

USI Corporation

**Financial Statements for the
Years Ended December 31, 2018 and 2017 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, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China (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 Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters of the Company's financial statements for the year ended December 31, 2018 are stated as follows:

Estimation of Inventory Write-downs

As of December 31, 2018, the carrying amount of inventory was NT\$1,368,761 thousand (i.e. the gross amount of inventory of NT\$1,376,352 thousand with a deduction of allowance for impairment of NT\$7,591 thousand) which accounted for 5% of the total assets in 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 the price fluctuations of ethylene. With the drastic fluctuation of 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 significant accounting policies, critical accounting judgments, and key sources of estimation uncertainty related to the estimation of inventory write-downs, refer to Note 4(e), Note 5(c) and Note 13 to the financial statements.

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

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

Revenue Recognition - Revenue from Specific Customers

The operating revenue of the Company is dispersive to customers with large volume of transactions. The revenue from specific customers, with a growth higher than the average sales trend of the industry in the past three years for the year ended December 31, 2018 was NT\$3,886,856 thousand which accounted for approximately 33% of the operating revenue in the financial statements as a whole. The Company's financial statements would be influenced by a material misstatement of revenue from specific customers. Therefore, recognition of revenue from these specific customers is identified as 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 revenue from specific customers, refer to Note 4(l) and Note 25 to the financial statements.

We performed the corresponding audit procedures, for the recognition of specific customers, as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested whether these controls were performed effectively.
2. We sampled and inspected purchase orders, shipping documents, billing orders and receipt documents, to confirm whether the significant risks and rewards of ownership of the goods had been transferred to the buyer and to confirm the rationality of the timing of specific customers' revenue recognition on specific sales.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess or any abnormalities.

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, 2018 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 Pi-Yu Chuang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2019

Notice to Readers

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

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

USI CORPORATION

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

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 1,789,529	6	\$ 1,951,190	7
Financial assets at fair value through profit or loss (FVTPL)- current (Notes 3, 4 and 7)	1,236,761	4	1,680,720	6
Financial assets measured at amortized cost - current (Notes 3, 4, 9 and 33)	60,500	-	-	-
Debt investments with no active market - current (Notes 3, 4, 11 and 33)	-	-	54,000	-
Notes receivable, net (Notes 3, 4, 5 and 12)	92,521	-	98,428	1
Accounts receivable, net (Notes 3, 4, 5 and 12)	1,411,861	5	1,128,049	4
Accounts receivable from related parties (Notes 3, 4, 12 and 32)	61,326	-	84,119	1
Other receivables (Notes 3, 4 and 12)	61,616	-	72,405	-
Other receivables from related parties (Notes 3, 4, 12 and 32)	329,845	1	566,138	2
Current tax assets (Notes 4 and 27)	-	-	3,254	-
Inventories (Notes 4, 5 and 13)	1,368,761	5	1,343,725	5
Prepayments	173,019	1	151,889	1
Other current assets	31	-	-	-
Total current assets	<u>6,585,770</u>	<u>22</u>	<u>7,133,917</u>	<u>27</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	1,021,501	4	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 10)	-	-	892,511	3
Financial assets measured at cost - non-current (Notes 3, 4 and 14)	-	-	186,650	1
Investments accounted for using the equity method (Notes 3, 4, 15 and 35)	14,967,524	51	11,721,808	44
Property, plant and equipment (Notes 4, 5, 16 and 33)	6,682,004	23	6,536,559	25
Investment properties (Notes 4, 5, 17 and 32)	32,366	-	33,467	-
Intangible assets (Notes 4, 5 and 18)	470	-	33,638	-
Deferred tax assets (Notes 4 and 27)	80,749	-	75,183	-
Other non-current assets (Notes 29 and 33)	97,386	-	108,312	-
Total non-current assets	<u>22,882,000</u>	<u>78</u>	<u>19,588,128</u>	<u>73</u>
TOTAL	<u>\$ 29,467,770</u>	<u>100</u>	<u>\$ 26,722,045</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 1,753,000	6	\$ 200,000	1
Short-term bills payable (Note 19)	199,981	1	-	-
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	6,817	-	5,154	-
Accounts payable (Note 21)	788,239	3	1,208,350	5
Accounts payable from related parties (Notes 21 and 32)	163,346	-	100,228	-
Other payables (Notes 22 and 26)	273,325	1	403,848	2
Other payables from related parties (Notes 22 and 32)	16,179	-	17,720	-
Current tax liabilities (Notes 4 and 27)	33,353	-	58,642	-
Other current liabilities (Note 32)	59,499	-	82,902	-
Total current liabilities	<u>3,293,739</u>	<u>11</u>	<u>2,076,844</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	5,992,604	20	5,990,167	22
Long-term borrowings (Notes 19 and 33)	1,500,000	5	-	-
Deferred tax liabilities (Notes 4 and 27)	171,743	1	137,354	1
Net defined benefit liabilities - non-current (Notes 4 and 23)	308,934	1	376,438	1
Credit balance for investments accounted for using the equity method (Notes 4 and 15)	1,310	-	2,841	-
Other non-current liabilities (Note 29)	12,287	-	13,994	-
Total non-current liabilities	<u>7,986,878</u>	<u>27</u>	<u>6,520,794</u>	<u>24</u>
Total liabilities	<u>11,280,617</u>	<u>38</u>	<u>8,597,638</u>	<u>32</u>
EQUITY (Notes 3, 4, 8, 10, 23, 24 and 27)				
Share capital				
Ordinary shares	<u>11,887,635</u>	<u>40</u>	<u>11,654,544</u>	<u>44</u>
Capital surplus	<u>253,738</u>	<u>1</u>	<u>238,194</u>	<u>1</u>
Retained earnings				
Legal reserve	2,925,759	10	2,814,630	11
Special reserve	375,127	1	375,127	1
Unappropriated earnings	<u>3,513,943</u>	<u>12</u>	<u>3,548,804</u>	<u>13</u>
Total retained earnings	<u>6,814,829</u>	<u>23</u>	<u>6,738,561</u>	<u>25</u>
Other equity	<u>(293,443)</u>	<u>(1)</u>	<u>(31,286)</u>	<u>-</u>
Treasury shares	<u>(475,606)</u>	<u>(1)</u>	<u>(475,606)</u>	<u>(2)</u>
Total equity	<u>18,187,153</u>	<u>62</u>	<u>18,124,407</u>	<u>68</u>
TOTAL	<u>\$ 29,467,770</u>	<u>100</u>	<u>\$ 26,722,045</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, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 32)				
Sales	\$ 11,763,140	100	\$ 11,551,511	100
OPERATING COSTS (Notes 4, 13, 16, 18, 23, 26 and 32)	<u>10,956,048</u>	<u>93</u>	<u>10,350,818</u>	<u>90</u>
GROSS PROFIT	807,092	7	1,200,693	10
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 32)	(1,035)	-	(1,905)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 32)	<u>1,905</u>	<u>-</u>	<u>2,127</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>807,962</u>	<u>7</u>	<u>1,200,915</u>	<u>10</u>
OPERATING EXPENSES (Notes 4, 16, 18, 23, 26, 29 and 32)				
Selling and marketing expenses	249,633	2	254,971	2
General and administrative expenses	267,581	2	290,739	3
Research and development expenses	<u>178,611</u>	<u>2</u>	<u>151,419</u>	<u>1</u>
Total operating expenses	<u>695,825</u>	<u>6</u>	<u>697,129</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>112,137</u>	<u>1</u>	<u>503,786</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 16, 26, 29 and 32)	185,355	2	176,984	2
Other gains and losses (Notes 4, 7, 10, 14, 17, 18, 26 and 32)	(32,548)	-	(60,654)	(1)
Finance costs (Notes 4, 19, 20 and 26)	(60,326)	(1)	(43,818)	-
Share of profit of subsidiaries accounted for using the equity method (Notes 4 and 15)	<u>415,724</u>	<u>3</u>	<u>630,640</u>	<u>5</u>
Total non-operating income and expenses	<u>508,205</u>	<u>4</u>	<u>703,152</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	620,342	5	1,206,938	10
INCOME TAX EXPENSE (Notes 4 and 27)	<u>80,407</u>	<u>-</u>	<u>95,648</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>539,935</u>	<u>5</u>	<u>1,111,290</u>	<u>9</u>

(Continued)

USI CORPORATION

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

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 23)	\$ 807	-	\$ (11,231)	-
Profit of equity instruments measured at FVTOCI (Notes 4 and 24)	24,687	-	-	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 24)	(204,114)	(2)	(14,911)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 24 and 27)	<u>3,708</u>	<u>-</u>	<u>1,909</u>	<u>-</u>
	<u>(174,912)</u>	<u>(2)</u>	<u>(24,233)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 24)	32,263	-	(140,102)	(1)
Unrealized loss on available-for-sale financial assets (Notes 4 and 24)	-	-	(76,626)	(1)
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 24)	(24,130)	-	75,886	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 24 and 27)	<u>(6,623)</u>	<u>-</u>	<u>23,817</u>	<u>-</u>
	<u>1,510</u>	<u>-</u>	<u>(117,025)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(173,402)</u>	<u>(2)</u>	<u>(141,258)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 366,533</u>	<u>3</u>	<u>\$ 970,032</u>	<u>8</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 0.50</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 0.50</u>		<u>\$ 1.04</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Share Capital (Notes 4 and 24)	Treasury Share Transactions (Note 24)	Capital Surplus		Retained Earnings			Other Equity			Treasury Shares (Notes 4 and 24)	Total
			Changes in Capital Surplus from Investments in Associates Accounted for Using the Equity Method (Notes 4 and 24)	Others (Note 24)	Legal Reserve (Note 24)	Special Reserve (Note 24)	Unappropriated Earnings (Notes 3, 4, 8, 23, 24 and 27)	Exchange Differences on Translating Foreign Operations (Notes 4, 24 and 27)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 3, 4, 10 and 24)	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 3, 4, 8, 24, and 31)		
BALANCE AT JANUARY 1, 2017	\$ 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	-	-	867	-	-	-	(23,179)	-	-	-	-	(22,312)
Other changes in capital surplus	-	-	-	2,771	-	-	-	-	-	-	-	2,771
Changes in capital surplus from distributing cash dividends 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
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173
RECLASSIFIED BALANCE AT JANUARY 1, 2018	11,654,544	222,710	996	14,488	2,814,630	375,127	3,579,566	(190,880)	-	181,005	(475,606)	18,176,580
Appropriation of the 2017 earnings												
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	4,664	-	-	(7,595)	-	(1,335)
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675
Disposal of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	71,238	-	-	(71,238)	-	-
BALANCE AT DECEMBER 31, 2018	\$ 11,887,635	\$ 233,983	\$ 2,592	\$ 17,163	\$ 2,925,759	\$ 375,127	\$ 3,513,943	\$ (208,307)	\$ -	\$ (85,136)	\$ (475,606)	\$ 18,187,153

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

USI CORPORATION

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 620,342	\$ 1,206,938
Adjustments for:		
Depreciation expenses	419,380	373,573
Amortization expenses	11,572	26,693
Net loss on fair value change of financial assets and liabilities as at FVTPL	1,171	55,533
Finance costs	86,490	62,324
Interest income	(18,186)	(22,755)
Dividend income	(68,098)	(57,681)
Share of profit of subsidiaries accounted for using the equity method	(415,724)	(630,640)
Gain on disposal of property, plant and equipment	(1,242)	(766)
Gain on disposal of investment	-	(45,693)
Impairment loss recognized on financial assets	-	3,047
Inventory write-downs recognized	5,426	728
Impairment loss recognized on non-financial assets	27,630	-
Unrealized gain on transactions with subsidiaries	1,035	1,905
Realized gain on transactions with subsidiaries	(1,905)	(2,127)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	557,393
Decrease in financial assets at FVTPL	472,412	-
Decrease (increase) in notes receivable	5,907	(3,060)
Increase in accounts receivable	(283,812)	(250,380)
Decrease (increase) in accounts receivable from related parties	22,793	(9,462)
Decrease (increase) in other receivables	9,849	(14,594)
Decrease (increase) in other receivables from related parties	236,293	(169,061)
Increase in inventories	(30,462)	(162,720)
(Increase) decrease in prepayments	(21,130)	30,737
(Increase) decrease in other current assets	(31)	171
Decrease in financial liabilities held for trading	(27,961)	(24,084)
(Decrease) increase in accounts payable	(420,111)	455,714
Increase (decrease) in accounts payable from related parties	63,118	(66,670)
(Decrease) increase in other payables	(128,918)	1,126
Decrease in other payables from related parties	(1,541)	(164,628)
(Decrease) increase in other current liabilities	(23,403)	7,295
Decrease in net defined benefit liabilities	(66,697)	(86,021)
Cash generated from operations	474,197	1,072,835
Interest received	19,126	23,639
Interest paid	(82,983)	(56,656)
Income tax paid	(76,534)	(29,134)
Net cash generated from operating activities	<u>333,806</u>	<u>1,010,684</u>

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USI CORPORATION

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

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTOCI	\$ 99,455	\$ -
Proceeds from capital reduction by returning cash of financial assets at FVTOCI	14,924	-
Payment for financial assets measured at amortized cost	(6,500)	-
Proceeds from sale of available-for-sale financial assets	-	123,208
Proceeds from capital reduction by returning cash of financial assets measured at cost	-	18,000
Net cash outflow on acquisition of subsidiaries	(3,034,601)	(330,000)
Payments for property, plant and equipment	(536,102)	(1,715,177)
Proceeds from disposal of property, plant and equipment	454	1,461
Increase in refundable deposits	(3,705)	(4,160)
Payments for intangible assets	(689)	(566)
Increase in other non-current assets	(18,438)	(12,954)
Dividends received	<u>86,337</u>	<u>69,601</u>
Net cash used in investing activities	<u>(3,398,865)</u>	<u>(1,850,587)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,553,000	(200,000)
Increase (decrease) in short-term bills payable	199,981	(99,980)
Proceeds from issuance of bonds payable	-	1,995,421
Proceeds from long-term borrowings	5,600,000	-
Repayments of long-term borrowings	(4,100,000)	-
Increase in guarantee deposits received	53	40
Acquisition of additional interests in subsidiaries	-	(2,353,071)
Payment for cash dividends	<u>(349,636)</u>	<u>(571,301)</u>
Net cash generated from (used in) financing activities	<u>2,903,398</u>	<u>(1,228,891)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(161,661)	(2,068,794)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,951,190</u>	<u>4,019,984</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,789,529</u>	<u>\$ 1,951,190</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, 2018 AND 2017 (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 8, 2019.

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

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

IFRS 9 “Financial Instruments” and related amendments

IFRS 9 “Financial Instruments” supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosure” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets. Please refer to Note 4 for the related accounting policies.

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

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods. The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Company's financial assets and financial liabilities as of January 1, 2018.

Financial Asset	Measurement Category		Carrying Amount		Remark		
	IAS 39	IFRS 9	IAS 39	IFRS 9			
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 1,951,190	\$ 1,951,190	1)		
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	20	20			
Equity investments	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	1,079,161	1,111,194	2)		
Mutual funds	Held-for-trading	Mandatorily at FVTPL	84,895	84,895			
	Held-for-trading	Mandatorily at FVTPL	1,363,115	1,363,115			
Beneficiary securities	Held-for-trading	Mandatorily at FVTPL	232,690	232,690			
Pledged time deposits	Loans and receivables	Amortized cost	54,000	54,000	3)		
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	1,949,139	1,949,139	1)		
Refundable deposits	Loans and receivables	Amortized cost	39,187	39,187	1)		
	IAS 39 Carrying Amount as of January 1, 2018	Reclassification	Remeasurement	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	\$ 1,680,720	\$ -	\$ -	\$ 1,680,720	\$ -	\$ -	
FVTOCI	-	-	-	-	-	-	
Equity instruments	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	1,079,161	32,033	1,111,194	-	32,033	2)
	-	1,079,161	32,033	1,111,194	-	32,033	
Amortized cost	-	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	3,993,516	-	3,993,516	-	-	1) and 3)
	-	3,993,516	-	3,993,516	-	-	
Investments accounted for using the equity method	11,721,808	-	20,140	11,741,948	30,762	(10,622)	4)
	<u>\$ 13,402,528</u>	<u>\$ 5,072,677</u>	<u>\$ 52,173</u>	<u>\$ 18,527,378</u>	<u>\$ 30,762</u>	<u>\$ 21,411</u>	

- 1) Cash and cash equivalents, notes receivable, accounts receivable, other receivables and refundable deposits previously classified as loans and receivables under IAS 39 are classified as measured at amortized cost under IFRS 9 and assess for expected credit losses.
- 2) The Company selected to classify all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTPL and FVTOCI under IFRS 9, due to these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of \$159,594 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been classified as at FVTPL and designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of \$32,033 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

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

- 4) As a result of the retrospective application of IFRS 9 by associates, there was an increase in investments accounted for using the equity method of \$20,140 thousand, a decrease in other equity - unrealized gain on financial assets at FVTOCI of \$10,622 thousand, an increase in retained earnings of \$30,762 thousand on January 1, 2018.
- b. The IFRSs endorsed by the FSC for application starting from 2019

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

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

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

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

IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 “Leases” and IFRIC 4 “Determining whether an Arrangement contains a Lease”.

Definition of a lease

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

The Company as lessee

Upon initial application of IFRS 16, the Company will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows.

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

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

The Company expects to apply the following practical expedients:

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

The Company as lessor

Except for sublease transactions, the Company will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

The Company subleased its leasehold building Tai-An to a third party in 2014. Such sublease is classified as an operating lease under IAS 17. The Company will assess the sublease classification on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Prepayments for leases - current	\$ 114	\$ (114)	\$ -
Investments accounted for using the equity method	14,967,524	(6,829)	14,960,695
Right-of-use assets	-	23,556	23,556
Investment properties	<u>32,366</u>	<u>208,655</u>	<u>241,021</u>
Total effect on assets	<u>\$ 15,000,004</u>	<u>\$ 225,268</u>	<u>\$ 15,225,272</u>
Lease liabilities - current	\$ -	\$ 29,918	\$ 29,918
Lease liabilities - non-current	<u>-</u>	<u>208,115</u>	<u>208,115</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 238,033</u>	<u>\$ 238,033</u>
Retained earnings/total effect on equity	<u>\$ 3,513,943</u>	<u>\$ (12,765)</u>	<u>\$ 3,501,178</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)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

- 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 based on 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 accumulated depreciation and 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

2018

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, trade receivables, other receivables, pledged time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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.

iii. Investments in equity instruments at FVTOCI

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

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

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

2017

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such financial assets. Fair value is determined in the manner described in Note 31.

ii. Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when 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 are measured at cost less any identified impairment loss at the end of each reporting period and presented as 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 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

2018

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the respective financial asset.

2017

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

Financial assets measured at amortized cost, such as notes receivable, accounts receivables and other receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, 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 its 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 on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of a 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 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 its 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 notes receivables, accounts receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

Before 2017, 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. Starting from 2018, on derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Measurement category

Except financial liabilities at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liabilities. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

1. Revenue recognition

2018

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

Revenue from the sale of goods mainly comes from the sale of PE and other related plastic products.

Sales of PE and other related plastic products are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

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

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar 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.

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

2) Dividend and interest income

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

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

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 remeasurement) 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. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities 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 of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, 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. 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. Please refer to Note 13 for the carrying amount of inventories.

b. 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.

c. 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. Please refer to Note 23 for the carrying amount of retirement benefit costs and net defined benefit liabilities.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand and petty cash	\$ 520	\$ 520
Checking accounts and demand deposits	52,561	97,549
Cash equivalents		
Time deposits	790,796	1,853,121
Reserve repurchase agreements collateralized by bonds	<u>945,652</u>	<u>-</u>
	<u>\$ 1,789,529</u>	<u>\$ 1,951,190</u>

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

	December 31	
	2018	2017
Bank deposits	0.02%-2.00%	0.13%-1.35%
Reserve repurchase agreements collateralized by bonds	0.55%-0.75%	-

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

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 20
Non-derivative financial assets		
Domestic listed and over-the-counter shares	-	84,895
Mutual funds	-	1,363,115
Beneficiary securities	-	232,690
	-	<u>1,680,700</u>
<u>Financial assets mandatorily at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	340	-
Non-derivative financial assets		
Domestic listed and over-the-counter shares	47,954	-
Mutual funds	932,068	-
Beneficiary securities	256,399	-
	<u>1,236,421</u>	-
	<u>\$ 1,236,761</u>	<u>\$ 1,680,720</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 6,817	\$ 5,154

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, 2018</u>			
Sell	RMB/NTD	2019.01.07-2019.04.02	RMB188,700/NTD833,656
Sell	USD/NTD	2019.01.14-2019.01.25	USD2,340/NTD71,942
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.18-2018.03.23	RMB126,000/NTD567,315

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

	December 31, 2018
Investments in equity instruments at FVTOCI	
Domestic investments	
Listed shares and over-the-counter shares	\$ 778,743
Unlisted shares	<u>242,758</u>
	<u>\$ 1,021,501</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at cost under IAS 39. Please refer to Notes 3, 10 and 14 for information relating to their reclassification and comparative information for 2017.

The Company sold 1,538 thousand shares of Vanguard International Semiconductor Corporation during the year ended December 31, 2018, and the Company transferred a gain of \$71,238 thousand from other equity to retained earnings.

The investees KHL IB Venture Capital Co., Ltd. and Riselink Venture Capital announced a reduction of capital by returning cash in August 2018, and the Company received \$14,924 thousand according to its ownership percentage.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT - 2018

	December 31, 2018
Pledged time deposits	<u>\$ 60,500</u>

The trading partner of the Company invested in time deposits which are pledged in financial institutions with good credit ratings. After assessing that the credit risk of the time deposit is low, no allowance for loss is recognized.

As of December 31, 2018, the interest rates of pledged time deposits ranged from 0.55% to 1.035%. Pledged time deposits were classified as debt investments with no active market under IAS 39. Please refer to Notes 3 and 11 for information relating to their reclassification and comparative information for 2017.

Please refer to Notes 33 for the information related to financial assets measured at amortized cost pledged as collateral.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT - 2017

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

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

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

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT - 2017

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

Restricted deposits are used as collateral for purchasing materials and outward documentary bill. Please refer to Note 33.

12. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	2018	2017
<u>Notes receivable (a)</u>		
Operating	<u>\$ 92,521</u>	<u>\$ 98,428</u>
<u>Accounts receivable (a)</u>		
Non-related parties	\$ 1,414,512	\$ 1,130,700
Less: Allowance for impairment loss	<u>(2,651)</u>	<u>(2,651)</u>
	<u>\$ 1,411,861</u>	<u>\$ 1,128,049</u>
<u>Related parties (a)</u>		
Operating (Note 32)	<u>\$ 61,326</u>	<u>\$ 84,119</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 51,651	\$ 57,128
Purchasing price variance receivables	7,367	439
Securities transaction receivables	-	13,099
Others	<u>2,598</u>	<u>1,739</u>
	<u>\$ 61,616</u>	<u>\$ 72,405</u>
<u>Related parties (Note 32)</u>	<u>\$ 329,845</u>	<u>\$ 566,138</u>

a. Notes and accounts receivable

In 2018

The average credit period of sales of goods was 10 to 90 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Company surveys the customers' credit history and measures the potential customer's credit quality to grant a credit term. A customer's credit term and rating are reviewed annually. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to the recognition of allowances for expected credit losses during the reporting period as prescribed by IFRS 9, which permits the use of a lifetime expected losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivable based on the Company's allowance matrix.

December 31, 2018

Based on the number of days past due

	Up to 60 Days	61-90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,568,359	\$ -	\$ -	\$ 1,568,359
Loss allowance (lifetime ECLs)	<u>(2,651)</u>	<u>-</u>	<u>-</u>	<u>(2,651)</u>
Amortized cost	<u>\$ 1,565,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,565,708</u>

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

There was no change in the allowance for impairment loss recognized on notes and accounts receivable for the year ended December 31, 2018:

	2018
Balance at January 1, 2018 and December 31, 2018	<u>\$ 2,651</u>

In 2017

The Company applied the same credit policy in 2018 and 2017. 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 to overdue receivables is not high.

Before accepting a new customer, the Company takes both the 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, the Company did not recognize an allowance for impairment loss. For some 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. 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 (included related parties) were as follows:

	December 31, 2017
Not overdue	\$ 1,304,345
Up to 60 days	<u>8,902</u>
	<u>\$ 1,313,247</u>

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

	December 31, 2017
Up to 60 days	<u>\$ 8,902</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, 2017 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, 2018 and 2017.

13. INVENTORIES

	<u>December 31</u>	
	2018	2017
Finished goods	\$ 998,237	\$ 988,064
Work in progress	54,819	55,258
Raw materials	244,294	231,174
Supplies	<u>71,411</u>	<u>69,229</u>
	<u>\$ 1,368,761</u>	<u>\$ 1,343,725</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017, was \$10,956,048 thousand and \$10,350,818 thousand, respectively.

The cost of goods sold included inventory write-downs of \$5,426 thousand and \$728 thousand for the years ended December 31, 2018 and 2017, respectively.

14. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT - 2017

	December 31, 2017
Domestic unlisted shares	\$ 186,650
Overseas unlisted shares	<u>-</u>
	<u>\$ 186,650</u>

Classifications according to financial asset measurement categories were as follows:

	December 31, 2017
Available-for-sale financial assets	<u>\$ 186,650</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 and accumulated impairment loss was \$30,477 thousand, which led to a carrying amount for that equity investment of zero as of 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.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2018		2017	
	Carrying Amount	% of Ownership and Voting Rights	Carrying Amount	% of Ownership and Voting Rights
<u>Investment in subsidiaries</u>				
Listed company at over-the-counter market				
Acme Electronics Corp. (“ACME”)	\$ 361,415	27.0	\$ 352,649	27.0
Not listed				
USI Investment Co., Ltd.	690,217	100.0	744,391	100.0
Swanlake Traders Ltd.	1,349,147	100.0	1,270,833	100.0
USI Far East (HK) Co., Ltd.	132,245	100.0	129,596	100.0
USI Management Consulting Corp. (“UM”)	(1,310)	100.0	(2,841)	100.0
Chong Loong Trading Co., Ltd.	44,013	99.9	32,484	99.9
Union Polymer Int’l Investment Corp. (“UPIIC”)	5,464,646	100.0	5,142,634	100.0
Taiwan United Venture Capital Corp. (“TUVC”)	183,773	70.0	224,863	70.0
Swanson Plastics Corp. (“SPC”)	997,613	40.6	1,001,333	40.6
Thintec Materials Corp. (“TMC”)	4,415	30.4	7,616	30.4
Cypress Epoch Limited	129,688	100.0	127,270	100.0
INOMA Corporation (“INOMA”)	44,282	93.2	71,417	93.2
Ever Conquest Global Limited (“ECGL”)	5,408,533	63.1	2,375,283	62.6
USI Optronics Company (“USIO”)	<u>157,537</u>	50.9	<u>241,439</u>	50.9
	14,604,799		11,366,318	
Add: Credit balance for investments accounted for using the equity method classified as non-current liabilities	<u>1,310</u>		<u>2,841</u>	
	<u>14,606,109</u>		<u>11,369,159</u>	
	<u>\$ 14,967,524</u>		<u>\$ 11,721,808</u>	

The Company holds a 27.0%, 40.6% and 30.4% interest in ACME, SPC and TMC, respectively. The directors of the Company considered the Company’s absolute size of holding in ACME, SPC and TMC and the relative size of and dispersion of the shareholdings owned by the other shareholders and concluded that the Company has the practical ability to direct the relevant activities of ACME, SPC and TMC, and therefore, the Company has control over ACME, SPC and TMC. The Company indirectly held the receipt of investments in subsidiaries, the details for which can be found in Note 37.

At December 31, 2018 and 2017, the fair value of the closing prices for listed shares’ accounted for using the equity method are \$655,035 thousand and \$906,213 thousand, respectively.

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

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

In order to improve its financial structure and to meet the needs of operating capital, INOMA was continually in the research and, developed stage and experiencing subsequent operating losses, on June 26, 2017, the shareholders meeting of INOMA approved a capital reduction project for the make-up of losses in the amount of \$67,500 thousand and cancellation of 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 owns 93.18% of the outstanding shares. As of December 31, 2018, 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, and reinvested in EVGL via ECGL as well as in DEIL. The Company invested additional capital of US\$37,572 thousand (around \$1,200,087 thousand), US\$36,643 thousand (around \$1,113,427 thousand) and US\$98,922 thousand (around \$3,034,601 thousand) in ECGL in January 2017, July 2017 and August 2018, respectively. As of December 31, 2018, the Company invested the total ownership percentage of ECGL in EVGL is 63.1%. For more explanation, please refer to Note 35.

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, total \$330,000 thousand, and the paid-in capital of USIO was \$649,017 thousand and owned 50.9% of the outstanding shares.

In consideration of the whole operations of the Company and its subsidiaries, SPC disposed of SPC (Nantong) as agreed in the meeting of the board of directors held in April 2016, and sold all shares in SPC (Nantong) on December 21, 2018. As of December 31, 2018, the SPC completed the process of the disposal.

16. 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, 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	<u>\$ 515,281</u>	<u>\$ 111,781</u>	<u>\$ 1,098,772</u>	<u>\$ 6,624,505</u>	<u>\$ 32,588</u>	<u>\$ 169,550</u>	<u>\$ 1,960,169</u>	<u>\$ 10,512,646</u>
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	<u>\$ -</u>	<u>\$ 102,335</u>	<u>\$ 348,019</u>	<u>\$ 3,336,973</u>	<u>\$ 22,695</u>	<u>\$ 166,065</u>	<u>\$ -</u>	<u>\$ 3,976,087</u>
Carrying amounts at December 31, 2017	<u>\$ 515,281</u>	<u>\$ 9,446</u>	<u>\$ 750,753</u>	<u>\$ 3,287,532</u>	<u>\$ 9,893</u>	<u>\$ 3,485</u>	<u>\$ 1,960,169</u>	<u>\$ 6,536,559</u>

(Continued)

	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, 2018	\$ 515,281	\$ 111,781	\$ 1,098,772	\$ 6,624,505	\$ 32,588	\$ 169,550	\$ 1,960,169	\$ 10,512,646
Additions	-	-	-	7,410	2,396	376	525,920	536,102
Disposals	-	-	(37)	(3,105)	(2,611)	(372)	-	(6,125)
Reclassification	-	600	7,623	125,024	-	861	(106,385)	27,723
Balance at December 31, 2018	<u>\$ 515,281</u>	<u>\$ 112,381</u>	<u>\$ 1,106,358</u>	<u>\$ 6,753,834</u>	<u>\$ 32,373</u>	<u>\$ 170,415</u>	<u>\$ 2,379,704</u>	<u>\$ 11,070,346</u>
Accumulated depreciation and impairment								
Balance at January 1, 2018	\$ -	\$ 102,335	\$ 348,019	\$ 3,336,973	\$ 22,695	\$ 166,065	\$ -	\$ 3,976,087
Depreciation expenses	-	1,474	29,239	382,451	3,168	1,947	-	418,279
Disposals	-	-	(13)	(3,027)	(2,611)	(373)	-	(6,024)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 103,809</u>	<u>\$ 377,245</u>	<u>\$ 3,716,397</u>	<u>\$ 23,252</u>	<u>\$ 167,639</u>	<u>\$ -</u>	<u>\$ 4,388,342</u>
Carrying amounts at December 31, 2018	<u>\$ 515,281</u>	<u>\$ 8,572</u>	<u>\$ 729,113</u>	<u>\$ 3,037,437</u>	<u>\$ 9,121</u>	<u>\$ 2,776</u>	<u>\$ 2,379,704</u>	<u>\$ 6,682,004</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2018 and 2017 as there was no indication of impairment.

The above items of property, plant and equipment are 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 a resolution for EVA capacity expansion in the Kaohsiung plant, and authorized the chairman with full power to sign contract on December 28, 2011. The Company signed the EVA equipment contract with CTCI Corporation on November 8, 2012. The project was completed in 2018, and total fees and charges of \$2,383,885 thousand have been paid.

On March 21, 2013 the board of directors of the Company decided to invest \$1,000,000 thousand in the construction of a cyclic block copolymer production plant. 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, 2018, the Company has paid CTCI \$1,764,662 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of December 31, 2018, the Company has received \$158,841 thousand. According to the schedule and acceptance situation, the subsidy income had accumulated to \$128,841 thousand.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 33.

For the related capitalized interest, please refer to Note 26 (c).

17. INVESTMENT PROPERTIES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Buildings	\$ <u>32,366</u>	\$ <u>33,467</u>
	For the Year Ended December 31	
	<u>2018</u>	<u>2017</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	\$ 36,338	\$ 34,740
Depreciation expenses	<u>1,101</u>	<u>1,598</u>
Balance at December 31	<u>\$ 37,439</u>	<u>\$ 36,338</u>
Carrying amounts at December 31	<u>\$ 32,366</u>	<u>\$ 33,467</u>

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

The fair value of the investment properties was both \$190,912 thousand at December 31, 2018 and 2017, which was 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. The evaluation referred to the transaction price of similar real estate in the neighboring areas. If the transaction price per square meter will increase or decrease by 10%, the fair value of the investment properties would increase or decrease by \$19,091 thousand as at December 31, 2018 and 2017.

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

18. INTANGIBLE ASSETS

	Technology Royalties and Patent Rights	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2017	\$ 174,850	\$ 28,767	\$ 203,617
Additions	<u>-</u>	<u>566</u>	<u>566</u>
Balance at December 31, 2017	<u>\$ 174,850</u>	<u>\$ 29,333</u>	<u>\$ 204,183</u>

(Continued)

	Technology Royalties and Patent Rights	Computer Software	Total
<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>21,137</u>
Balance at December 31, 2017	<u>\$ 142,749</u>	<u>\$ 27,796</u>	<u>\$ 170,545</u>
Carrying amounts at December 31, 2017	<u>\$ 32,101</u>	<u>\$ 1,537</u>	<u>\$ 33,638</u>
<u>Cost</u>			
Balance at January 1, 2018	\$ 174,850	\$ 29,333	\$ 204,183
Additions	<u>-</u>	<u>689</u>	<u>689</u>
Balance at December 31, 2018	<u>\$ 174,850</u>	<u>\$ 30,022</u>	<u>\$ 204,872</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2018	\$ 142,749	\$ 27,796	\$ 170,545
Amortization expenses	4,471	1,756	6,227
Impairment losses recognized	<u>27,630</u>	<u>-</u>	<u>27,630</u>
Balance at December 31, 2018	<u>\$ 174,850</u>	<u>\$ 29,552</u>	<u>\$ 204,402</u>
Carrying amounts at December 31, 2018	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 470</u> (Concluded)

The Company obtained the technology royalties rights to use SIP in 2013. Due to lagged development, the Company recognized impairment loss of \$27,630 thousand in 2018

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

Technology royalties and patent rights	3 to 7 years
Computer software	1 to 3 years

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2018	2017
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,753,000</u>	<u>\$ 200,000</u>
Range of interest rates	0.89%-1.06%	0.80%

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

	December 31, 2018
Commercial paper	\$ 200,000
Less: Discounts on bills payable	<u>(19)</u>
	<u>\$ 199,981</u>
Range of interest rates	1.038%

c. Long-term borrowings (December 31, 2017: None)

	December 31, 2018
Secured borrowings	\$ 200,000
Line of credit borrowings	<u>1,300,000</u>
	<u>\$ 1,500,000</u>
Range of interest rates	
Secured borrowings	1.1%
Line of credit borrowings	0.98%-1.05%

The Company entered into medium- and long-term loan contracts with Changhua bank to increase working capital. The contracts for 5-year loans became effective from August 2018 with a total credit limit of \$1,000,000 thousand, which is used cyclically during the validity period. The Company also provided the land and plant of Kaohsiung Renwu Factory as collateral (please refer to Note 33). As of December 31, 2018, the Company has borrowed \$200,000 thousand.

The Company entered into medium- and long-term loan contracts with KGI bank to increase working capital. The contracts for 3-year loans became effective from June 2017 with a total credit limit of \$500,000 thousand, which is used cyclically during the validity period. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 150%, the debt ratio does not exceed 150%. As of December 31, 2018, the Company has borrowed \$500,000 thousand and has not violated the above financial ratios and terms.

The Company entered into medium- and long-term loan contracts with Yuanta Commercial Bank to increase working capital. The contracts for 3-year loans became effective from September 2018 with a total credit limit of \$500,000 thousand, which is used cyclically during the validity period. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150%. As of December 31, 2018, the Company has borrowed \$500,000 thousand and has not violated the above financial ratios and terms.

The Company entered into medium- and long-term loan contracts with Bank SinoPac to increase working capital. The contracts for 3-year loans became effective from June 2017 with a total credit limit of \$300,000 thousand, which is used cyclically during the validity period. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 150%, the debt ratio does not exceed 150%. As of December 31, 2018, the Company has borrowed \$300,000 thousand and has not violated the above financial ratios and terms.

The Company entered into medium- and long-term loan contracts with Taipei Fubon Bank to increase working capital. The contracts for 3-year loans became effective from September 2017 with a total credit limit of \$500,000 thousand, which is used cyclically during the validity period. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150%. As of December 31, 2018, the Company has not drawn money from the loan and has not violated the above financial ratios and terms.

20. BONDS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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
Unsecured ordinary corporate 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>2,000,000</u>
	6,000,000	6,000,000
Less: Discounts on bonds payable	<u>(7,396)</u>	<u>(9,833)</u>
	<u>\$ 5,992,604</u>	<u>\$ 5,990,167</u>

In December 2014, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2015 with the amount of \$2,000,000 thousand in order to reimburse the due bonds and to increase working capital. The unsecured ordinary corporate bonds with a 5-7-year maturity, due for repayment, were all issued in February 2015.

In October 2016, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2016 with the amount of \$2,000,000 thousand in order to reimburse the bank loans, and the unsecured ordinary corporate bonds with a 5-year maturity, due for repayment, were all issued in October 2016.

In October 2017, the Company applied for the first issuance of unsecured ordinary corporate bonds issued in 2017 with the amount of \$2,000,000 thousand in order to reimburse the bank loans, and the unsecured ordinary corporate bonds with a 5-year maturity, due for repayment, were all issued in October 2017.

21. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Accounts payable</u>		
Operating	<u>\$ 788,239</u>	<u>\$ 1,208,350</u>
<u>Accounts payable - related parties (Note 32)</u>		
Operating	<u>\$ 163,346</u>	<u>\$ 100,228</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.

22. OTHER PAYABLES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Non related parties		
Payables for salaries and bonuses	\$ 75,219	\$ 116,209
Payables for water and electricity	55,287	54,371
Payables for interests	38,437	37,367
Payables for fares	25,448	15,314
Payables for annual leave	24,126	22,738
Payables for purchases of equipment	11,835	113,178
Others	<u>42,973</u>	<u>44,671</u>
	<u>\$ 273,325</u>	<u>\$ 403,848</u>
Related parties (Note 32)	<u>\$ 16,179</u>	<u>\$ 17,720</u>

23. 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	
	2018	2017
Present value of defined benefit obligation	\$ (691,947)	\$ (773,362)
Fair value of plan assets	<u>383,013</u>	<u>396,924</u>
Net defined benefit liabilities- non-current	<u>\$ (308,934)</u>	<u>\$ (376,438)</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, 2017	\$ (822,474)	\$ 371,246	\$ (451,228)
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>
Balance at January 1, 2018	\$ (773,362)	\$ 396,924	\$ (376,438)
Current service cost	(6,407)	-	(6,407)
Net interest income (expense)	<u>(7,402)</u>	<u>3,873</u>	<u>(3,529)</u>
Recognized in profit or loss	<u>(13,809)</u>	<u>3,873</u>	<u>(9,936)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	11,114	11,114
Actuarial loss - changes in demographic assumptions	(1,285)	-	(1,285)
Actuarial loss - changes in financial assumptions	(6,019)	-	(6,019)
Actuarial loss - experience adjustments	<u>(3,003)</u>	<u>-</u>	<u>(3,003)</u>
Recognized in other comprehensive income	<u>(10,307)</u>	<u>11,114</u>	<u>807</u>
Contributions from the employer	16,723	59,910	76,633
Benefits paid	<u>88,808</u>	<u>(88,808)</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ (691,947)</u>	<u>\$ 383,013</u>	<u>\$ (308,934)</u>

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	
	2018	2017
Discount rate	0.875%	1.00%
Expected rate of salary increase	2.25%	2.25%

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	
	2018	2017
Discount rate		
0.25% increase	<u>\$ (11,953)</u>	<u>\$ (13,290)</u>
0.25% decrease	<u>\$ 12,341</u>	<u>\$ 13,723</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 11,957</u>	<u>\$ 13,312</u>
0.25% decrease	<u>\$ (11,643)</u>	<u>\$ (12,961)</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	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 60,075</u>	<u>\$ 31,055</u>
The average duration of the defined benefit obligation	7.6 years	7.6 years

24. EQUITY

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Share capital	\$ 11,887,635	\$ 11,654,544
Capital surplus	253,738	238,194
Retained earnings	6,814,829	6,738,561
Other equity items	(293,443)	(31,286)
Treasury shares	<u>(475,606)</u>	<u>(475,606)</u>
	<u>\$ 18,187,153</u>	<u>\$ 18,124,407</u>

a. Share capital

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
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>1,188,763</u>	<u>1,165,454</u>
Shares issued	<u>\$ 11,887,635</u>	<u>\$ 11,654,544</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 alteration of the registered amount of capital of the Company was completed on August 31, 2017.

On June 5, 2018, the Company's regular shareholders' meeting resolved to issue 23,309 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 \$11,887,635 thousand. On July 6, 2018, this transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors. The alteration of the registered amount of capital of the Company was completed on August 29, 2018.

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 dividends policy as set forth in the Company's Articles of Incorporation, 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, please refer to "Employees' compensation and remuneration of directors" in Note 26(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 not be no less than 10% of the total dividends. However, if the distributable earnings of the year are 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.

The appropriations of earnings for 2017 and 2016 as approved in the shareholders' meetings on June 5, 2018 and June 8, 2017, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2017	2016	2017	2016
Legal reserve	\$ 111,129	\$ 118,957		
Special reserve	-	(35,883)		
Cash dividends	349,636	571,301	\$0.3	\$0.5
Share dividends	<u>233,091</u>	<u>228,520</u>	0.2	0.2
	<u>\$ 693,856</u>	<u>\$ 882,895</u>		

The appropriation of earnings for 2018 was proposed by the Company's board of directors on March 8, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 53,993	
Cash dividends	55,399	\$0.3
Share dividends	<u>356,629</u>	
	<u>\$ 466,021</u>	

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 12, 2019.

d. Other equity items

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

	For the Year Ended December 31	
	2018	2017
Balance at January 1	\$ (190,880)	\$ 8,204
Effect of tax rate changes	(170)	-
Exchange differences on translating foreign operations	32,263	(140,102)
Related income tax	(6,453)	23,817
Share of exchange differences of subsidiaries accounted for using the equity method	(24,130)	(82,799)
Disposals of subsidiaries	<u>(18,937)</u>	<u>-</u>
Balance at December 31	<u>\$ (208,307)</u>	<u>\$ (190,880)</u>

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

Balance at January 1, 2017	\$ 77,535
Recognized during the period	
Unrealized gain on revaluation of available-for-sale financial assets	(122,319)
Share from associates accounted for using the equity method	158,685
Reclassification adjustments	
Disposal of available-for-sale financial assets	<u>45,693</u>
Balance at December 31, 2017	159,594
Adjustment on initial application of IFRS 9	<u>(159,594)</u>
Balance at January 1, 2018 per IFRS 9	<u>\$ -</u>

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

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>181,005</u>
Balance at January 1 per IFRS 9	181,005
Recognized during the period	
Unrealized gain	
Equity instruments	24,687
Share from associates accounted for using the equity method	(211,995)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals	
Equity instruments -in respect of the current year	(71,238)
Share from associates accounted for using the equity method	<u>(7,595)</u>
Balance at December 31	<u>\$ (85,136)</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>2018</u>				
Shares held by subsidiaries	<u>114,182</u>	<u>2,284</u>	<u>-</u>	<u>116,466</u>
<u>2017</u>				
Shares held by subsidiaries	<u>111,943</u>	<u>2,239</u>	<u>-</u>	<u>114,182</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, 2018</u>			
Asia Polymer Corporation ("APC")	101,356	\$ 1,377,381	\$ 1,206,132
Taita Chemical Company, Limited ("TTC")	15,110	<u>81,875</u>	<u>179,808</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,385,940</u>
<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>

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 unrealized gain (loss) on financial assets at FVTOCI and are valued at the closing price of December 31, 2018. The carrying amount of investments accounted for using the equity method and the unrealized gain on financial assets at FVTOCI were reduced by 19,487 thousand.

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. The carrying amount of investments accounted for using the equity method and the unrealized gain on available-for-sale financial assets were reduced by \$140,670 thousand.

25. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Products sales revenue		
Plastic materials	<u>\$11,763,140</u>	<u>\$11,551,511</u>

Product sales revenue of the Company mainly comes from selling polyethylene plastic and other related products.

26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following:

a. Other income

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Interest income		
Bank deposits	\$ 10,100	\$ 15,156
Real estate securities	7,352	7,368
Other	<u>734</u>	<u>231</u>
	18,186	22,755
Dividends income	68,098	57,681
Rental income	20,651	20,256
Grants income (Note 16)	22,293	27,491
Management service income	32,073	37,490
Others	<u>24,054</u>	<u>11,311</u>
	<u>\$ 185,355</u>	<u>\$ 176,984</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Gain on disposal of property, plant and equipment	\$ 1,343	\$ 1,350
Loss on disposal of property, plant and equipment	(101)	(584)
Net gain on disposal of financial instruments	7,345	60,964
Net foreign exchange gains (losses)	15,495	(29,240)
Net gain (loss) on financial assets at fair value through profit or loss	28,453	(27,759)
Net loss on financial liabilities at fair value through profit or loss	(29,624)	(27,774)
Impairment losses recognized on non-financial assets	(27,630)	-
Loss on financial assets measured at cost - non-current	-	(3,047)
Other expenses	<u>(27,829)</u>	<u>(34,564)</u>
	<u>\$ (32,548)</u>	<u>\$ (60,654)</u>

c. Finance costs

	<u>For the Year Ended December 31</u>	
	2018	2017
Interest on bonds payable	\$ 74,937	\$ 56,145
Interest on bank loans	9,118	5,627
Other interest expense	2,435	552
Less: Capitalized interest amount (included in construction in progress)	<u>(26,164)</u>	<u>(18,506)</u>
	<u>\$ 60,326</u>	<u>\$ 43,818</u>

Information about capitalized interest is as follows:

	<u>For the Year Ended December 31</u>	
	2018	2017
Capitalized interest	\$ 26,164	\$ 18,506
Capitalization rate	1.25%	1.25%-1.30%

d. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2018	2017
Property, plant and equipment	\$ 418,279	\$ 371,975
Investment properties	1,101	1,598
Intangible assets	6,227	21,137
Others	<u>5,345</u>	<u>5,556</u>
	<u>\$ 430,952</u>	<u>\$ 400,266</u>
 An analysis of depreciation by function		
Operating costs	\$ 407,766	\$ 360,779
Operating expenses	10,481	11,196
Other gains and losses	<u>1,133</u>	<u>1,598</u>
	<u>\$ 419,380</u>	<u>\$ 373,573</u>
 An analysis of amortization by function		
Operating costs	\$ 5,345	\$ 5,556
General and administrative expenses	1,755	3,250
Research and development expenses	<u>4,472</u>	<u>17,887</u>
	<u>\$ 11,572</u>	<u>\$ 26,693</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2018	2017
Post-employment benefits (Note 23)		
Defined contribution plans	\$ 19,494	\$ 18,884
Defined benefit plans	<u>9,936</u>	<u>10,592</u>
	29,430	29,476
Other employee benefits	<u>537,137</u>	<u>591,812</u>
Total employee benefits expense	<u>\$ 566,567</u>	<u>\$ 621,288</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 344,582	\$ 385,493
Operating expenses	221,540	235,795
Non-operating income and expense	<u>445</u>	<u>-</u>
	<u>\$ 566,567</u>	<u>\$ 621,288</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, 2018 and 2017 which were approved by the Company's board of directors on March 8, 2019 and March 13, 2018, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2018	2017
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.82%	0.45%

Amount

	<u>For the Year Ended December 31</u>	
	2018	2017
Employees' compensation	\$ 6,319	\$ 12,247
Remuneration of directors	5,200	5,500

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, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2018	2017
Foreign exchange gains	\$ 97,064	\$ 74,268
Foreign exchange losses	<u>(81,569)</u>	<u>(103,508)</u>
	<u>\$ 15,495</u>	<u>\$ (29,240)</u>

27. 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>	
	2018	2017
Current tax		
In respect of the current year	\$ 16,910	\$ 61,576
Income tax on unappropriated earnings	39,320	23,301
Adjustments for prior years	<u>(1,731)</u>	<u>1,566</u>
	<u>54,499</u>	<u>86,443</u>
Deferred tax		
In respect of the current year	19,191	15,607
Adjustments for prior years	(264)	(6,402)
Tax rates changes	<u>6,981</u>	<u>-</u>
	<u>25,908</u>	<u>9,205</u>
Income tax expense recognized in profit or loss	<u>\$ 80,407</u>	<u>\$ 95,648</u>

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

	<u>For the Year Ended December 31</u>	
	2018	2017
Profit before tax from continuing operations	<u>\$ 620,342</u>	<u>\$ 1,206,938</u>
Income tax expense calculated at the statutory rate	\$ 124,068	\$ 205,179
Nondeductible expenses in determining taxable income	376	248
Tax-exempt income	(15,089)	(20,170)
(Gain) loss on valuation of financial assets	(1,383)	5,397
Share of profit or loss of domestic subsidiaries accounted for using the equity method	(72,409)	(103,534)
Loss on impairment of investing activities	-	(10,241)
Income tax on unappropriated earnings	39,320	23,301
Unrecognized deductible temporary differences	6,981	-
Adjustments for prior years	(1,995)	(4,836)
Others	<u>538</u>	<u>304</u>
Income tax expense recognized in profit or loss	<u>\$ 80,407</u>	<u>\$ 95,648</u>

In 2017, the applicable corporate income tax rate used by the Company in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted

from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

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. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2018	2017
<u>Deferred tax</u>		
Effect of change in tax rate	\$ 3,699	-
In respect of the current period		
Translation of foreign operations	(6,453)	23,817
Remeasurement on defined benefit plans	<u>(161)</u>	<u>1,909</u>
Total income tax recognized in other comprehensive (expense) income	<u>\$ (2,915)</u>	<u>\$ 25,726</u>

c. Current income tax assets and liabilities

	<u>December 31</u>	
	2018	2017
<u>Current income tax assets</u>		
Tax refund receivable	<u>\$ -</u>	<u>\$ 3,254</u>
<u>Current income tax liabilities</u>		
Income tax payable	<u>\$ 33,353</u>	<u>\$ 58,642</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

	Patents	Service Concession Arrangements	Licenses and Franchises	Others	Total
<u>Deferred tax assets</u>					
<u>Temporary differences</u>					
Allowance for inventory valuation and obsolescence losses	\$ 368	\$ 1,085	\$ -	\$ 65	\$ 1,518
Defined benefit obligation	21,929	-	(161)	3,869	25,637
Differences on retirement benefit expenses of defined benefit plans between finance and tax	28,586	(13,339)	-	5,045	20,292
Payables for annual leave	3,866	278	-	682	4,826
Unrealized gains on transactions	1,759	(347)	-	310	1,722

(Continued)

	Patents	Service Concession Arrangements	Licenses and Franchises	Others	Total
Impairment loss recognized on financial assets at FVTPL	\$ 5,181	\$ -	\$ -	\$ 914	\$ 6,095
Differences on amortization period of intangible assets between finance and tax	8,164	2,973	-	1,441	12,578
Differences on depreciation period between finance and tax	667	-	-	118	785
Deferred revenue	3,790	1,540	-	6,670	6,000
Unrealized loss on valuation of financial assets at FVTPL	<u>873</u>	<u>269</u>	<u>-</u>	<u>154</u>	<u>1,296</u>
	<u>\$ 75,183</u>	<u>\$ (7,541)</u>	<u>\$ (161)</u>	<u>\$ 13,268</u>	<u>\$ 80,749</u>
<u>Deferred tax assets</u>					
Temporary differences					
Share of profit or loss of overseas subsidiaries accounted for using the equity method	\$ 92,159	\$ 10,735	\$ -	\$ 16,263	\$ 119,157
Exchange differences on foreign operations	966	-	6,453	170	7,589
Unrealized foreign exchange gains	649	653	-	115	1,417
Revaluation increments of land	<u>43,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,580</u>
	<u>\$ 137,354</u>	<u>\$ 11,388</u>	<u>\$ 6,453</u>	<u>\$ 16,548</u>	<u>\$ 171,743</u>

(Concluded)

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	20,020	-	1,909	21,929
Differences on retirement benefit expenses of defined benefit plans between finance and tax	43,210	(14,624)	-	28,586
Payables for annual leave	3,841	25	-	3,866
Unrealized gains on transactions	2,108	(349)	-	1,759

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
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	<u>187</u>	<u>686</u>	<u>-</u>	<u>873</u>
	<u>\$ 81,578</u>	<u>\$ (8,304)</u>	<u>\$ 1,909</u>	<u>\$ 75,183</u>
<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)

e. Income tax assessments

The income tax returns of the Company through 2016 have been assessed by the tax authorities.

28. 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 3, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

	Unit: NT\$ Per Share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 1.06</u>	<u>\$ 1.04</u>
Diluted earnings per share	<u>\$ 1.06</u>	<u>\$ 1.04</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

	<u>For the Year Ended December 31</u>	
	2018	2017
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 539,935</u>	<u>\$ 1,111,290</u>

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

	<u>For the Year Ended December 31</u>	
	2018	2017
Weighted average number of ordinary shares used in computation of basic earnings per share	1,072,298	1,072,298
Effect of potentially dilutive ordinary shares:		
Employees' compensation issue to employees	<u>690</u>	<u>911</u>
	<u>1,072,988</u>	<u>1,073,209</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.

29. 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 12 years. As of December 31, 2018 and 2017, the Company's refundable deposits paid resulting from operating lease agreements were \$7,781 thousand and \$7,241 thousand, respectively.

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

	December 31	
	2018	2017
Not later than 1 year	\$ 35,949	\$ 31,724
Later than 1 year and not later than 5 years	131,616	56,800
Later than 5 years	<u>84,975</u>	<u>-</u>
	<u>\$ 252,540</u>	<u>\$ 88,524</u>

b. The Company as lessor

Operating leases are related to leases of investment properties with lease terms between 1 and 5 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, 2018 and 2017, the Company's guarantee deposits received resulting from operating lease agreements were \$5,316 thousand and \$5,276 thousand, respectively.

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

	December 31	
	2018	2017
Not later than 1 year	\$ 23,878	\$ 18,854
Later than 1 year and not later than 5 years	36,037	23,157
Later than 5 years	<u>1,527</u>	<u>-</u>
	<u>\$ 61,442</u>	<u>\$ 42,011</u>

30. 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 reporting date.

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.

31. 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, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 340	\$ -	\$ 340
Domestic listed shares and over-the-counter shares	47,954	-	-	47,954
Mutual funds	932,068	-	-	932,068
Beneficiary certificates	<u>256,399</u>	<u>-</u>	<u>-</u>	<u>256,399</u>
	<u>\$ 1,236,421</u>	<u>\$ 340</u>	<u>\$ -</u>	<u>\$ 1,236,761</u>
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 778,743	\$ -	\$ -	\$ 778,743
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>242,758</u>	<u>242,758</u>
	<u>\$ 778,746</u>	<u>\$ -</u>	<u>\$ 242,758</u>	<u>\$ 1,021,501</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 6,817</u>	<u>\$ -</u>	<u>\$ 6,817</u>

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>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Year Ended December 31, 2018
<u>Financial assets at FVTOCI</u>	
Balance at January 1	\$ 218,683
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	38,999
Return of capital	<u>(14,924)</u>
Balance at December 31	<u>\$ 242,758</u>

3) 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.

4) Evaluation techniques measured by fair value and assumptions

The Company applied the valuation techniques and inputs for Level 3 fair value measurement for its independent fair value authentication of financial instruments which is carried out by the financial department. Via information from independent resources, the Company keeps the results close to that of the market state and reviews such results periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of its observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will decrease/increase by \$2,428 thousand.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ -	\$ 1,680,720
Financial assets mandatory classified as at FVTPL	1,236,761	-
Loans and receivables (Note 1)	-	3,897,201
Financial assets measured at amortized cost (Note 2)	3,755,547	-
Available-for-sale financial assets (including financial assets measured at cost) (Note 3)	-	1,079,161
Financial assets at FVTOCI - equity instrument investments	1,021,501	-
Refundable deposits	42,352	39,187
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	6,817	5,154
Financial liabilities measured at amortized cost (Note 4)	10,686,674	7,920,313

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 (included related parties) and other receivables (including related parties, except tax refund receivable).

Note 2: The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents and accounts receivable (included related parties) and other receivables (including related parties, except tax refund receivable).

Note 3: The balance includes the carrying amount of available-for-sale financial assets measured at cost.

Note 4: 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 36 and of the derivatives which expose the Company to foreign currency risk are set out in Note 7.

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 2018 will decrease/increase \$6,512 thousand; the profit before tax in 2017 will decrease/increase \$4,716 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>	
	2018	2017
Fair value interest rate risk		
Financial assets	\$ 1,818,167	\$ 1,928,138
Financial liabilities	6,192,585	5,990,167
Cash flow interest rate risk		
Financial assets	48,590	94,558
Financial liabilities	3,253,000	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, 2018 and 2017 would have decreased/increased by \$16,022 thousand and \$527 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 fluctuated by 5%, the pre-tax profit for the year ended December 31, 2018 would have increased/decreased by \$61,821 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by \$51,075 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had fluctuated by 5%, the pre-tax profit for the year ended December 31, 2017 would have increased/decreased by \$84,035 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by \$44,626 thousand 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, 2018 and 2017 the amount the Company's provided endorsements and guarantees was \$4,027,150 thousand and \$4,845,869 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 to 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, 2018

	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		\$ 1,241,089	\$ -	\$ -
Fixed interest rate liabilities	0.80-1.90	1,952,981	7,492,604	-
Floating interest rate liabilities		-	-	-
		<u>\$ 3,194,070</u>	<u>\$ 7,492,604</u>	<u>\$ -</u>

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>

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, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 454,345	\$ 407,043	\$ 44,210
Outflows	<u>(459,887)</u>	<u>(411,732)</u>	<u>(44,754)</u>
	<u>\$ (5,542)</u>	<u>\$ (4,689)</u>	<u>\$ (544)</u>

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>

c) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2018 and 2017, the unused amount of bank loan facilities were as follows:

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Bank loan facilities		
Amount unused	<u>\$ 4,310,891</u>	<u>\$ 4,772,671</u>

32. 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/Name	For the Year Ended December 31	
	2018	2017
Subsidiary	\$ <u>537,558</u>	\$ <u>525,339</u>

The Company sold inventories to subsidiaries in 2018 and 2017, and at the end of 2018 and 2017, the Company's unearned gross margin for SPC was \$510 thousand and \$1,453 thousand, respectively, which was deferred. The Company's unearned gross margin for USI Trading (Shanghai) was \$524 thousand and \$452 thousand in 2018 and 2017, respectively, which was deferred. The deferred unrealized gain of subsidiaries was \$1,034 thousand and \$1,905 thousand in 2018 and 2017, respectively.

c. Purchases

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary	\$ <u>771,761</u>	\$ <u>667,508</u>

d. Exports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
APC	\$ 427,616	\$ 733,680
TVCM	<u>135,306</u>	<u>337,238</u>
	\$ <u>562,922</u>	\$ <u>1,070,918</u>

e. Imports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
APC	\$ 56,490	\$ 75,044
TVCM	<u>86,351</u>	<u>18,004</u>
	\$ <u>142,841</u>	\$ <u>93,048</u>

f. Rental income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
SPC	\$ 6,672	\$ 6,442
CGPC	5,644	5,283
TTC	5,478	5,325
ACME	2,981	2,883
Others	<u>8,704</u>	<u>8,641</u>
	\$ <u>29,479</u>	\$ <u>28,574</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. When the lease term ended, the contract was extended to April 2019, and the rental income was received monthly according to the contract.

g. Management service income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
DEIL	\$ 9,445	\$ 5,579
APC	5,879	6,474
ACME	4,592	3,137
SPC	3,957	3,149
CGPC	3,785	3,981
TTC	1,117	9,912
Others	<u>3,298</u>	<u>5,258</u>
	<u>\$ 32,073</u>	<u>\$ 37,490</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	
	2018	2017
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	
	2018	2017
Subsidiary		
UM	\$ 80,912	\$ 95,350
Others	<u>4,685</u>	<u>10,104</u>
	<u>\$ 85,597</u>	<u>\$ 105,454</u>

- j. Rental expenses (classified as operating expense)

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
APC	\$ 2,132	\$ 2,689
TTC	910	910
USI International	-	164
Others	<u>7</u>	<u>135</u>
	<u>\$ 3,049</u>	<u>\$ 3,898</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
USI Trading (Shanghai)	<u>\$ 656</u>	<u>\$ 1,065</u>

- l. Environmental protection expenses (classified as cost of goods sold, for the year ended December 31, 2018: None)

Related Party Category/Name	For the Year Ended December 31, 2017
	Subsidiary

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
CGTD	<u>\$ 32,297</u>	<u>\$ 56,685</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
USIF	<u>\$ 3,000</u>	<u>\$ 3,000</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary	<u>\$ 69</u>	<u>\$ 21</u>

- p. Other expenses (classified as operating expense)

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary	\$ <u>2,213</u>	\$ <u>-</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
APC	\$ 131,257	\$ 135,944
TVCM	<u>2,120</u>	<u>37,435</u>
	\$ <u>133,377</u>	\$ <u>173,379</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
Subsidiary		
CGTD	\$ 456	\$ 888
SPC	<u>20</u>	<u>-</u>
	\$ <u>476</u>	\$ <u>888</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2018	2017
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, 2018 and 2017, the unrealized profit and loss was \$5,924 thousand and \$6,813 thousand, which was deferred, and the reversal was recognized by estimating the useful life of the equipment.

- t. Accounts receivable

Related Party Category/Name	December 31	
	2018	2017
Subsidiary		
USI Trading (Shanghai)	\$ 28,604	\$ 37,810
USI HK	12,488	11,759
Forever Young	10,796	21,517
SPC	<u>9,438</u>	<u>13,033</u>
	\$ <u>61,326</u>	\$ <u>84,119</u>

There was no collateral provided for outstanding related party receivables. There is no bad debt for related parties' accounts receivable in 2018 and 2017.

u. Other receivables

Related Party Category/Name	December 31	
	2018	2017
Subsidiary		
TVCM	\$ 171,372	\$ 231,747
APC	146,325	322,683
Others	<u>12,148</u>	<u>11,708</u>
	<u>\$ 329,845</u>	<u>\$ 566,138</u>

v. Accounts payable

Related Party Category/Name	December 31	
	2018	2017
Subsidiary		
APC	\$ 158,522	\$ 96,995
Others	<u>4,824</u>	<u>3,233</u>
	<u>\$ 163,346</u>	<u>\$ 100,228</u>

Outstanding amounts due to related parties had no guarantee provided.

w. Other payables

Related Party Category/Name	December 31	
	2018	2017
Subsidiary		
UM	\$ 7,671	\$ 7,407
TVCM	6,113	518
CGTD	1,272	7,710
Others	<u>1,123</u>	<u>2,085</u>
	<u>\$ 16,179</u>	<u>\$ 17,720</u>

x. Other unearned revenue (classified as current liabilities)

Related Party Category/Name	December 31	
	2018	2017
Subsidiary	<u>\$ 284</u>	<u>\$ 284</u>

y. Endorsements (tariffs and bank loans)

Related Party Category/Name	December 31	
	2018	2017
Subsidiary		
UPIIC	\$ 3,700,000	\$ 3,900,000
CLT	327,150	479,469
USIG	-	317,600
Others	-	148,800
	<u>\$ 4,027,150</u>	<u>\$ 4,845,869</u>

z. 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	
	2018	2017
Short-term employee benefits	\$ 37,943	\$ 49,019
Post-employment benefits	<u>324</u>	<u>432</u>
	<u>\$ 38,267</u>	<u>\$ 49,451</u>

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

33. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as guarantees for tariff of imported raw materials, for outward documentary bill or for financing facilities:

	December 31	
	2018	2017
Time deposits		
Classified as financial assets measured at amortized cost - current	\$ 60,500	\$ -
Classified as debt investments with no active market - current	-	54,000
Classified as other assets - non-current	21,219	21,017
Property, plant and equipment	<u>157,449</u>	<u>564,104</u>
	<u>\$ 239,168</u>	<u>\$ 639,121</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2018 and 2017, the Company's unused letter of credit amounted to \$1,662,598 thousand and \$1,884,286 thousand, respectively, and the Company's endorsements and guarantees provided by related parties were \$4,027,150 thousand and \$4,845,869 thousand. Please refer to Notes 31 and 32 for details.

- b. The following is regarding the subsidiary, CGTD, who was commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014 and the first instance judgment of the criminal procedures, which was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees in appealing against the judgment.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,167 thousand, interest included, to the Kaohsiung City Government as collateral for the losses 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. 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 2019, the provisionally attached properties were worth \$141,255 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 with the 64 seriously injured victims' families.

As of February 28, 2019, victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for \$23,919 thousand, and the amount of the settlement was \$3,899 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,881,291 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately \$1,177,192 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about \$383,831 thousand, of which CGTD was exempted for \$6,194 thousand, but should pay \$188,818 thousand, the estimated portion of compensation that CGTD should pay at the moment according to the judgment of the first instance. CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second-instance trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of \$136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

35. 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 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 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.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$98,922 thousand (approximately \$3,034,601 thousand) and US\$56,970 thousand (approximately \$1,747,780 thousand), respectively, in August 2018. Via Ever Conquest Global Limited, the Company and APC increased capital of Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio in the joint venture was 77.5% after the capital increase. Dynamic Ever Investments Limited reinvested in Gulei Company RMB1,152,400 thousand on November 29, 2018.

36. 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, 2018		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 16,600	30.72	\$ 509,883
RMB	226,009	4.48	1,011,458
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	224,679	30.72	6,901,014
HKD	33,727	3.92	132,245
Derivative instruments method			
USD Sell	2,340	30.72	122
RMB Sell	27,700	4.48	218
<u>Foreign currency liabilities</u>			
Monetary items			
USD	9,534	30.72	292,829
JPY	1,814	0.28	505
Non-monetary items			
Derivative instruments method			
RMB sell	161,000	4.48	6,817
	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
Derivative instruments method			
RMB Sell	10,000	4.55	20

(Continued)

	December 31, 2017		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency liabilities</u>			
Monetary items			
USD	\$ 20,603	29.76	\$ 613,136
Non-monetary items			
Derivative instruments method			
RMB sell	116,000	4.55	5,154 (Concluded)

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange losses were \$15,495 thousand and \$29,240 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.

37. 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. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)

9) Trading in derivative instruments:

As of December 31, 2018, 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, 2018</u>			
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB258,900/NTD1,143,806
Sell	USD/MYR	2019.01.30-2019.04.30	USD894/MYR3,719
Sell	USD/NTD	2019.01.03-2019.03.22	USD27,360/NTD839,640
Sell	EUR/MYR	2019.01.31-2019.03.29	EUR117/MYR559
Sell	JPY/USD	2019.01.18-2019.01.30	JPY80,000/USD711
Buy	NTD/USD	2019.01.04-2019.03.04	NTD554,147/USD18,030

10) Information on investees. (Table 7)

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 8)
- 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, 2018**

(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	\$ 246,640 (US\$ 8,000 thousand)	\$ 245,720 (US\$ 8,000 thousand)	\$ 184,290 (US\$ 6,000 thousand)	2.15678-3.70663	2	\$ -	Business turnover	\$ -	-	-	\$ 558,218	\$ 558,218
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	224,122 (RMB 48,000 thousand)	89,506 (RMB 20,000 thousand)	-	2.34861-4.785	2	-	Business turnover	-	-	-	558,218	558,218
		Golden Amber Enterprises Ltd.	Other receivables - related parties	Yes	21,699 (US\$ 700 thousand)	21,501 (US\$ 700 thousand)	21,501 (US\$ 700 thousand)	3.24814	2	-	Business turnover	-	-	-	558,218	558,218

Note 1: Total financing amounts 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, 2018.

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, 2018.

USI CORPORATION
(Swanson Plastics Corporation (SPC))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related 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 (India) Private Limited	Long-term receivables - related parties	Yes	\$ 85,425	\$ -	\$ -	-	1	\$ 1,316	-	\$ -	-	-	\$ 92,751	\$ 185,503
		Swanson Plastics (Nantong) Co., Ltd.	Long-term receivables - related parties	Yes	126,869	-	-	-	1	-	-	-	-	-	92,751	185,503
		A.S. Holding (UK) Limited	Long-term receivables - related parties	Yes	9,252	9,180	9,180	-	1	-	-	-	-	-	92,751	185,503
		Swanson International Ltd.	Other receivables - related parties	Yes	96,115	95,370	95,370	-	2	-	Business turnover	-	-	-	92,751	185,503
2	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Nantong) Co., Ltd.	Other receivables -related parties	Yes	46,701	-	-	-	2	-	Business turnover	-	-	-	522,897	522,897
		Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	183,487	183,487	183,487	4.35-4.43	2	-	Business turnover	-	-	-	522,897	522,897
3	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	112,699	109,266	109,266	-	1	-	-	-	-	-	376,182	376,182
		PT. Swanson Plastics Indonesia	Other receivables - related parties	Yes	77,217	-	-	-	1	-	-	-	-	-	376,182	376,182
4	Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	84,062	-	-	4.35	2	-	Business turnover	-	-	-	966,721	966,721

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: Total financing amounts provided to others shall not exceed 40% of SPC's net value, and the highest aggregate financing limits are calculated by the net value as of December 31, 2018.

Note 3: The amount is calculated using the spot exchange rate of December 31, 2018.

USI CORPORATION

(China General Plastics Corporation (CGPC))

FINANCING PROVIDED TO OTHERS**FOR THE YEAR ENDED DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 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 Limits (Notes 2 and 4)
													Item	Value		
1	CGPC (BVI) Holding Co., Ltd.	Continental General Plastics (Zhong Shan) Co., Ltd.	Other receivables - related parties	Yes	\$ 122,860 (US\$ 4,000 thousand)	\$ -	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 353,757	\$ 353,757

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, 2018.

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 audited or reviewed financial statement. The maximum total amount of financing was calculated based on net value of 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, 2018.

USI CORPORATION

(Taita Chemical Company, Limited (TTC))

FINANCING PROVIDED TO OTHERS**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Notes 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 (Zhong shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	\$ 895,060 (RMB 200,000 thousand)	\$ 447,530 (RMB 100,000 thousand)	\$ 268,518 (RMB 60,000 thousand)	5.22	2	\$ -	Business turnover	\$ -	-	\$ -	\$ 2,095,315	\$ 2,095,315

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, 2018, 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 (Zhong shan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As December 31, 2018, the audited net worth of Taita Chemical (Zhong shan) Co., Ltd. is RMB468,194 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, 2018.

USI CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on 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	\$ 10,912,292	\$ 3,900,000	\$ 3,700,000	\$ 1,510,000	None	20.34	\$ 10,912,292	Yes	No	No
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	10,912,292	327,150 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	327,150 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	88,347	None	1.80	10,912,292	Yes	No	No
		Forum Pacific Trading Ltd.	Subsidiary which Chong Loong Co. directly held more than 50% of ordinary shares	10,912,292	153,575 (US\$ 5,000 thousand)	-	-	None	-	10,912,292	Yes	No	No
		Usig (Shanghai) Co., Ltd.	Parent company and subsidiary totally held more than 50% of ordinary shares	10,912,292	482,911 (RMB 53,000 thousand) (US\$ 8,000 thousand)	-	-	None	-	10,912,292	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. The maximum amount of endorsement/guarantees was calculated based on net value as of December 31, 2018.

USI CORPORATION
(Acme Electronics Corporation)

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on 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 Electronics (Cayman) Corp.	\$ 2,791,092	\$ 371,460 (US\$ 12,000 thousand)	\$ 368,580 (US\$ 12,000 thousand)	\$ 122,860 (US\$ 4,000 thousand)	None	26.41	\$ 2,791,092	No	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of Golden Amber Enterprises Limited	2,791,092	(US\$ 10,000 thousand)	(US\$ 5,000 thousand)	-	None	11.00	2,791,092	No	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME Electronics (Cayman) Corp.	2,791,092	123,820 (US\$ 4,000 thousand)	-	-	None	-	2,791,092	No	No	No

Note 1: The rate is calculated by the ending balance of equity of the endorser/guarantor as of December 31, 2018.

Note 2: The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the endorser/guarantor. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2018.

Note 3: The amount is calculated using the spot exchange rate of December 31, 2018.

USI CORPORATION

(Swanson Plastics Corporation (SPC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on 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	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Swanson Plastics Corporation	Forever Young Company Limited	Subsidiary	\$ 6,180,745	\$ 2,377,694	\$ 2,377,694	\$ 399,295	\$ -	95.88	\$ 6,180,745	No	No	No
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsiidiary	6,180,745	37,146	36,858	-	-	1.49	6,180,745	No	No	No
		PT. Swanson Plastics Indonesia	Subsidiary	6,180,745	61,910	61,430	-	-	2.48	6,180,745	No	No	No
		Swanson Plastics (Singapore) Private Limited	Subsidiary	6,180,745	87,585	85,603	-	-	3.45	6,180,745	No	No	No
		Swanson Plastics (Tianjin) Co., Ltd.	Sub-subsiidiary	6,180,745	61,910	61,430	-	-	2.48	6,180,745	No	No	Yes
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsiidiary	6,180,745	123,820	122,860	-	-	4.95	6,180,745	No	No	Yes
		Swanson Technologies Corporation	Subsidiary	6,180,745	109,528	109,144	95,900	-	4.40	6,180,745	No	No	No

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

Note 2: The amount is calculated using the spot exchange rate of December 31, 2018.

USI CORPORATION

(China General Plastics Corporation (CGPC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on 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	\$ 8,374,640	\$ 3,307,150	\$ 2,907,150	\$ 515,358	None	34.71	\$ 8,374,640	No	No	No

Note 1: The ratio is calculated using the ending balance of equity of CGPC as of December 31, 2018.

Note 2: After the revisions to the Company's guarantee procedures was approved in the shareholders' meeting on June 2018, the total amount of guarantee that may be provided by CGPC to any individual entity shall not exceed 100% of CGPC's net worth.

Note 3: The amount is calculated using the spot exchange rate of December 31, 2018.

USI CORPORATION

(Taita Chemical Company, Ltd. (TTC))

ENDORSEMENTS/GUARANTEES PROVIDED**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on 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, Limited	Taita (BVI) Holding Co., Ltd.	Subsidiary which directly held 100% ordinary shares	\$ 5,987,936	\$ 1,613,595 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 1,613,595 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 771,561 (US\$ 25,120 thousand)	\$ -	40.42	\$ 5,987,936	No	No	No
		Taita Chemical (Zhong shan) Co., Ltd.	100% voting shares directly owned by TTC	5,987,936	243,081 (US\$ 5,000 thousand) (RMB 50,000 thousand)	223,765 (RMB 50,000 thousand)	-	-	5.61	5,987,936	No	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares directly owned by TTC	5,987,936	460,725 (US\$ 15,000 thousand)	460,725 (US\$ 15,000 thousand)	153,575 (US\$ 5,000 thousand)	-	11.54	5,987,936	No	No	Yes

Note 1: The amount is calculated using the spot exchange rate of December 31, 2018.

Note 2: The ceiling to TTC on the aggregate amounts of endorsements/guarantees permitted shall not exceed 150% of total equity of TTC. The ceilings on the aggregate amounts of endorsements/guarantees permitted shall not exceed 200% of total equity of TTC.

USI CORPORATION

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

DECEMBER 31, 2018

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
USI Corporation	<u>Shares</u>							
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,180,656	\$ 674,021	1.99	\$ 674,021	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	16,707,600	240,042	11.90	240,042	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	8,514,006	104,722	0.09	104,722	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	310,000	2,716	0.45	2,716	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,664,722	19,810	-	19,810	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,350	-	26,350	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,127	1,794	-	1,794	
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	110,000	-	-	-	Note 2
	<u>Beneficiary certificates</u>							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	15,428,541	208,401	-	208,401	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,685,512	125,126	-	125,126	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,043,449	77,507	-	77,507	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,759,574	72,710	-	72,710	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,422,810	65,429	-	65,429	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,104,115	50,388	-	50,388	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,857,576	50,135	-	50,135	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,531,672	50,095	-	50,095	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,993,546	50,007	-	50,007	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	280,738	\$ 50,007	-	\$ 50,007	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,928,876	50,006	-	50,006	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,518,774	34,215	-	34,215	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,667,334	32,011	-	32,011	
	KGI Victory Money Market Fund	-	Financial assets at fair value through profit or loss - current	953,107	11,020	-	11,020	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	429,056	5,011	-	5,011	
	<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	100,800	-	100,800	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	3,000,000	45,210	-	45,210	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	72,814	-	72,814	
Union Polymer Int'l Investment Corp.	<u>Shares</u> Asia Polymer Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	20,711,939	271,326	3.74	271,326	
	China General Plastics Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	3,897,878	85,753	0.77	85,753	
	Taita Chemical Company, Limited	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	376,000	3,745	0.11	3,745	
Swanlake Traders Ltd.	<u>Shares</u> SOHWARE, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,150,000	-	1.05	-	Note 2
	TGF Linux Communications Inc.	-	Financial assets at fair value through other comprehensive income - non-current	300,000	-	2.14	-	Note 2
	NeuroSky, Inc. Preferred D	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	3,247 (US\$ 138 thousand)	0.70	3,247	
USIFE Investment Co., Ltd.	<u>Shares</u> AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,266,061	15,573	0.01	15,573	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,266,061	15,573	0.01	15,573	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - non-current	3,001,655	100,555	0.59	100,555	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	11,876,111	\$ 4,726	0.37	\$ 4,726	
	Dah Chung Bills Finance Corporation	-	Financial assets at fair value through other comprehensive income - non-current	470,914	6,536	0.10	6,536	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	213,686	3,432	0.14	3,432	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	165,279	788	0.25	788	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,234	111	0.05	111	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	6,237	1.03	6,237	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,215,798	57,519	2.36	57,519	
	Boldworks Inc.	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 2
	TGF Linux Communication, Inc.	-	Financial assets at fair value through profit or loss - non-current	200,000	-	-	-	Note 2
	!Hey Inc.	-	Financial assets at fair value through profit or loss - non-current	557,661	-	-	-	Note 2
	SOHWARE, Inc. Ordinary	-	Financial assets at fair value through profit or loss - non-current	9,000,000	-	8.19	-	Note 2
	SOHWARE, Inc. Preferred A	-	Financial assets at fair value through profit or loss - non-current	4,950,000	-	4.51	-	Note 2
	SOHWARE, Inc. Preferred D	-	Financial assets at fair value through profit or loss - non-current	7,725,000	-	7.03	-	Note 2
	SOHWARE, Inc. Convertible Bond	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	Note 2
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	439,086	9,660	0.09	9,660	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,577,809	20,669	0.28	20,669	
	Taita Chemical Company, Limited	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,132,098	11,276	0.35	11,276	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,270	-	5,270	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	554,907	6,603	0.01	6,603	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	2,465,005	19,301	0.10	19,301	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	6,650	0.27	6,650	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	828	-	828	
	<u>Beneficiary certificates</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,760,710	56,883	-	56,883	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Taiwan United Venture Capital Corp.	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,870,081	\$ 30,446	-	\$ 30,446	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	2,149,137	30,987	-	30,987	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	64,020	-	64,020	
	<u>Beneficiary certificates (REIT)</u> Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	750,000	11,273	-	11,273	
	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	3,544,556	51,107	-	51,107	
	<u>Shares</u> Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss - non-current	720,804	-	0.73	-	Note 2
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	90,000	-	0.58	-	Note 2
	Intergrafx, Inc.	-	Financial assets at fair value through profit or loss - non-current	167,000	-	1.20	-	Note 2
	SOHWARE, Inc.	-	Financial assets at fair value through profit or loss - non-current	750,000	-	0.68	-	Note 2
	TGF Linux Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	600,000	-	4.26	-	Note 2
	B4 Composites, Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	4.00	-	Note 2
	IWICS, Inc.	-	Financial assets at fair value through profit or loss - non-current	500,000	-	0.40	-	Note 2
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	4,593,286	35,965	0.18	35,965	
	Mitac Holdings Corp.	-	Financial assets at fair value through other comprehensive income - current	1,600,933	39,463	0.17	39,463	
	Chitec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	381,906	15,937	1.37	15,937	
	Leadwell Cnc Machines Mfg., Corp.	-	Financial assets at fair value through other comprehensive income - non-current	419,753	8,777	0.68	8,777	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	518,898	2,486	1.18	2,486	
	Orgchem Technology, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	594,594	9,359	1.09	9,359	
	Hexawave, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	770,000	3,735	1.08	3,735	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	6,237	1.03	6,237	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Uranus Chemicals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	10,294	\$ 260	0.03	\$ 260	
	NeuroSky, Inc. Preferred A	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	7,000	1.42	7,000	
	NeuroSky, Inc. Preferred B	-	Financial assets at fair value through other comprehensive income - non-current	12,595,523	17,004	1.78	17,004	
	NeuroSky, Inc. Preferred C	-	Financial assets at fair value through other comprehensive income - non-current	4,532,823	6,119	0.64	6,119	
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	1,323	-	1,323	
	<u>Shares</u> SOHWARE, Inc. Preferred B2	-	Financial assets at fair value through profit or loss - non-current	5,277,560	-	4.80	-	Note 2
	SOHWARE, Inc. Preferred C	-	Financial assets at fair value through profit or loss - non-current	1,250,458	-	1.14	-	Note 2
Thintec Materials Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	930,329	12,566	-	12,566	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,392,348	18,807	-	18,807	
USI Optronics Corporation	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,496,884	22,144	-	22,144	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	496,715	7,046	-	7,046	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,190,740	16,084	-	16,084	
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	2,283,118	31,014	-	31,014	

Note 1: All securities in the table are shares, bonds, beneficiary certificates and items derived above which regulated by IFRS 9 "Financial Instruments".

Note 2: As of December 31, 2018, the Group evaluated the fair value of equity instruments as \$0.

Note 3: Please refer to Table 7 and 8 for information about subsidiaries and associates.

(Concluded)

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

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
China General Plastics Corporation	<u>Closed-end fund beneficiary certificates</u>							
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	\$ 63,422	-	\$ 63,422	Note 1
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	5,000,000	63,000	-	63,000	Note 1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	45,210	-	45,210	Note 1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	Note 1
	<u>Open-end fund beneficiary certificates</u>							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,702,173	50,007	-	50,007	Note 1
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,143,272	46,500	-	46,500	Note 1
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,466,700	40,041	-	40,041	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,226,387	34,011	-	34,011	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,653,002	25,003	-	25,003	Note 1
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	8,353,800	121,047	5.95	121,047	Note 1
Taiwan VCM Corporation	<u>Open-end fund beneficiary certificates</u>							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,193,440	180,384	-	180,384	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,534,572	130,378	-	130,378	Note 1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,081,056	50,162	-	50,162	Note 1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,174,885	50,144	-	50,144	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,705,515	\$ 50,052	-	\$ 50,052	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,306,310	50,010	-	50,010	Note 1
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,182,735	50,009	-	50,009	Note 1
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,529,381	41,058	-	41,058	Note 1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,397,737	40,008	-	40,008	Note 1
	<u>Ordinary shares</u> Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at fair value through other comprehensive income - non-current	121,611	1,593	0.02	1,593	Note 1
CGPC Polymer Corporation	<u>Open-end fund beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,670,905	76,600	-	76,600	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,755,891	72,653	-	72,653	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,561,990	69,003	-	69,003	Note 1
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,355,891	49,645	-	49,645	Note 1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,793,539	45,006	-	45,006	Note 1
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,523,727	40,967	-	40,967	Note 1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,903,908	31,020	-	31,020	Note 1
CGPC (BVI) Holding Co., Ltd.	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,200	-	0.67	-	Notes 1 and 3
	SOHOWare, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Notes 1, 2 and 3

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: As of December 31, 2018, the CGPC evaluated the fair value of equity instruments as \$0.

(Concluded)

USI CORPORATION
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value		
Taita Chemical Company, Limited	<u>Ordinary shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	\$ 179,808	1.27	\$ 179,808	Note 1	
	Harbinger Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	51,500	473	0.50	473	Notes 3 and 5	
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	72,814	-	72,814	Note 1	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	Note 1	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,000,000	60,280	-	60,280	Note 1	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,600,000	83,160	-	83,160	Note 1	
	<u>Beneficiary certificates</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,305,676	50,000	-	50,000	Note 2	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,379,863	50,000	-	50,000	Note 2	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,068,821	50,000	-	50,000	Note 2	
	Taita (BVI) Holding Co., Ltd.	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.72	-	Note 4
		SOHOWare, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Note 4
		Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	127,980	2,555 (US\$ 83 thousand)	2.22	2,555 (US\$ 83 thousand)	Note 3

(Continued)

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as on December 31, 2018.

Note 2: Fair value was based on the carrying amount as on December 31, 2018.

Note 3: Fair value is assessed using the asset-based approach, and the determination of fair value refers to the investee's recent net asset value and observable financial and operational evaluations.

Note 4: As of December 31, 2018, the TTC evaluated the fair value of equity instruments as \$0.

Note 5: The investee, Harbinger Venture Capital, announced a reduction of capital by returning cash in April 2018, and TTC received \$1,185 thousand according to its ownership percentage.

(Concluded)

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Asia Polymer Corporation	<u>Ordinary shares</u>							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	123,600	\$ 1,136	1.20	\$ 1,136	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	438,624	4,330	1.67	4,330	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	16,707,600	242,093	11.90	242,093	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,206,132	8.53	1,206,132	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,496,107	643,627	1.90	643,627	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	118,308	0.10	118,308	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,017,946	67,601	0.39	67,601	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,127	1,794	0.01	1,794	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,664,722	19,810	0.04	19,810	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,350	0.01	26,350	
	<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	72,829	-	72,829	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	30,140	-	30,140	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	63,000	-	63,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,993,164	\$ 50,002	-	\$ 50,002	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,165,538	106,003	-	106,003	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,070,291	50,024	-	50,024	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,277	-	50,277	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,993,389	100,003	-	100,003	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,536,352	169,335	-	169,335	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,403,369	103,476	-	103,476	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,358,474	33,454	-	33,454	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	280,711	50,002	-	50,002	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,892,948	90,024	-	90,024	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,332,917	100,003	-	100,003	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,192,114	50,002	-	50,002	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,364,176	100,003	-	100,003	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,530,557	41,077	-	41,077	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,655,234	25,036	-	25,036	
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,232,961	50,002	-	50,002	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,639,471	128,235	-	128,235	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	256,140	5,079	4.45	5,079	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,519,701	71,896	2.95	71,896	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	3,247	0.37	3,247	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	6,282	0.49	6,282	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
APC Investment Corporation	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	\$ -	0.67	\$ -	Note
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note
	SOHOware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note
	<u>Ordinary shares</u>							
	USI Corporation - ordinary shares	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	533	-	533	
	Evergreen Marine Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - current	554,907	6,603	0.01	6,603	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,270	-	5,270	
	<u>Beneficiary securities</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,784,986	26,999	-	26,999	
Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,850	-	24,850		
<u>Ordinary shares</u>								
United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,131,920	8,863	0.04	8,863		

Note: As of December 31, 2018, the APC evaluated the fair value of equity instruments as \$0.

(Concluded)

USI CORPORATION
(China General Terminal & Distribution Co.)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
China General Terminal & Distribution Co.	<u>Shares</u> Asia Polymer Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	4,939,760	\$ 64,711	0.89	\$ 64,711	Note 2
	China General Plastics Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	2,564,791	56,425	0.51	56,425	Note 1
	Taita Chemical Company, Limited	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	1,877,484	18,700	0.57	18,700	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	12,114	-	12,114	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 NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (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>Ordinary shares</u> Ever Conquest Global Limited	Investments accounted for using the equity method	-	Subsidiary	77,346,000	\$ 2,375,283	98,922,000	\$ 3,034,601	-	\$ -	\$ -	\$ -	176,268,000	\$ 5,408,533
	<u>Beneficiary certificates</u> FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	312,467	55,400	1,928,874	343,000	1,960,603	348,640	348,400	240	280,738	50,000
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,641,554	100,900	26,504,939	404,300	28,386,919	433,020	432,500	520	4,759,574	72,700
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	42,365,551	639,300	42,365,551	639,597	639,300	297	-	-
	Yuanta De Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,672,231	75,700	19,501,624	317,000	16,488,343	268,041	267,700	341	7,685,512	125,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,582,049	67,385	35,408,052	522,400	35,567,291	524,860	524,385	475	4,422,810	65,400
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,608,393	169,500	38,883,476	524,000	36,063,328	485,916	485,400	516	15,428,541	208,100
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	14,417,605	145,600	28,378,729	287,300	37,867,458	383,285	382,900	385	4,928,876	50,000
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,861,923	153,700	40,543,970	633,400	50,405,893	787,475	787,100	375	-	-
Ever Conquest Global Limited	<u>Ordinary shares</u> Ever Victory Global Limited	Investments accounted for using the equity method	-	Subsidiary	123,616,000	3,796,226	155,892,000	4,782,381	-	-	-	-	279,508,000	8,576,305
Ever Victory Global Limited	<u>Ordinary shares</u> Dynamic Ever Investments Limited	Investments accounted for using the equity method	-	Subsidiary	181,877,000	5,565,831	178,700,000	5,482,069	-	-	-	-	360,577,000	11,046,947
Dynamic Ever Investments Limited	<u>Ordinary shares</u> Fujian Gulei Petrochemical Co., Ltd.	Investments accounted for using the equity method	-	Joint venture	(Note 3)	5,241,747	(Note 3)	5,117,787	-	-	-	-	(Note 3)	10,338,945

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 (CGPC))

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (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>													
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,249,509	\$ 84,000	31,986,466	\$ 431,300	34,533,802	\$ 465,565	\$ 465,300	\$ 265	3,702,173	\$ 50,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,217,007	401,500	24,073,735	355,114	355,000	114	3,143,272	46,500
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,518,158	144,000	21,470,093	327,500	28,761,864	438,447	437,500	947	2,226,387	34,000
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	2,431,581	39,000	16,355,138	263,000	18,786,719	302,200	302,000	200	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,378,417	21,500	31,756,270	496,000	33,134,687	517,628	517,500	128	-	-
Taiwan VCM Corporation	<u>Beneficiary certificates</u>													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	23,728,131	350,000	11,534,691	170,049	170,000	49	12,193,440	180,000
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,200,022	50,000	45,256,139	540,000	45,273,426	540,105	540,000	105	4,182,735	50,000
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	29,154,730	440,000	25,848,420	390,104	390,000	104	3,306,310	50,000
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,805,815	30,000	27,027,086	450,000	26,435,164	440,112	440,000	112	2,397,737	40,000
	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	25,052,723	300,000	25,052,723	300,131	300,000	131	-	-
	Shin Kong Chi Shin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	19,429,019	300,000	19,429,019	300,066	300,000	66	-	-
CGPC Polymer Corporation	<u>Beneficiary certificates</u>													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,460,472	419,500	25,104,581	370,263	370,000	263	3,355,891	49,500

Note: The amount as of December 31, 2018 was calculated at the original investment cost.

USI CORPORATION
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (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
Taita Chemical Company, Ltd.	Beneficiary certificates Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	27,822,544	\$ 333,000	27,822,544	\$ 333,038	\$ 333,000	\$ 38	-	\$ -

Note: The amount as of December 31, 2018 was calculated at the original investment cost.

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				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	Ordinary shares Ever Conquest Global Limited.	Investment accounted for using the equity method	-	Equity-method investee	46,270,000	\$ 1,420,944	56,970,000	\$ 1,747,780	-	\$ -	\$ -	\$ -	103,240,000	\$ 3,167,773 (Note 1)
	Beneficiary certificates Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,534,072	52,028	20,867,472	308,000	17,236,006	254,543	254,028	515	7,165,538	106,003 (Note 2)

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

Note 2: The ending balance includes the original investment amount of \$106,000 thousand and adjustments for fair value changes of \$3 thousand.

TABLE 5

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, 2018
(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	\$ (217,193)	(1.85)	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	\$ 12,488	0.80	
	Forever Young	Subsidiary	Sale	(101,141)	(0.86)	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	10,796	0.69	
	USI Trading (Shanghai) Co., Ltd.	Subsidiary	Sale	(134,774)	(1.15)	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	28,604	1.83	
	Asia Polymer Corporation	Investee of UPIIC under equity method	Purchase	670,909	6.90	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(158,522)	(16.66)	
USI Far East (HK) Co., Ltd.	USI Corporation	Parent company	Purchase	217,193	2.24	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(12,488)	(1.31)	
Forever Young	USI Corporation	Parent company	Purchase	101,104	1.04	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(10,796)	(1.13)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Parent company	Purchase	134,774	1.39	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(28,604)	(3.01)	
APC Polymer Corporation	USI Corporation	Parent company	Sale	(670,909)	(5.70)	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	158,522	10.12	

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, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note)		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 Golden Amber Enterprises Limited	Purchase (includes processing fees)	\$ 467,034	51	55 days	No significant difference	No significant difference	\$ (210,028)	67	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Sale (includes processing fees)	(467,034)	46	55 days	No significant difference	No significant difference	210,028	55	
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME Electronics (Cayman) Corp.	Sale	(208,832)	18	55 days	No significant difference	No significant difference	18,211	7	
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME Electronics (Cayman) Corp.	Purchase	208,832	72	55 days	No significant difference	No significant difference	(18,211)	91	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of Golden Amber Enterprises Limited	Sale	(129,124)	11	55 days	No significant difference	No significant difference	31,750	12	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Purchase	129,124	27	55 days	No significant difference	No significant difference	(31,750)	83	
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME Electronics (Cayman) Corp.	Sale	(100,550)	13	55 days	No significant difference	No significant difference	31,301	16	
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME Electronics (Cayman) Corp.	Purchase	100,550	35	55 days	No significant difference	No significant difference	(31,301)	10	

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, 2018
(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 (Singapore) Private Limited	Swanson Plastics (Malaysia) Sdn., Bhd.	Subsidiary	Purchase	\$ 319,709	92	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	\$ (23,495)	90	
Forever Young Company Limited	USI Corporation	Ultimate parent company	Purchase	100,359	7	Payments within 75 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(8,723)	5	
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Sale	(410,331)	28	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	223,530	45	
Forever Yong Company Limited	Swanson Plastics (Malaysia) Sdn., Bhd.	Have the same ultimate parent company	Purchase	284,123	20	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(21,907)	14	
	Swanson Plastics (Malaysia) Sdn., Bhd.	Have the same ultimate parent company	Sale	(495,515)	33	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	26,058	5	
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Sale	(183,460)	12	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	28,002	6	
Swanson Plastics (Kunshan) Co., Ltd.	Forever Young Company Limited	Have the same ultimate parent company	Purchase	410,331	37	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(223,530)	73	
Swanson Plastics (Malaysia) Sdn., Bhd.	Forever Yong Company Limited	Have the same ultimate parent company	Sale	(284,123)	22	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	21,907	18	
	Forever Yong Company Limited	Have the same ultimate parent company	Purchase	495,515	45	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(26,058)	27	
	Swanson Plastics (Singapore) Private Limited	Parent company	Sale	(319,709)	25	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	23,495	20	

(Continued)

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 (Kunshan) Co., Ltd.	ASK-Swanson (Kunshan) Co., Ltd.	Have the same ultimate parent company	Sale	\$ (102,185)	8	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	Accounts receivable - related parties	\$ 18,348	6	
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Purchase	102,185	40	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(26,058)	31	
PT.Swanson Plastics Indonesia	Forever Young Company Limited	Have the same ultimate parent company	Purchase	183,460	72	Payments within 90 days after purchasing on credit	No significant difference	No significant difference	Accounts payable - related parties	(28,002)	59	

(Concluded)

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, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)			Note
			Purchase/Sale	Amount (Note)	% 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	\$ 4,230,003	72	45 days	No significant difference	No significant difference	Accounts payable-related parties	\$ (774,140)	(77)	
	CGPC America Corporation	Subsidiary	Sale	(374,307)	(5)	90 days	No significant difference	No significant difference	Accounts receivable - related parties	101,245	9	
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(4,230,003)	(43)	45 days	No significant difference	No significant difference	Accounts receivable - related parties	774,140	45	
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(4,410,087)	(45)	45 days	No significant difference	No significant difference	Accounts receivable - related parties	778,034	45	
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	4,410,087	96	45 days	No significant difference	No significant difference	Accounts payable-related parties	(778,034)	(97)	
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	374,307	83	90 days	No significant difference	No significant difference	Accounts payable-related parties	(101,245)	(97)	

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, 2018
(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		
Taita Chemical Company, Limited	Taita Chemical (Zhong shan) Co., Ltd.	Sub-subsiidiary	Sales	\$ (1,603,160) (US\$ (53,509) thousand)	(10.73)	30 days	No significant difference	No significant difference	Accounts receivable - related parties \$	-	-	-
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsiidiary	Sales	(201,301) (US\$ (6,662) thousand)	(1.35)	30 days	No significant difference	No significant difference	Accounts receivable - related parties	122,547 (US\$ 3,990 thousand)	7.22	-
	USI Trading (Shanghai) Co., Ltd.	Fellow sub-subsiidiary	Sale	(104,456) (US\$ (2,433) thousand) (RMB (6,963) thousand)	(0.70)	90 days	No significant difference	No significant difference	Accounts receivable - related parties	31,162 (RMB 6,963 thousand)	1.83	-

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, 2018
(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		
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	\$ (670,909)	(10.52)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	\$ 162,209	18.44	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(619)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	-	-	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	131,257	2.72	30 days	No significant difference	No significant difference	Accounts payable-related parties	(18,496)	(5.42)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	135,188	2.80	30 days	No significant difference	No significant difference	Accounts payable-related parties	(28,604)	(8.38)	

USI CORPORATION

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

DECEMBER 31, 2018

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss (Note 1)	
					Amount	Actions Taken			
USI Corporation	Asia Polymer Corporation	Subsidiary of the Company	Other receivables -related parties	\$ 146,325	-	\$ -	-	\$ 146,325	
	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables -related parties	171,372	-	-	-	171,372	

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

Note 2: The subsequent period is from January 1, 2019 to March 8, 2019.

USI CORPORATION
(Acme Electronics Corporation)

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss (Note 1)
					Amount	Actions Taken		
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Subsidiary of ACME	Other receivables - related parties \$ 186,504	-	\$ -	-	\$ 58,641	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Accounts receivable - related parties 210,028	2.54	-	-	84,067	-

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

Note 2: The subsequent period is from January 1, 2019 to March 5, 2019.

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, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 4)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss (Note 1)
					Amount	Actions Taken		
Forever Young Company Limited	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Accounts receivable - related parties \$ 181,510 (US\$ 5,909,480)	-	\$ -	-	\$ 6,787 (US\$ 220,959)	\$ -
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 223,530 (US\$ 7,277,552)	-	-	-	29,308 (US\$ 954,201)	-
Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Ltd.	Subsidiary	Accounts receivables - related parties 109,266 (US\$ 3,557,416)	-	-	-	-	-

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

Note 2: Forever Young Company Limited purchased raw materials for associates.

Note 3: The subsequent period is from January 1, 2019 to February 28, 2019.

USI CORPORATION
(China General Plastics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 3)	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 <u>\$ 101,245</u>	3.41	\$ -	-	\$ 63,311	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties <u>\$ 774,140</u>	5.70	-	-	774,140	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties <u>\$ 778,034</u>	5.87	-	-	778,034	Note 1

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

Note 2: The subsequent period is from January 1, 2019 to February 27, 2019.

USI CORPORATION
(Taita Chemical Company, Limited)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 4)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss (Note 4)
					Amount	Actions Taken		
Taita Chemical Company, Limited	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsiidiary	Accounts receivable \$ 122,547 (US\$ 3,990 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsiidiary	Other receivables 173,988 (US\$ 5,665 thousand) (Note 1)	-	-	-	-	-
Taita Chemical (Zhong shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Fellow subsidiary	Other receivables 279,905 (RMB 62,544 thousand) (Note 2)	-	-	-	-	-

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 (Zhong shan) 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 up to March 6, 2019.

USI CORPORATION
 (Asia Polymer Corporation (APC))

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss (Note 1)
					Amount	Actions Taken		
Asia Polymer Corporation	USI Corporation	Parent company	Trade receivables from related parties \$ 162,209	5.13	\$ -	-	\$ 162,209	\$ -
	USI Corporation	Parent company	Other receivables from related parties 190	-	-	-	190	-

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

Note 2: The subsequent period is from January 1, 2019 to March 6, 2019.

USI CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	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	87,250,800	100.00	\$ 690,217	\$ (31,847)	\$ (31,847)	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment Business	728,439	728,439	30,000,000	100.00	1,349,147	44,643	44,643	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment Business	63,482	63,482	159,999	100.00	132,245	(1,182)	(1,182)	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	521,440,500	100.00	5,464,646	468,242	456,812	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	183,773	(4,921)	(3,445)	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	44,013	11,454	10,567	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	62,616,299	40.58	997,613	68,441	27,772	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	361,415	56,187	15,169	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	250,354	9,126,786	93.18	44,282	(29,122)	(27,136)	Subsidiary
	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	(1,310)	1,258	1,258	Subsidiary (Note 1)
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	150,540	150,540	5,000,000	100.00	129,688	4,710	4,710	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	4,415	(10,525)	(3,201)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	5,442,335	2,407,735	176,268,000	63.06	5,408,533	8,889	5,506	Subsidiary
	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	330,000	33,000,000	50.85	157,537	(165,012)	(83,902)	Subsidiary
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	8,585,088 (US\$ 279,508 thousand)	3,796,865 (US\$ 123,616 thousand)	279,508,000	77.47	8,576,305 (US\$ 279,222 thousand)	15,203 (US\$ 533 thousand)		Subsidiary
Ever Victory Global Limited	Dynamic Ever Investments Limited	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investment Business	11,075,123 (US\$ 360,577 thousand)	5,586,352 (US\$ 181,877 thousand)	360,577,000	100.00	11,046,947 (US\$ 359,660 thousand)	15,774 (US\$ 552 thousand)		Sub-subsiidiary
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Limited	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	36.37	1,676,969	207,972		Sub-subsiidiary
	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	179,330,846	32.35	3,606,302	286,826		Sub-subsiidiary
	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	122,632,069	24.20	2,156,276	1,276,156		Sub-subsiidiary
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	135,113	56,187		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	(11,869)	(16,486)		Sub-subsiidiary
	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	15,206	2,441		Sub-subsiidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	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	\$ 2,177	\$ (10,525)	\$ -	Sub-subsiary
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	6,757 (US\$ 220 thousand)	6,757 (US\$ 220 thousand)	220,000	100.00	31,445	(3,354) (US\$ 110 thousand)		Sub-subsiary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment Business	108,656 (US\$ 3,538 thousand)	108,656 (US\$ 3,538 thousand)	5,609,231	11.23	144,211 (US\$ 4,695 thousand)	255,187 (US\$ 8,561 thousand)		Sub-subsiary

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 Company invested additional capital in the amount of US\$98,922 thousand (approximately \$3,034,601 thousand) and US\$36,643 thousand (approximately \$1,113,427 thousand) in Ever Conquest Global Limited in August 2018.

Note 3: Information on investments in mainland China is provided in Table 8.

(Concluded)

USI CORPORATION
 (Acme Electronics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
 (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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	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 Business	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 656,125	\$ 164,621 (US\$ 5,626 thousand)	\$ 82,698 (US\$ 2,828 thousand)	
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment Business	638,676 (US\$ 19,800 thousand)	638,676 (US\$ 19,800 thousand)	19,800,000	100.00	812,301	35,197	35,197	
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment Business	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	490	(65) (US\$ 2 thousand)	(65) (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 monocrystals	646,200	646,200	22,064,224	34.00	105,331	(165,012)	(56,098)	
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 Business	US\$ 11,891 thousand	US\$ 11,891 thousand	42,600,000	100.00	US\$ 19,626 thousand	US\$ 1,131 thousand (MYR 4,755 thousand)	US\$ 1,131 thousand (MYR 4,755 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 37,964 thousand	MYR 5,500 thousand	9,120,000	100.00	MYR 83,014 thousand	MYR 4,842 thousand	MYR 4,842 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 8-1.

USI CORPORATION
 (Swanson Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
 (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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 4)	Note
				December 31, 2018 (Note 2)	December 31, 2017 (Note 2)	Number of Shares	%	Carrying Amount (Notes 2 and 4)			
Swanson Plastics Corporation	Swanson Plastics (Singapore) Private Limited	2 Venture Drive Vision Exchange #12-10 Singapore 608526	Production and marketing of plastic products	\$ 808,506	\$ 808,506	36,863	100	\$ 1,865,174	\$ (27,964)	\$ (27,964)	Note 3
	Forever Young Company Limited	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	61,799	(57,118)	(57,100)	
	Swanson International Ltd.	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment Business	454,134	454,134	14,541	100	1,385,103	67,737	67,737	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment Business	4,850	4,850	1,600	100	6,658	8,204	8,204	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	(55,391)	(16,486)	(11,540)	
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	7,979	5,486	261	1	6,612	(14,224)	(142)	Note 1
Swanson Plastics (Singapore) Private Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Zon Perdagangan Bebas, 13600 Perai, Seberang Perai, Malaysia	Production and marketing of plastic products	202,516 US\$ 6,593,398	202,516 US\$ 6,593,398	20,000	100	612,770 US\$ 19,950,179	124,897 RM 16,667,119	-	
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	229,160 US\$ 7,460,850	106,300 US\$ 3,460,850	42,970	100	91,830 US\$ 2,989,759	(88,672) INR(201,524,992)	-	
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	793,677 US\$ 25,840,033	547,341 US\$ 17,820,000	25,840	99	654,607 US\$ 21,312,284	(14,224) IDR (6,694,851,719)	-	Note 1
Swanson International Ltd.	A.S. Holdings (UK) Limited	United Kingdom	Investment Business	217,895 US\$ 7,094,082	217,895 US\$ 7,094,082	-	100	513,719 US\$ 16,725,332	5,144 US\$ 170,622	-	Note 1 and 3

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, 2018.

Note 3: Information on investments in mainland China is provided in Table 8-2.

USI CORPORATION
(China General Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	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	\$ 2,930,995	\$ 2,930,994	206,008,832	87.22	\$ 2,919,181	\$ 625,587	\$ 535,972	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	78,859,281	100.00	1,103,222	257,674	257,674	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	353,757	8,843	8,843	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing of petrochemical raw materials	41,106	41,106	18,667,465	33.33	228,250	(75,720)	(25,241)	Investment 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	203,543	(11,119)	(11,119)	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	76,490	1,646	1,646	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	24,296	56,187	978	Investment 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	1,452	(10,525)	(1,052)	Investment accounted for using the equity method

Note: Information on investments in mainland China is provided in Table 8-3.

USI CORPORATION
(Taita Chemical Company, Limited)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Taita Chemical Company, Limited	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment Business	\$ 1,896,283 (US\$ 61,738 thousand)	\$ 1,896,283 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,440,314 (US\$ 46,852 thousand)	\$ 55,742 (US\$ 1,959 thousand)	\$ 55,742 (US\$ 1,959 thousand)	Subsidiary
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	10,043,760	1.98	165,982	1,276,156	25,293	Investment accounted for using the equity method
	China General Terminal & Distribution Corporation	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,463	33.33	228,250	(75,720)	(25,240)	Investment accounted for using the equity method
	Acme Electronics Corporation	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.44	34,003	56,187	1,369	Investment accounted for using the equity method
	Thintec Materials Corporation	Taiwan	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	1,452	(10,525)	(1,052)	Investment accounted for using the equity method
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Cayman Islands	Reinvestment Business	52,217 (US\$ 1,700 thousand)	52,217 (US\$ 1,700 thousand)	2,695,619	5.39	69,303 (US\$ 2,256 thousand)	164,621 (US\$ 5,626 thousand)		Investment accounted for using the equity method

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

Note 2: Information on investments in mainland China is provided in Table 8-4.

USI CORPORATION
 (Asia Polymer Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
 (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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment Business	\$ 423,093 (US\$ 13,774,806)	\$ 423,093 (US\$ 13,774,806)	11,342,594	100.00	\$ 477,505	\$ 31,477	\$ 31,477	Subsidiary
	APC Investment Corporation	Taipei, Taiwan	Investment Business	200,000	200,000	20,000,000	100.00	97,433	(4,199)	(4,199)	Subsidiary
	USI International Corp.	British Virgin Islands	Reinvestment Business	86,002 (US\$ 2,800,000)	86,002 (US\$ 2,800,000)	2,800,000	70.00	130,090	7,086	4,960	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	40,891,494	8.07	675,767	1,276,156	102,976	Investment accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	228,250	(75,720)	(25,240)	Investment 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	12,266,779	7.95	196,411	76,311	5,441	Investment 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	46,332	56,187	1,865	Investment 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	21,860	(4,921)	(410)	Investment 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	4,415	(10,525)	(3,201)	Investment accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	28,512	(165,012)	(15,185)	Investment accounted for using the equity method
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment Business	3,171,017 (US\$ 103,240,000)	1,421,183 (US\$ 46,270,000)	103,240,000	36.94	3,167,773	8,889	3,384	Investment accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment Business	161,097 (US\$ 5,244,903)	161,097 (US\$ 5,244,903)	8,316,450	16.64	213,812	164,621	-	Investment accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment Business	36,858 (US\$ 1,200,000)	36,858 (US\$ 1,200,000)	1,200,000	30.00	55,753	7,086	-	Investment 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	14,416	56,187	-	Investment 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	(11,869)	(16,486)	-	Investment accounted for using the equity method

Note: Information on investments in mainland China is provided in Table 8-5.

USI CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 7)	Carrying Amount as of December 31, 2018 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 943,718 (US\$ 30,725,000)	Note 1	\$ 86,540 (US\$ 2,817,528)	\$ -	\$ -	\$ 86,540 (US\$ 2,817,528)	\$ 150,563 (US\$ 5,163,095)	11.23	\$ 16,901 (US\$ 579,562)	\$ 94,931 (US\$ 3,090,710)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	153,575 (US\$ 5,000,000)	Note 2	153,575 (US\$ 5,000,000)	-	-	153,575 (US\$ 5,000,000)	4,710 (US\$ 157,357)	100.00	4,710 (US\$ 157,357)	129,688 (US\$ 4,222,313)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	20,629,343 (RMB 4,609,600,000)	Note 3	2,216,814 (US\$ 72,173,674)	2,816,313 (US\$ 91,691,773)	-	5,033,127 (US\$ 163,865,447)	64,542 (US\$ 2,181,422)	24.43	13,592 (US\$ 459,531)	5,051,389 (US\$ 164,460,018)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$5,533,015 (US\$180,140,475)	\$8,169,253 (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 (63.06%), then via Ever Victory Global Limited (77.47%), 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\$248,025 thousands to Gulei.

Note 6: Except for Gulei, whose financial statements are audited by KPMG and adjusted according to the TIFRS, 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, 2018

(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, 2018 (Note 5)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 5)	Net Income (Loss) of the Investee (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4, 6 and 8)	Carrying Amount as of December 31, 2018 (Notes 7)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 30,725 thousand	Note 2	\$ 374,188 (US\$ 11,144 thousand)	\$ -	\$ -	\$ 374,188 (US\$ 11,144 thousand)	\$ 150,563 (RMB 31,235 thousand)	51.27	\$ 77,194 (RMB 16,014 thousand)	\$ 433,622 (RMB 96,892 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 19,200 thousand	Note 2	619,676 (US\$ 19,200 thousand)	-	-	619,676 (US\$ 19,200 thousand)	37,575 (RMB 8,148 thousand)	100.00	37,575 (RMB 8,148 thousand)	839,736 (RMB 187,638 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$932,016 (US\$30,344 thousand) (Note 7)	\$1,125,183 (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 amount is calculated using the exchange rate on the original investment date.

Note 6: The amount is calculated using the average exchange rate from January 1, 2018 to December 31, 2018.

Note 7: The amount is calculated using the spot exchange rate of December 31, 2018.

USI CORPORATION
 (Swanson Plastics Corporation (SPC))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
 (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, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 122,860 (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	\$ -	\$ 37,166 (US\$ 8,150,539)	-	\$ 37,166 (Note 1)	\$ - (Note 1)	\$ 6,091 (US\$ 198,309)
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	408,202 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	61,316 US\$ 2,033,739	100	61,316 US\$ 2,033,739	966,725 US\$ 31,474,027	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of production and sales of PE release film and other release products	279,507 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	5,144 US\$ 170,622	100	5,144 US\$ 170,622	522,899 US\$ 17,024,224	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	328,651 (US\$ 10,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(62,825) (US\$ 2,083,807)	100	(62,825) (US\$ 2,083,807)	190,009 US\$ 6,186,183	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$588,131	\$1,007,014 (US\$32,785,753)	\$ - (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 is calculated using the spot exchange rate on December 31, 2018.

Note 3: SPC disposed of SPC (Nantong) as agreed in the meeting of the board of directors held in April 2016, and sold its all shares by NT\$129,077 thousand on December 21, 2018. As of December 31, 2018, the SPC completed the process of the disposed and recognized gain of disposal NT\$116,576 thousand.

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, 2018

(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, 2018 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2018 (Notes 1)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 614,300 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 614,300 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 614,300 (US\$ 20,000 thousand)	\$ 7,455 (US\$ 247 thousand)	100.00	\$ 7,455 (US\$ 247 thousand)	\$ 264,486 (US\$ 8,611 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	46,073 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	46,073 (US\$ 1,500 thousand)	-	-	46,073 (US\$ 1,500 thousand)	12 (US\$ - thousand)	100.00	12 (US\$ - thousand)	13,932 (US\$ 454 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (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)
\$831,824 (US\$27,082 thousand)	\$1,053,371 (US\$34,295 thousand)	\$ -

Note 1: The amount is calculated using the spot exchange rate as on December 31, 2018.

Note 2: As the CGPC has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620424930 on September 22, 2017, 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: 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 \$21,009 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$27,582 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$122,860 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 24, 2011. As of December 31, 2018, the dissolution procedures have not yet been completed.

Note 5: The investment income (loss) recognition in 2018 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, 2018**
(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, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Note 5)	Carrying Amount as of December 31, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
Taita Chemical (Zhong shan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,420,569 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,320,745 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,320,745 (US\$ 43,000 thousand)	\$ 216,260 (US\$ 7,219 thousand)	100.00	\$ 216,260 (US\$ 7,219 thousand)	\$ 2,095,315 (US\$ 68,218 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	840,055 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	798,590 (US\$ 26,000 thousand)	-	-	798,590 (US\$ 26,000 thousand)	(144,178) US\$ 4,729 thousand)	100.00	(144,178) (US\$ 4,729 thousand)	42,749 (US\$ 1,392 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	943,718 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	41,589 (US\$ 1,354 thousand)	-	-	41,589 (US\$ 1,354 thousand)	150,562 (US\$ 5,163 thousand)	5.39	8,115 (US\$ 278 thousand)	45,621 (US\$ 1,485 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,160,924 (US\$ 70,354 thousand)	\$2,328,729 (US\$ 75,817 thousand) (Note 3)	\$2,395,174 (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, 2018**
(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, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 943,718 (US\$ 30,725,000)	b. ACME Electronics (Cayman) Corp.	\$ 128,308 (US\$ 4,177,369)	\$ -	\$ -	\$ 128,308 (US\$ 4,177,369)	\$ (2) 150,562	16.64	\$ 25,057	\$ 140,748	\$ -
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	76,788 (US\$ 2,500,000)	b. APC (BVI) Holding Co., Ltd.	93,238 (US\$ 3,035,601)	-	-	93,238 (US\$ 3,035,601)	(2) 1,982	100.00	1,982	99,982	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	20,629,343 (RMB 4,609,600,000)	b. Dynamic Ever Investments Limited	1,326,145 (US\$ 43,175,806)	1,622,390 (US\$ 52,820,780)	-	2,948,535 (US\$ 95,996,586)	(1) 64,542	14.31	8,167	2,958,581	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$3,318,132 (US\$108,029,692) (Note 4)	\$4,956,836 (US\$161,381,608)	\$ - (Note 5)

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

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

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

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

Note 3: The amount is calculated using the exchange rate as at December 31, 2018.

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.

- a. APC invested in Wafer Works Epitaxial Corp. and Wafer Works (Shanghai) Corp. through Silicon Technology Investment (Cayman) Corp.
- b. 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.

USI CORPORATION

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USI CORPORATION**SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash		
Petty cash		\$ <u>520</u>
Cash in bank		
Checking accounts		3,971
Deposit account		43,733
Foreign currency deposits	US\$147,607.91 (Note)	4,857
	RMB62,142.38 (Note)	
	JPY117,195.00 (Note)	
	EUR378.25 (Note)	
		<u>52,561</u>
Cash equivalents		
Repurchase agreement collateralized by bonds	Interest rates 0.55%-0.75%, expired by February 2019	945,652
Time deposits	Interest rates 0.60%-2.00%, includes US\$250,000 and RMB7,400,000 maturity in March 2019	790,796
		<u>\$ 1,789,529</u>

Note: US\$1 at exchange rate of 30.715.

RMB1 at exchange rate of 4.475.

JPY1 at exchange rate of 0.278.

EUR1 at exchange rate of 35,200.

USI CORPORATION

**SCHEDULE OF FVTPL - CURRENT
DECEMBER 31, 2018**

(In Thousands of New Taiwan Dollars, Except Par Value and Unit Price in New Taiwan Dollars)

Item	Description	Shares/Unit	Par Value	Amount	Rate	Acquisition Cost	Fair Value		Changes Attributable to Changes in Credit Risk	Note
							Unit Price	Amount		
Financial assets mandatorily at FVTPL - non-derivative financial assets										
Mutual funds and beneficiary securities										
	Taishin 1699 Money Market Fund	15,428,541	\$10	\$ 154,285		\$ 208,100	\$ 13.5075	\$ 208,401	\$ -	
	Yunta DeLi Money Market Fund	7,685,512	10	76,855		125,000	16.2808	125,126	-	
	CTBC HWA Win Money Market Fund	7,043,449	10	70,434		77,500	11.0041	77,507	-	
	FSITC Taiwan Money Market Fund	4,759,574	10	47,596		72,700	15.2765	72,710	-	
	Jin Sun Money Market Fund	4,422,810	10	44,228		65,400	14.7935	65,429	-	
	Hua Nan Phoenix Money Market Fund	3,104,115	10	31,041		50,300	16.2326	50,388	-	
	Franklin Templeton SinoAm Money Market Fund	4,857,576	10	48,576		50,000	10.3209	50,135	-	
	Taishin Ta-Chong Money Market Fund	3,531,672	10	35,317		50,000	14.1845	50,095	-	
	Mega Diamond Money Market Fund	3,993,546	10	39,935		50,000	12.5219	50,007	-	
	FSITO Money Market Fund	280,738	10	2,807		50,000	178.126	50,007	-	
	TCB Taiwan Money Market Fund	4,928,876	10	49,289		50,000	10.1456	50,006	-	
	Eastspring Investments Well Pool Money Market Fund	2,518,774	10	25,188		34,200	13.5842	34,215	-	
	Yuanta De Bao Money Market Fund	2,667,334	10	26,673		32,000	12.0010	32,011	-	
	KGI Victory Money Market Fund	953,107	10	9,531		11,000	11.5621	11,020	-	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	429,056	10	4,291		5,000	11.6802	5,011	-	
	Fubon No. 2 Real Estate Investment Trust Fund	8,000,000	10	80,000		80,160	12.6000	100,800	-	
	Shin Kong No. 1 Real Estate Investment Trust Fund	3,000,000	10	30,000		30,000	15.0700	45,210	-	
	Cathay No. 2 Real Estate Investment Trust Fund	2,500,000	10	25,000		25,000	15.0300	37,575	-	
	Cathay No. 1 Real Estate Investment Trust Fund	4,900,000	10	49,000		49,557	14.8600	72,814	-	
				<u>850,046</u>		<u>1,115,917</u>		<u>1,188,467</u>	-	
Domestic listed shorts and over-the-counter shares										
	Evergreen Marine Corp.	1,664,722	10	16,647		26,266		19,810	-	
	Quanta Computer Inc.	500,000	10	5,000		30,705		26,350	-	
	United Renewable Energy Co., Ltd.	229,127	10	2,291		5,513		1,794	-	
				<u>23,938</u>		<u>62,484</u>		<u>47,954</u>	-	
				<u>\$ 873,984</u>		<u>\$ 1,178,401</u>		<u>\$ 1,236,421</u>	<u>\$ -</u>	
Financial assets mandatorily at FVTPL - derivative financial assets										
	Foreign exchange forward contracts							<u>\$ 340</u>	<u>\$ -</u>	
Financial liabilities held for trading - derivative financial liabilities										
	Foreign exchange forward contracts							<u>\$ 6,817</u>	<u>\$ -</u>	

USI CORPORATION**SCHEDULE OF NOTES RECEIVABLE, NET****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Operating - unrelated parties			
Tex Year Industries Inc.	Unexpired	\$ 62,748	
Taiwan First Li-Bond Co., Ltd.	Unexpired	26,985	
Others (Note)	Unexpired	<u>2,788</u>	
		<u>\$ 92,521</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

USI CORPORATION**SCHEDULE OF ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount	Note
Unrelated parties			
First Group	Payment	\$ 664,768	
Sveck Photovoltaic New Material Co., Ltd.	Payment	283,679	
Fear Eastern Group	Payment	106,373	
Tex Year Group	Payment	77,715	
Others (Note)	Payment	<u>281,977</u>	
		1,414,512	
Less: Allowance for impairment loss		<u>(2,651)</u>	
		<u>1,411,861</u>	
Related parties			
USI Trading (Shanghai) Co., Ltd.	Payment	28,604	
Forever Young Company Limited	Payment	10,796	
Swanson Plastics Corp.	Payment	9,438	
USI Far East (HK) Co., Ltd.	Payment	<u>12,488</u>	
		<u>61,326</u>	
		<u>\$ 1,473,187</u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

USI CORPORATION**SCHEDULE OF INVENTORIES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Name	Description	Amount		Remark
		Cost	Net Realizable Value (Note)	
Finished goods		\$ 1,005,829	\$ 1,152,055	
Work in progress		54,819	65,042	
Raw materials		244,294	241,252	
Supplies		<u>71,411</u>	<u>72,547</u>	
		1,376,353	<u>\$ 1,530,896</u>	
Less: Allowance of impairment loss		<u>(7,592)</u>		
		<u>\$ 1,368,761</u>		

Note: The net realizable value is the balance of the estimated selling price under normal circumstances minus the estimated cost of completion and the estimated cost of completing the sale.

USI CORPORATION**SCHEDULE OF PREPAYMENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Supplies		\$ 127,394	
Prepaid expenses		14,247	
Prepayment for purchases		<u>31,378</u>	
		<u>\$ 173,019</u>	

USI CORPORATION

**SCHEDULE OF CHANGES IN FVTOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Marketable Securities	Balance, January 1, 2018		Additions in Investment		Decrease in Investment		Balance, December 31, 2018		Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value		
Domestic listed shares										
Vanguard International Semiconductor Corporation	1,538,343	\$ 101,530	-	\$ -	1,538,343	\$ 101,530	-	\$ -	No	Note 1
AU Optronics Corporation	8,514,006	105,574	-	-	-	852	8,514,006	104,722	No	Note 2
CICI Corporation	15,180,656	685,407	-	-	-	11,386	15,180,656	674,021	No	Note 2
Domestic unlisted shares										
KHLIB Venture Capital Co., Ltd.	18,200,000	182,000	-	72,966	1,492,400	14,924	16,707,600	240,042	No	Note 3
Global Bio Pharma, Inc.	310,000	4,650	-	-	-	1,934	310,000	2,716	No	Note 2
		<u>\$ 1,079,161</u>		<u>\$ 72,966</u>		<u>\$ 130,626</u>		<u>\$ 1,021,501</u>		

Note 1: The decrease in shares and amount this year was due to sale of shares and fair value adjustments.

Note 2: The decrease in amount this year was due to fair value adjustments.

Note 3: The increase in amount this year was due to fair value adjustments, the decrease in shares and amount in the current year was due to reduction of capital.

USI CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018

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

	Balance, January 1, 2018		Additions in Investment		Decrease in Investment		Increase (Decrease) in Using the Equity Method	Balance, December 31, 2018			Net Assets Value	Note	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Ownership (%)	Amount			
USI Investment Co., Ltd.	87,250,000	\$ 744,391	-	\$ 15,708	-	\$ (38,035)	\$ (31,847)	87,250,000	100.00	\$ 690,217	\$ 691,761	Note 1	No
Swanlake Traders Ltd.	30,000,000	1,270,833	-	39,597	-	(5,926)	44,643	30,000,000	100.00	1,349,147	1,362,794	Note 2	No
USI Far East (HK) Co., Ltd.	159,999	129,596	-	3,831	-	-	(1,182)	159,999	100.00	132,245	132,245	Note 3	No
Union Polymer Int'l Investment Corp.	462,758,000	5,142,634	58,682,500	29,528	-	(164,328)	456,812	521,440,500	100.00	5,464,646	5,917,390	Note 4	No
Taiwan United Venture Capital Corp.	32,900,000	224,863	-	8,886	-	(46,531)	(3,445)	32,900,000	70.00	183,773	183,773	Note 5	No
Chong Loong Trading Co., Ltd.	3,758,195	32,484	-	962	-	-	10,567	3,758,195	99.93	44,013	44,013	Note 6	No
Swanson Plastics Corp.	60,792,524	1,001,333	1,823,775	5,684	-	(37,176)	27,772	62,616,299	40.58	997,613	1,002,590	Note 7	No
Acme Electronics Corp.	49,250,733	352,649	-	-	-	(6,403)	15,169	49,250,733	27.00	361,415	376,755	Note 8	No
Inoma Electronics Corp.	9,126,786	71,417	-	-	-	-	(27,135)	9,126,786	93.18	44,282	44,282		No
USI Management Consulting Corp.	536,400	(2,841)	-	274	-	-	1,257	536,400	100.00	(1,310)	(1,310)	Note 9	No
Cypress Epoch Limited	5,000,000	127,270	-	-	-	(2,292)	4,710	5,000,000	100.00	129,688	129,688	Note 10	No
Thintec Materials Corp.	1,825,000	7,616	-	-	-	-	(3,201)	1,825,000	30.42	4,415	4,415		No
Ever Conquest Global Limited	77,346,000	2,375,283	98,922,000	3,034,601	-	(6,857)	5,506	176,268,000	63.06	5,408,533	5,408,533	Note 11	No
USI Optronics Company	33,000,000	241,439	-	-	-	-	(83,902)	33,000,000	50.85	157,537	157,537		No
		11,718,967		\$ 3,139,071		\$ (307,548)	\$ 415,724			14,966,214	\$ 15,454,466		
Add credit balance of investment accounted for using the equity method classified as non-current liabilities		2,841								1,310			
		<u>\$ 11,721,808</u>								<u>\$ 14,967,524</u>			

Note 1: The increase this year is the recognition of retained earnings in the amount of \$9,421 thousand at the ownership percentage, and retained earnings transferred upon sales of financial asset at FVTOCI in the amount of \$6,287 thousand at the ownership percentage.

The decrease this year is the recognition of:

- Exchange differences on translating foreign operations in the amount of \$2,068 thousand at the ownership percentage;
- Unrealized loss on equity instruments measured at FVTOCI in the amount of \$33,919 thousand at the ownership percentage; and
- Loss on remeasurement of defined benefit plans in the amount of \$2,048 thousand at the ownership percentage.

Note 2: The increase this year is the recognition of retained earnings in the amount of \$4,924 thousand at the ownership percentage, and exchange differences on translating foreign operations in the amount of \$34,673 thousand at the ownership percentage.

The decrease this year is the recognition of profit or loss on equity instruments measured at FVTOCI in the amount of \$5,926 thousand at the ownership percentage.

Note 3: The increase this year is the recognition of exchange differences on translating foreign operations in the amount of \$3,831 thousand at the ownership percentage.

Note 4: The increase of this year is the recognition of:

- Retained earnings in the amount of \$7,508 thousand at the ownership percentage;
- Capital surplus in the amount of \$1,312 thousand at the ownership percentage;
- Adjustment of capital surplus - treasury shares transaction in the amount of \$11,273 thousand due to dividends of shares held by subsidiaries;
- Gains on remeasurement of defined benefit plans in the amount of \$8,127 thousand at the ownership percentage; and
- Retained earnings transferred upon sale of financial asset at FVTOCI in the amount of \$1,308 thousand at the ownership percentage.

The decrease this year is the recognition of exchange differences on translating foreign operations in the amount of \$20,492 thousand at the ownership percentage and unrealized loss on FVTOCI in the amount of \$143,836 thousand at the ownership percentage.
(Continued)

Note 5: The increase this year is the recognition of retained earnings in the amount of \$8,886 thousand at the ownership percentage.

The decrease this year is the recognition of unrealized loss on equity instruments measured at FVTOCI in the amount of \$46,531 thousand at the ownership percentage.

Note 6: The increase this year is the recognition of exchange differences on translating foreign operations in the amount of \$962 thousand at the ownership percentage.

Note 7: The increase this year is the recognition of:

- a. Capital surplus in the amount of \$284 thousand at the ownership percentage;
- b. Gain on remeasurement of defined benefit plans in the amount of \$1,730 thousand at the ownership percentage; and
- c. Exchange differences on translating foreign operations in the amount of \$3,670 thousand at the ownership percentage.

The decrease this year is the recognition of cash dividend received from invested company in the amount of \$18,239 thousand and reclassified exchange differences on translating foreign operations in the amount of \$18,937 thousand due to disposal of SPC's subsidiary at the ownership percentage.

Note 8: The decrease this year is the recognition of exchange differences on translating foreign operations in the amount of \$6,201 thousand at the ownership percentage and loss of remeasurement of defined benefit plans in the amount of \$202 thousand at the ownership percentage.

Note 9: The increase this year is the recognition of exchange differences on translating foreign operations in the amount of \$274 thousand at the ownership percentage.

Note 10: The decrease this year is the recognition of exchange differences on translating foreign operations in the amount of \$2,292 thousand at the ownership percentage.

Note 11: The increase this year is the recognition of:

- a. Paid in capital in the amount of \$3,034,601 thousand;
- b. Exchange differences on translating foreign operations in the amount of \$3,950 thousand at the ownership percentage; and
- c. Retained earnings in the amount of \$2,907 thousand at the ownership percentage.

(Concluded)

USI CORPORATION

SCHEDULE OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayment for construction		\$ 29,613	
Refundable deposits		50,133	
Long-term prepaid expenses		<u>17,640</u>	
		<u>\$ 97,386</u>	

USI CORPORATION

**SCHEDULE OF SHORT-TERM LOANS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Type	Range of Interest Rates (%)	Balance, December 31, 2018	Contract Period	Loan Commitments	Collateral
Unsecured loans					
First Commercial Bank	0.89	\$ 174,000	2018.06.01-2019.06.01	\$ 500,000	No
Mega International Commercial Bank	0.98	300,000	2018.01.21-2019.01.20	300,000	No
Bank SinoPac	0.90	500,000	201806.30-2019.06.30	500,000	No
Mizuho Bank	0.89	279,000	2018.08.25-2019.08.25	307,150	No
Taipei Fubon Commercial Bank Co., Ltd.	1.05-1.06	<u>500,000</u>	2016.09.11-2020.09.12	<u>500,000</u>	No
		<u>\$ 1,753,000</u>		<u>\$ 2,107,150</u>	

USI CORPORATION**SCHEDULE OF ACCOUNTS PAYABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount	Note
Unrelated parties			
CPC Corporation (Note 1)	Payment	\$ 386,012	
Marubeni Corporation	Payment	113,133	
Mitsubishi Corporation	Payment	88,391	
Dairen Chemical Corporation	Payment	85,935	
Oxiran (Singapore)	Payment	70,031	
Others (Note 2)	Payment	<u>44,737</u>	
		<u>788,239</u>	
Related parties			
Asia Polymer Corporation	Payment	158,522	
Swanson Plastics Corp.	Payment	3,109	
Taita Chemical Company, Ltd.	Payment	<u>1,715</u>	
		<u>163,346</u>	
		<u>\$ 951,585</u>	

Note 1: Bank deposit of \$54,000 thousand has been provided as a collateral.

Note 2: The amount of individual client included in other does not exceed 5% of the account balance.

USI CORPORATION

SCHEDULE OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Receipts in advance		\$ 27,213	
Receipts in advance of grants		30,000	
Receipts under custody		2,003	
Other		<u>283</u>	
		<u>\$ 59,499</u>	

USI CORPORATION

SCHEDULE OF BONDS PAYABLE

DECEMBER 31, 2018

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

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate (%)	Amount					Repayment	Collateral	Note
					Total Amount	Repayment Paid	Balance, End of Year	Unamortized Premiums (Discounts)	Carrying Value			
Unsecured corporate bonds 104-1A	Mega International Commercial Bank Trust Department	2015.02.12	On 02.12 annually	1.55	\$ 1,000,000	\$ -	\$ 1,000,000	\$ (421)	\$ 999,579	5-year maturity, due for repayment	No	
Unsecured corporate bonds 104-1B	Mega International Commercial Bank Trust Department	2015.02.12	On 02.12 annually	1.90	1,000,000	-	1,000,000	(844)	999,156	7-year maturity, due for repayment	No	
Unsecured corporate bonds 105-1	Taipei Fubon Commercial Bank Trust Department	2016.10.28	On 10.28 annually	0.80	2,000,000	-	2,000,000	(2,609)	1,997,391	5-year maturity, due for repayment	No	
Unsecured corporate bonds 106-1	Taipei Fubon Commercial Bank	2017.10.27	On 10.27 annually	1.10	2,000,000	-	2,000,000	(3,522)	1,996,478	5-year maturity, due for repayment	No	
					<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ (7,396)</u>	<u>\$ 5,992,604</u>			

USI CORPORATION

SCHEDULE OF LONG-TERM LOANS

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Type	Contract Period and Repayment	Coupon Rate (%)	Amount			Collateral
			Current	Non-current	Total	
Chang Hwa Commercial Bank	2018.08.31-2023.08.31, due for repayment	1.10	\$ -	\$ 200,000	\$ 200,000	Plant and land pledged as collateral for bank borrowings
KGI Bank	2017.06.04-2020.06.04, due for repayment	1.04	-	500,000	500,000	-
Yuanta Bank	2018.09.11-2021.09.11, due for repayment	1.05	-	500,000	500,000	-
SinoPac Bank	2018.06.30-2020.03.30, due for repayment	0.98	-	300,000	300,000	-
			<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	

Note: Property, plant and equipment pledged as collateral for bank borrowings are set out in Notes 19 and 33.

USI CORPORATION

SCHEDULE OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred revenue		\$ 6,958	
Guarantee deposits received		<u>5,329</u>	
		<u>\$ 12,287</u>	

USI CORPORATION**SCHEDULE OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Unit (Ton)	Amount	Note
Finished goods			
LDPE			
Domestic	5,865	\$ 317,787	
Export	<u>2,421</u>	<u>117,034</u>	
	8,286	434,821	
EVA			
Domestic	21,367	1,092,789	
Export	<u>115,546</u>	<u>5,492,989</u>	
	136,913	6,585,778	
HDPE			
Domestic	72,963	3,216,788	
Export	<u>24,396</u>	<u>1,085,037</u>	
	97,359	4,301,825	
LLDPE			
Domestic	10,044	408,158	
Export	<u>661</u>	<u>30,207</u>	
	10,705	438,365	
GLOBS	<u>-</u>	<u>2,351</u>	
	<u>253,263</u>	<u>\$ 11,763,140</u>	

USI CORPORATION**SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials	
Balance, beginning of year	\$ 231,174
Purchased	8,433,242
Balance, end of year	<u>(244,294)</u>
	8,420,122
Indirect supplies	479,913
Direct labor	148,924
Manufacturing expense (see Schedule 17-1)	<u>1,192,988</u>
Manufacturing cost	10,241,947
Work in process	
Balance, beginning of year	55,258
Balance, end of year	<u>(54,819)</u>
Cost of finished goods	10,242,386
Finished goods	
Balance, beginning of year	990,229
Purchased	670,909
Balance, end of year	(1,005,829)
Idle capacity loss	53,282
Finished goods classified as packaging materials	(355)
Inventory write-downs	<u>5,426</u>
	<u>\$ 10,956,048</u>

USI CORPORATION

**SCHEDULE OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Items	Amount
Electricity fee	\$ 531,288
Indirect labor	183,647
Depreciation	407,766
Others (Note)	<u>70,287</u>
	<u>\$ 1,192,988</u>

Note: The amount of individual item included in others does not exceed 5% of the total amount.

USI CORPORATION**SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary and bonus	\$ 30,972	\$ 139,946	\$ 50,622	\$ 221,540
Transportation fees	180,361	12	129	180,502
Professional service expenses	692	9,063	7,757	17,512
Management service expenses	-	75,608	9,989	85,597
R&D testing expenses	-	-	83,384	83,384
Export charge expenses	15,686	-	-	15,686
Others (Note)	<u>21,922</u>	<u>42,952</u>	<u>26,730</u>	<u>91,604</u>
	<u>\$ 249,633</u>	<u>\$ 267,581</u>	<u>\$ 178,611</u>	<u>\$ 695,825</u>

Note: The amount of individual item included in others does not exceed 5% of the total amount.

USI CORPORATION

**SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	2018				2017			
	Classified as Operating Cost	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total
Labor cost (Note)								
Salary and bonus	\$ 291,447	\$ 175,373	\$ 401	\$ 467,221	\$ 316,556	\$ 184,393	\$ -	\$ 500,949
Labor and health insurance	29,373	16,691	27	46,091	26,282	14,057	-	40,339
Pension	18,677	10,736	17	29,430	19,214	10,262	-	29,476
Directors' remuneration	-	12,003	-	12,003	-	12,840	-	12,840
Other employees' benefit	5,085	6,737	-	11,822	23,441	14,243	-	37,684
	<u>\$ 344,582</u>	<u>\$ 221,540</u>	<u>\$ 445</u>	<u>\$ 566,567</u>	<u>\$ 385,493</u>	<u>\$ 235,795</u>	<u>\$ -</u>	<u>\$ 621,288</u>
Depreciation	<u>\$ 407,766</u>	<u>\$ 10,481</u>	<u>\$ 1,133</u>	<u>\$ 419,380</u>	<u>\$ 360,779</u>	<u>\$ 11,196</u>	<u>\$ 1,598</u>	<u>\$ 373,573</u>
Amortization	<u>\$ 5,345</u>	<u>\$ 1,755</u>	<u>\$ 4,472</u>	<u>\$ 11,572</u>	<u>\$ 5,556</u>	<u>\$ 21,137</u>	<u>\$ -</u>	<u>\$ 26,693</u>

Note: As of December 31, 2018 and 2017, the Company had 490 and 515 employees of which 7 employees were not concurrent employees.