Polymer Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 409,938 (US\$ 13,774,806)	\$ 409,938 (US\$ 13,774,806)	11,342,594	100.00	\$ 435,497	\$ (8,545)	\$ (8,545)	Subsidiary
	APC Investment Corporation	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	108,578	3,315	3,315	Subsidiary
	USI International Corp.	British Virgin Islands	Reinvestment	83,328 (US\$ 2,800,000)	83,328 (US\$ 2,800,000)	2,800,000	70.00	121,144	4,898	3,428	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	39,700,480	8.07	629,910	1,269,808	102,464	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,802	41,802	17,079,107	33.33	272,509	53,358	17,786	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	11,909,495	7.95	197,140	164,402	13,069	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.32	45,253	(103,454)	(3,435)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	26,748	20,110	1,675	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	7,617	(866)	(263)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	-	5,972,464	9.20	43,697	(175,708)	(16,028)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	1,376,995 (US\$ 46,270,000)	64,609 (US\$ 2,171,000)	46,270,000	37.43	1,420,944	10,291	868	Investments accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	156,088 (US\$ 5,244,903)	156,088 (US\$ 5,244,903)	8,316,450	16.64	190,627	(50,915)		Investments accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment	35,712 (US\$ 1,200,000)	35,712 (US\$ 1,200,000)	1,200,000	30.00	51,919	4,898		Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	14,081	(103,454)		Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(9,397)	(21,502)		Investments accounted for using the equity method

USI CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Amount as of December 31, 2017 (Note 6)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 914,376 (US\$ 30,725,000)	Note 1	\$ 83,850 (US\$ 2,817,528)	\$ -	\$ -	\$ 83,850 (US\$ 2,817,528)	\$ (77,698) (US\$ -2,573,830)	11.23	\$ (8,722) (US\$ -288,915)	\$ 80,642 (US\$ 2,709,748)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	148,800 (US\$ 5,000,000)	Note 2	148,800 (US\$ 5,000,000)	-	-	148,800 (US\$ 5,000,000)	10,884 (US\$ 358,249)	100.00	10,884 (US\$ 358,249)	127,270 (US\$ 4,276,539)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	10,497,207 (RMB 2,304,800,000)	Note 3	-	2,147,889 (US\$ 72,173,674)	-	2,147,889 (US\$ 72,173,674)	(13,083) (US\$ -436,755)	21.24	2,602 (US\$ 86,918)	2,226,694 (US\$ 74,821,716)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,632,233 (US\$88,448,702)	\$7,915,253 (US\$265,969,510) (Note 5)	\$ - (Note 4)

Note 1: The Company reinvested in China-based companies via Swanlake Traders Ltd. (100%) by wiring transfer funds to other areas.

Note 2: The Company reinvested in the China area via the Cypress Epoch Limited (100%).

Note 3: The Company reinvested in 50% of the outstanding shares of Gulei at first via Ever Conquest Global Limited (62.57%), then via Ever Victory Global Limited (67.89%), and finally via Dynamic Ever Investments Limited (100%).

Note 4: As the Company has obtained the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10320406700 on March 25, 2014, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5: As included in the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10500116380 on September 1, 2016 and No. 10500234240 on December 29, 2016, the Company was able to wire transfer US\$198,595 thousands to Gulei.

Note 6: Except for Gulei, whose financial statements are audited by KPMG and adjusted according to the ROC GAAP, the financial statements of ACME Electronics (Kunshan) and USIG (Shanghai) are calculated by the CPA of the ROC parent company.

USI CORPORATION
(Acme Electronics Corporation (ACME))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 5)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 5)	Net Income (Loss) of the Investee (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 6)	Carrying Amount as of December 31, 2017 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 30,725 thousand	-	\$ 374,188 (US\$ 11,144 thousand)	\$ -	\$ -	\$ 374,188 (US\$ 11,144 thousand)	\$ (77,698) (RMB -17,065 thousand)	51.27	\$ (39,835) (RMB -8,749 thousand)	\$ 368,355 (RMB 80,877 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 19,200 thousand	-	619,676 (US\$ 19,200 thousand)	-	-	619,676 (US\$ 19,200 thousand)	69,445 (RMB 15,449 thousand)	100.00	69,445 (RMB 15,449 thousand)	817,486 (RMB 179,490 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$903,037 (US\$30,344 thousand) (Notes 3 and 7)	\$1,090,198 (US\$36,633 thousand) (Notes 3 and 7)	\$ - (Note 2)

Note 1: ACME reinvested in the China area via another investment area.

Note 2: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 09704604680 on August 29, 2008, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 3: ACME Electronics (Kunshan) transferred earnings to ordinary shares, and ACME increased the amount of US\$6,289 thousand at its ownership percentage.

Note 4: ACME recognized the investment gain (loss), according to Certified Public Accountants and auditing financial report accepted in the ROC.

Note 5: The calculation was based on the exchange rate on the original investment date.

Note 6: The calculation was based on the average exchange rate from January 1, 2017 to December 31, 2017.

Note 7: The calculation was based on the spot exchange rate on December 31, 2017.

USI CORPORATION
 (Swanson Plastics Corporation)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 119,040 (US\$ 4,000,000)	1. Indirect investment Swanson Plastics (Nantong) Corp. (95.5%) via Curtana (HK) Company Ltd. 2. Indirect investment Swanson Plastics (Nantong) Corp. (4.5%) via Curtana (HK) Company Ltd.	\$ 113,369	\$ -	\$ -	\$ 113,369	\$ (7,773) (RMB -1,725,412)	100	\$ (7,773) (Note 1)	\$ 15,325 (Note 1)	\$ -
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	395,510 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	63,585 (US\$ 2,089,408)	100	63,585 (US\$ 2,089,408)	922,586 (US\$ 31,000,867)	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of PE release film and other release products	270,816 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	18,283 (US\$ 600,782)	100	18,283 (US\$ 600,782)	527,013 (US\$ 17,708,753)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	258,912 (US\$ 8,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(27,191) (US\$ -893,502)	100	(27,201) (US\$ -894,122)	197,752 (US\$ 6,644,903)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$701,500	\$1,041,126 (US\$34,984,062)	\$ - (Note 4)

Note 1: The amount is the total amount between Curtana Company Ltd. and Swanson Plastics Corporation.

Note 2: Paid in capital and upper limit on the amount investment stipulated by Industrial Development Bureau, MOEA was calculated based on the spot exchange rate on December 31, 2017.

Note 3: Swanson Plastics Corporation disposed of Swanson Plastics (Nantong) Corp. as agreed in the meeting of the board of directors held in April 2016. Swanson Plastics (Nantong) Corp. has not completed the liquidation process as of December 31, 2017.

Note 4: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620415720, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable, and the effective period is the year-end from 2017 to 2020.

USI CORPORATION
(China General Plastics Corporation (CGPC))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Nature of Activities	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5 and 6)	Carrying Amount as of December 31, 2017 (Notes 1 and 6)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Continental General Plastics (ZhongShan) Co., Ltd. (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 595,200 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 595,200 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 595,200 (US\$ 20,000 thousand)	\$ (4,449) (US\$ 148 thousand)	100.00	\$ (4,449) (US\$ 148 thousand)	\$ 261,767 (US\$ 8,796 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	44,640 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	44,640 (US\$ 1,500 thousand)	-	-	44,640 (US\$ 1,500 thousand)	2,252 (US\$ 74 thousand)	100.00	2,252 (US\$ 74 thousand)	14,167 (US\$ 476 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$805,960 (US\$27,082 thousand)	\$1,020,619 (US\$34,295 thousand)	\$4,683,805

Note 1: The calculation was based on the spot exchange rate as on December 31, 2017.

Note 2: Pursuant to the Letter No. 09704604680 of the Ministry of Economic Affairs, the amount is determined as 60% of the equity attributable to owners of CGPC as on December 31, 2017.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") retrieved the residual assets. The shares of Continental General Plastics (SanHe) Co., Ltd. were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of \$20,356 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$26,724 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$119,040 thousand (US\$4,000 thousand).

Note 4: The board of directors of CGPC passed a resolution to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of December 31, 2017, the dissolution procedures have not yet been completed.

Note 5: The investment income (loss) recognition in 2017 is based on the financial statements audited by the parent company's R.O.C.-based CPA.

USI CORPORATION
 (Taita Chemical Company, Limited)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2017**
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2017 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,376,400 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,279,680 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,279,680 (US\$ 43,000 thousand)	\$ 234,197 (US\$ 7,716 thousand)	100.00	\$ 234,197 (US\$ 7,716 thousand)	\$ 1,918,118 (US\$ 64,453 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	813,936 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	773,760 (US\$ 26,000 thousand)	-	-	773,760 (US\$ 26,000 thousand)	(86,042) (US\$ -2,848 thousand)	100.00	(86,042) (US\$ -2,848 thousand)	188,852 (US\$ 6,346 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	914,376 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	40,295 (US\$ 1,354 thousand)	-	-	40,295 (US\$ 1,354 thousand)	(77,699) (US\$ -2,574 thousand)	5.39	(4,191) (US\$ -139 thousand)	38,754 (US\$ 1,302 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,093,735 (US\$ 70,354 thousand)	\$ 2,256,323 (US\$ 75,817 thousand) (Note 3)	\$ 2,343,330 (Note 4)

Note 1: TAITA (ZS) resolved to issue share dividends US\$3,250 thousand in 2007.

Note 2: TAITA (TJ) resolved to issue share dividends US\$1,350 thousand in 2012.

Note 3: The amount of share dividends included US\$3,250 thousand from TAITA (ZS), US\$1,350 thousand from TAITA (TJ) and US\$802 thousand from ACME (KS).

Note 4: The limit cannot exceed 60% of Taita Chemical Co., Ltd.'s net asset value.

Note 5: The basis for investment income (loss) recognition is from the financial statement audited and attested by R.O.C. parent company's CPA.

USI CORPORATION
 (Asia Polymer Corporation)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2017**
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 914,376 (US\$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	\$ 124,319 (US\$ 4,177,369)	\$ -	\$ -	\$ 124,319 (US\$ 4,177,369)	(Note 2,2) \$ (77,698)	16.64	\$ (12,931)	\$ 119,563	\$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	74,400 (US\$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	90,339 (US\$ 3,035,601)	-	-	90,339 (US\$ 3,035,601)	(Note 2,2) 6,555	100.00	6,555	99,903	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	10,497,207 (RMB 2,304,800,000)	(2) Dynamic Ever Investments Ltd.	-	1,284,912 (US\$ 43,175,806)	-	1,284,912 (US\$ 43,175,806)	(Note 2,1) (13,083)	12.71	(1,662)	1,332,033	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,643,017 (Note 4) (US\$55,208,912)	\$4,802,717 (US\$161,381,608)	- (Note 5)

Note 1: Investments are divided into three categories as follows:

- Direct investment: 1.
- Investments through a holding company registered in a third region: 2.
- Others: 3.

Note 2: For the column of investment gain (loss):

- If there is no investment gain (loss) during the preparation, it should be noted.
- If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:
 - Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
 - Financial statements audited by the parent company's CPA.
 - Others.

Note 3: The calculation was based on the exchange rate as at December 31, 2017.

Note 4: The accumulated outward remittance includes the investments in Wafer Works Epitaxial Corp., Wafer Works (Shanghai) Corp., Shanghai JingJi Electronic Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Qinghai Chenguang New Energy Co., Ltd., USI Trading (Shanghai) Co., Ltd. ("USIT"), and Fujian Gulei Petroleum Company.

- APC invested in Wafer Works Epitaxial Corp. and Wafer Works (Shanghai) Corp. through Silicon Technology Investment (Cayman) Corp.
- APC invested in Solar Technology Investment (Cayman) Corp. and Risheng Investment Limited through Solargiga Energy Holdings Limited, which indirectly invested in Solar Energy Silicon Materials Co., Ltd. and then in Shanghai JingJi Electronic Materials Co., Ltd. Risheng Investment Limited indirectly invested in Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., and Qinghai Chenguang New Energy Co., Ltd.

Note 5: As APC has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No.10520427730 on November 11, 2016, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.