

USI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of USI Corporation and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of USI Corporation and subsidiary companies. Consequently, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

USI CORPORATION

By:

YI-GUI WU
Chairman

March 8, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

We have audited the accompanying consolidated financial statements of USI Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

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

Key Audit Matters

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

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

Estimation of Inventory Write-downs

As of December 31, 2018, carrying amount of inventory was NT\$6,703,104 thousand (i.e. the gross amount of inventory of NT\$7,481,309 thousand with a deduction of allowance for impairment of NT\$778,205 thousand) which accounted for 10% of the total assets in the consolidated balance sheets as a whole. The Group'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 the 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(g), Note 5(c) and Note 13 to the consolidated financial statements.

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

1. We obtained and evaluated an understanding of the reasonableness of the Group's policy and methods for estimating 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 obsolete inventory.

Correctness of estimated allowance for impairment loss of accounts receivable

As of December 31, 2018, the carrying amount of notes and accounts receivable were NT\$8,548,733 thousand (i.e. the gross amount notes and accounts receivable of NT\$8,660,512 thousand with a deduction for allowances for impairment of NT\$111,779 thousand) which accounted for 13% of the total assets for the consolidated balance sheets. The Group's estimation of expected credit loss is based on customers' credit quality, aging schedule of notes and accounts receivable and amounts overdue. The estimation of expected credit loss is affected by critical judgement and estimation uncertainty. Thus, the estimation of allowance for impairment loss of notes and accounts receivable, in our professional judgement, is one of the key audit matters.

For the significant accounting policies and critical accounting judgments and key sources of estimation uncertainty related to the estimation of allowance for impairment loss of accounts receivable, refer to Note 4(n), Note 5(a) and Note 12 to the consolidated financial statements.

We performed the corresponding audit procedures, for the estimation of allowance for impairment loss of accounts receivable, as follows:

1. We obtained and evaluated an understanding of the Group's internal control procedures on allowance for impairment loss of accounts receivable.

2. We evaluated the reasonableness of classification and allowance percentage for credit losses, which were assumed by the management's judgement on customers' credit quality, aging schedule of notes and accounts receivable and the amount overdue. We sampled and inspected the aging schedule of notes and accounts receivable to verify its correctness and reasonableness of computation, and we also compared the distribution of the aging schedule of notes and accounts receivable between this year and last year as well.
3. We examined the condition of amounts written off during this year and last year and also checked amounts received in subsequent period to evaluate recoverability of accounts receivable.

Other Matter

We have also audited the parent company only financial statements of USI Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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)	\$ 8,123,304	12	\$ 8,473,862	13
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4 and 7)	5,084,305	7	5,315,894	8
Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 3, 4 and 8)	158,602	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 10)	-	-	214,502	-
Financial assets measured at amortized cost - current (Notes 3, 4, 9 and 40)	439,135	1	-	-
Debt investments with no active market - current (Notes 3, 4, 11 and 40)	-	-	426,369	1
Notes receivable, net (Notes 3, 4, 5 and 12)	1,015,882	2	1,118,070	2
Accounts receivable, net (Notes 3, 4, 5 and 12)	7,532,851	11	6,950,029	11
Other receivables (Notes 3, 4, 12 and 39)	279,612	-	344,305	-
Current tax assets (Notes 4 and 32)	8,116	-	784	-
Inventories (Notes 4, 5 and 13)	6,703,104	10	6,857,754	11
Prepayments (Note 21)	742,562	1	772,093	1
Other current assets	11,909	-	10,766	-
Total current assets	<u>30,099,382</u>	<u>44</u>	<u>30,484,428</u>	<u>47</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	2,521,855	4	-	-
Available-for-sale financial assets - non-current (Notes 3, 4, 10 and 40)	-	-	1,863,067	3
Financial assets measured at amortized cost - non-current (Notes 3, 4, 9, 40 and 41)	311,758	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 15)	-	-	676,120	1
Debt investments with no active market - non-current (Notes 3, 4, 11, 40 and 41)	-	-	311,573	1
Investments accounted for using the equity method (Notes 4 and 17)	10,338,945	15	5,241,747	8
Property, plant and equipment (Notes 4, 18 and 40)	23,825,239	35	23,758,495	37
Investment properties (Notes 4, 19 and 40)	182,424	-	182,216	-
Goodwill (Notes 4 and 20)	269,026	-	269,026	-
Other intangible assets (Notes 4 and 20)	33,377	-	93,349	-
Biological assets - non-current (Note 4)	-	-	22,798	-
Deferred tax assets (Notes 4 and 32)	633,334	1	632,062	1
Long-term prepayments for leases (Notes 21 and 40)	459,542	1	525,845	1
Other non-current assets (Notes 36 and 40)	316,156	-	333,125	1
Total non-current assets	<u>38,891,656</u>	<u>56</u>	<u>33,909,423</u>	<u>53</u>
TOTAL	<u>\$ 68,991,038</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 22 and 40)	\$ 6,726,854	10	\$ 3,752,268	6
Short-term bills payable (Note 22)	1,514,784	2	1,684,506	3
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	11,135	-	7,883	-
Notes and accounts payable (Note 24)	3,392,687	5	3,965,444	6
Other payables (Note 25)	1,897,550	3	1,972,096	3
Current tax liabilities (Notes 4 and 32)	270,351	-	370,062	1
Provisions - current (Notes 4 and 26)	-	-	32,205	-
Current portion of long-term borrowings (Notes 22 and 40)	525,000	1	799,600	1
Refund liabilities - current (Note 25)	30,034	-	-	-
Other current liabilities	283,389	-	279,230	-
Total current liabilities	<u>14,651,784</u>	<u>21</u>	<u>12,863,294</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 23)	5,992,604	9	5,990,167	9
Long-term borrowings (Notes 22 and 40)	8,617,624	13	6,903,148	11
Provisions - non-current (Notes 4, 5, 26 and 41)	136,375	-	-	-
Deferred tax liabilities (Notes 4 and 32)	1,408,232	2	1,329,710	2
Net defined benefit liabilities - non-current (Notes 4, 5 and 27)	1,658,228	2	2,419,897	4
Other non-current liabilities (Notes 28 and 36)	71,482	-	79,216	-
Total non-current liabilities	<u>17,884,545</u>	<u>26</u>	<u>16,722,138</u>	<u>26</u>
Total liabilities	<u>32,536,329</u>	<u>47</u>	<u>29,585,432</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 10, 16, 17, 27, 29, 32, 35 and 38)				
Share capital				
Ordinary shares	11,887,635	17	11,654,544	18
Capital surplus	253,738	-	238,194	-
Retained earnings				
Legal reserve	2,925,759	4	2,814,630	4
Special reserve	375,127	1	375,127	1
Unappropriated earnings	3,513,943	5	3,548,804	6
Total retained earnings	6,814,829	10	6,738,561	11
Other equity	(293,443)	-	(31,286)	-
Treasury shares	(475,606)	(1)	(475,606)	(1)
Total equity attributable to owners of the Company	18,187,153	26	18,124,407	28
NON-CONTROLLING INTERESTS	<u>18,267,556</u>	<u>27</u>	<u>16,684,012</u>	<u>26</u>
Total equity	<u>36,454,709</u>	<u>53</u>	<u>34,808,419</u>	<u>54</u>
TOTAL	<u>\$ 68,991,038</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>

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

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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 and 30)				
Sales	\$ 60,892,513	100	\$ 58,133,943	100
COST OF GOODS SOLD (Notes 4, 13, 18, 20, 27 and 31)	<u>55,097,773</u>	<u>91</u>	<u>51,007,011</u>	<u>88</u>
GROSS PROFIT	<u>5,794,740</u>	<u>9</u>	<u>7,126,932</u>	<u>12</u>
OPERATING EXPENSES (Notes 4, 12, 18, 20, 27, 31 and 39)				
Selling and marketing expenses	2,048,027	3	2,038,049	3
General and administrative expenses	1,392,314	2	1,322,296	2
Research and development expenses	<u>421,600</u>	<u>1</u>	<u>388,920</u>	<u>1</u>
Total operating expenses	<u>3,861,941</u>	<u>6</u>	<u>3,749,265</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>1,932,799</u>	<u>3</u>	<u>3,377,667</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 31 and 39)	616,677	1	578,255	1
Other gains and losses (Notes 4, 10, 21, 27 and 31)	185,075	-	(223,854)	-
Finance costs (Notes 4, 22, 23 and 31)	(244,395)	-	(237,257)	(1)
Share of gain (loss) of joint ventures accounted for using the equity method (Notes 4 and 17)	<u>32,271</u>	<u>-</u>	<u>(6,541)</u>	<u>-</u>
Total non-operating income and expenses	<u>589,628</u>	<u>1</u>	<u>110,603</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,522,427	4	3,488,270	6
INCOME TAX EXPENSE (Notes 4 and 32)	<u>654,078</u>	<u>1</u>	<u>776,220</u>	<u>1</u>
NET PROFIT FROM CONTINUING OPERATIONS	1,868,349	3	2,712,050	5
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Notes 4 and 14)	<u>7,467</u>	<u>-</u>	<u>(2,197)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,875,816</u>	<u>3</u>	<u>2,709,853</u>	<u>5</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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, 27 and 29)	\$ 4,895	-	\$ (59,016)	-
Loss of equity instruments measured at FVTOCI (Notes 3, 4 and 29)	(24,377)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>17,566</u>	-	<u>9,003</u>	-
	<u>(1,916)</u>	-	<u>(50,013)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 29)	(74,387)	-	(416,317)	(1)
Unrealized gain on available-for-sale financial assets (Notes 4 and 29)	-	-	30,985	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>15,726</u>	-	<u>64,791</u>	-
	<u>(58,661)</u>	-	<u>(320,541)</u>	(1)
Other comprehensive loss for the year, net of income tax	<u>(60,577)</u>	-	<u>(370,554)</u>	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,815,239</u>	<u>3</u>	<u>\$ 2,339,299</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 539,935	1	\$ 1,111,290	2
Non-controlling interests	<u>1,335,881</u>	<u>2</u>	<u>1,598,563</u>	<u>3</u>
	<u>\$ 1,875,816</u>	<u>3</u>	<u>\$ 2,709,853</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 366,533	1	\$ 970,032	2
Non-controlling interests	<u>1,448,706</u>	<u>2</u>	<u>1,369,267</u>	<u>2</u>
	<u>\$ 1,815,239</u>	<u>3</u>	<u>\$ 2,339,299</u>	<u>4</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 33)				
From continuing and discontinued operations				
Basic	<u>\$ 0.50</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 0.50</u>		<u>\$ 1.04</u>	
From continuing operations				
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 consolidated financial statements.

(Concluded)

USI CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company												Non-controlling Interests (Notes 3, 8, 16, 29 and 35)	Total Equity
	Capital Surplus				Retained Earnings			Other Equity						
	Share Capital (Notes 4 and 29)	Treasury Share Transactions (Note 29)	Shares of Changes in Capital Surplus of Associates (Notes 4 and 29)	Others (Note 29)	Legal Reserve (Note 29)	Special Reserve (Note 29)	Unappropriated Earnings (Notes 3, 4, 8 and 29)	Exchange Differences on Translating Foreign Operations (Notes 4, 29 and 32)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 3, 4, 29 and 32)	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 3, 4, 8, 29, 32 and 38)	Treasury Shares (Note 29)	Total		
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	\$ 14,292,690	\$ 32,019,486
Appropriation of the 2016 earnings	-	-	-	-	118,957	-	(118,957)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	118,957	-	(118,957)	-	-	-	-	-	-	-
Special reserve reversal	-	-	-	-	-	(35,883)	35,883	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(571,301)	-	-	-	-	(571,301)	-	(571,301)
Share dividends distributed by the Company	228,520	-	-	-	-	-	(228,520)	-	-	-	-	-	-	-
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(807,986)	(807,986)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,111,290	-	-	-	-	1,111,290	1,598,563	2,709,853
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(24,233)	(199,084)	82,059	-	-	(141,258)	(229,296)	(370,554)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,087,057	(199,084)	82,059	-	-	970,032	1,369,267	2,339,299
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	867	-	-	-	(23,179)	-	-	-	-	(22,312)	22,312	-
Other changes in capital surplus	-	-	-	2,771	-	-	-	-	-	-	-	2,771	-	2,771
Changes in capital surplus from cash dividends paid to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	-	18,421	-	18,421
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,807,729	1,807,729
BALANCE, 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	16,684,012	34,808,419
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173	44,007	96,180
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	16,728,019	34,904,599
Appropriation of the 2017 earnings	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(615,849)	(615,849)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935	1,335,881	1,875,816
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)	112,825	(60,577)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533	1,448,706	1,815,239
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	(2,931)	-	-	-	-	(1,335)	6,456	5,121
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675	-	2,675
Disposals of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)	(20,086)	(39,023)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	78,833	-	-	(78,833)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	720,310	720,310
BALANCE, 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	\$ 18,267,556	\$ 36,454,709

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

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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 from continuing operations	\$ 2,522,427	\$ 3,488,270
Income (loss) before income tax from discontinued operations	<u>7,467</u>	<u>(2,197)</u>
Income before income tax	2,529,894	3,486,073
Adjustments for:		
Depreciation expenses	1,976,338	1,847,241
Amortization expenses	75,961	97,310
Expected credit loss recognized on accounts receivables	2,236	-
Impairment loss recognized on accounts receivable	-	18,830
Net loss on fair value changes of financial assets and liabilities as at FVTPL	11,169	105,887
Finance costs	271,182	252,541
Interest income	(171,664)	(106,217)
Dividend income	(186,003)	(185,187)
Share of (profit) loss of joint ventures accounted for using the equity method	(32,271)	6,541
Loss (gain) on disposal of property, plant and equipment	8,520	(9,306)
Loss on disposal of investment properties	-	497
Gain on disposal of land use rights	(262,617)	-
Gain on disposal of financial assets	-	(108,983)
Loss on impairment of financial assets	-	32,208
Impairment loss recognized (Reversed) on non-financial assets	66,283	(304)
Inventory write-downs recognized	176,999	25,016
Amortization of long-term prepayments for leases	15,706	10,008
Recognition of refund liabilities	10,493	-
Recognition of provisions	136,375	18,579
Gain on disposal of biological assets	(13,735)	-
Gain on disposal of subsidiaries	(116,576)	-
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	223,672	1,178,341
Decrease (increase) in notes receivable	102,194	(209,045)
Increase in accounts receivable	(584,389)	(827,814)
Decrease (increase) in other receivables	65,807	(45,897)
Increase in inventories	(22,349)	(180,386)
Decrease (increase) in prepayments	41,209	(68,250)
(Increase) decrease in other current assets	(1,150)	4,070
Increase (decrease) in notes payable	123	(144)
(Decrease) increase in accounts payable	(572,867)	384,552
Decrease in other payables	(16,890)	(663)
Decrease in refund liabilities	(12,664)	-
Decrease in provisions	-	(9,415)
Decrease in net defined benefit liabilities	(757,957)	(626,240)
Increase in other current liabilities	<u>4,504</u>	<u>5,546</u>
Cash generated from operations	2,967,533	5,095,389
Interest received	171,205	67,422

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2018	2017
Interest paid	\$ (268,333)	\$ (246,369)
Income tax paid	<u>(650,579)</u>	<u>(585,059)</u>
Net cash generated from operating activities	<u>2,219,826</u>	<u>4,331,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for financial assets at FVTOCI	(9,826)	-
Proceeds from sale of financial assets at FVTOCI	114,110	-
Proceeds from capital reduction of capital by returning cash of financial assets at FVTOCI	44,648	-
Proceeds from sale of financial assets measured at amortized cost	(12,951)	-
Proceeds from sale of available-for-sale financial assets	-	129,156
Decrease in debt investments with no active market	-	8,894
Proceeds from capital reduction by returning cash of financial assets measured at cost	-	47,993
Acquisition of investments accounted for using the equity method	(5,117,787)	(5,150,364)
Net cash inflow on disposal of subsidiaries	128,659	-
Net cash inflow on acquisition of subsidiaries	-	999,132
Payments for property, plant and equipment	(2,077,699)	(3,345,584)
Proceeds from disposal of property, plant and equipment	8,330	38,887
(Increase) decrease in refundable deposits	(11,052)	10
Payments for other intangible assets	(7,170)	(6,945)
Increase in other non-current assets	(8,263)	(120,611)
Decrease in biological assets	-	336
Increase in long-term prepayments for leases	(5,562)	-
Proceeds from disposal of land use rights	291,368	-
Dividends received	186,003	185,187
Proceeds from disposal of biological assets	<u>36,866</u>	<u>-</u>
Net cash used in investing activities	<u>(6,440,326)</u>	<u>(7,213,909)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	2,974,586	(1,196,900)
Decrease in short-term bills payable	(169,722)	(787,562)
Proceeds from issuance of bonds payable	-	1,995,421
Proceeds from long-term borrowings	20,970,400	16,750,000
Repayments of long-term borrowings	(19,530,524)	(16,980,452)
Increase (decrease) in guarantee deposits received	2,319	(1,896)
Decrease in other non-current liabilities	(10,053)	(3,426)
Decrease in dividends payable	(349,636)	(571,301)
Change in non-controlling interests	720,310	754,517
Dividends paid to non-controlling interests	<u>(615,849)</u>	<u>(807,986)</u>
Net cash generated from (used in) financing activities	<u>3,991,831</u>	<u>(849,585)</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2018	2017
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>\$ (121,889)</u>	<u>\$ 281,670</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(350,558)	(3,450,441)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,473,862</u>	<u>11,924,303</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,123,304</u>	<u>\$ 8,473,862</u>

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

(Concluded)

USI CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED 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 (“USI”, the “Company” or the “parent 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 consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 Group’s accounting policies:

- 1) 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 Group 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 Group'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	\$ 8,473,862	\$ 8,473,862	a)
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	4,189	4,189	
Equity investments	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	2,753,689	2,849,869	b)
Mutual funds	Held-for-trading	Mandatorily at FVTPL	257,962	257,962	
	Held-for-trading	Mandatorily at FVTPL	3,064,633	3,064,633	
Beneficiary securities	Held-for-trading	Mandatorily at FVTPL	1,989,110	1,989,110	
Pledged time deposits	Loans and receivables	Amortized cost	737,942	737,942	a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	8,412,404	8,412,404	a)
Refundable deposits	Loans and receivables	Amortized cost	140,530	140,530	a)

Financial Asset	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	Non-controlling Interests Effect on January 1, 2018	Remark
FVTPL	\$ 5,315,894	\$ -	\$ -	\$ 5,315,894	\$ -	\$ -	\$ -	
FVTOCI	-	-	-	-	-	-	-	
Equity instruments	-	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	2,753,689	96,180	2,849,869	30,762	21,411	44,007	b)
	-	2,753,689	96,180	2,849,869	30,762	21,411	44,007	
Amortized cost	-	-	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	17,764,738	-	17,764,738	-	-	-	a) and c)
	-	17,764,738	-	17,764,738	-	-	-	
	<u>\$ 5,315,894</u>	<u>\$ 20,518,427</u>	<u>\$ 96,180</u>	<u>\$ 25,930,501</u>	<u>\$ 30,762</u>	<u>\$ 21,411</u>	<u>\$ 44,007</u>	

- a) Cash and cash equivalents, pledged time deposits, 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.
- b) The Group elected 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, because 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 \$96,180 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

The Group recognized under IAS 39 the impairment loss on certain investments in equity securities previously classified as measured at cost, and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$30,762 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$30,762 thousand in retained earnings 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.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Please refer to Note 4 for the related accounting policies.

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct and the promise to transfer it is distinct within the context of the contract. The application of IFRS 15 is not expected to have a material impact on the Group.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and to reclassify the provision for customer returns and rebates of \$32,205 thousand to refund liabilities.

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

New, Revised or Amended Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 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 Group 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 Group 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 Group as lessee

Upon initial application of IFRS 16, the Group 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 consolidated 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 consolidated statements of comprehensive income, the Group 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 consolidated 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 consolidated statements of cash flows.

The Group 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 under 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 Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

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

The Group as lessor

Except for sublease transactions, the Group 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 Group subleased its leasehold building Tai-An to a third party in 2014. Such sublease is classified as an operating lease under IAS 17. The Group 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	\$ 8,777	\$ (8,777)	\$ -
Prepayments for leases - non-current	459,541	(459,541)	-
Right-of-use assets	-	929,634	929,634
Investment properties	<u>182,424</u>	<u>110,452</u>	<u>292,876</u>
Total effect on assets	<u>\$ 650,742</u>	<u>\$ 571,768</u>	<u>\$ 1,222,510</u>
Lease liabilities - current	\$ -	\$ 100,927	\$ 100,927
Lease liabilities - non-current	<u>-</u>	<u>485,078</u>	<u>485,078</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 586,005</u>	<u>\$ 586,005</u>
Retained earnings	\$ 3,513,943	\$ (12,765)	\$ 3,501,178
Non-controlling interests	<u>18,267,556</u>	<u>(1,472)</u>	<u>18,266,084</u>
Total effect on equity	<u>\$ 21,781,499</u>	<u>\$ (14,237)</u>	<u>\$ 21,767,262</u>

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the application of other standards and interpretations have no significant impact on the Group'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 Group 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 Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's consolidated 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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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 12 months after the reporting period; and
- 3) Liabilities for which the Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 16, Table 7, and Table 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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 consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), 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.

g. 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 group 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.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures. Under the equity method, investments in an associate and joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to Group.

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

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

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

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

i. 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.

j. 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 and accumulated impairment loss. 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.

k. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

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

l. 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.

m. Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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.

n. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to 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 does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 38.

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 Group 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 Group'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 does not incorporate any dividends or interest earned on such financial assets. Fair value is determined in the manner described in Note 38.

- 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 Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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 Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (a)e. ECLs) for trade receivables. For all other financial instruments, the Group 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 Group 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 Group 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 Group'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 Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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 a group entity 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 Group entity 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 38.

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 Group 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.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The provision for sales returns and rebates is an estimate, based on previous experience and relevant factors, of the possible amounts needed to settle sales returns and rebates and is treated as a reduction of sales revenue in the period in which the corresponding sales are made.

p. Revenue recognition

2018

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

1) Sale of goods

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

2) Service income

Service income comes from commission for performing the storage and transportation of any items of petrochemical raw materials. The related revenue is recognized when services are rendered.

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 Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group 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 Group; and

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

The Group 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) Service income

Revenue from services is based on the actual operations related to petrochemical raw materials and the amount of delivery. Such revenue is recognized monthly.

3) 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 Group 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 Group 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.

q. Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. A component of an entity which is for operational and financial reporting purposes has cash flows which can be clearly distinguished from the rest of the entity.

r. 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 Group as lessor

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

2) The Group as lessee

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

s. 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.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

u. 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 an expense when employees have rendered service entitling them to the contributions.

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

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

v. Share-based payment arrangements

The compensation costs of employee share options are measured at the fair value of the share options at the grant day.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. Such options are recognized as expenses in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

w. Taxation

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

1) Current tax

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

Adjustments of prior year's 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 and unused loss carryforwards.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with 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 Group 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.

x. Biological assets

Biological assets are measured at cost plus transaction costs on initial recognition, and subsequently measured at fair value less costs to sell. The gains or losses arising from the change in fair value less costs to sell are recognized in profit or loss when they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 12. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of an impairment loss on trade receivables, the Group takes into consideration the estimated future cash flows of such receivables. The impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 12 for the carrying amount of trade receivables.

c. Write-down of inventories

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. The Group 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.

d. Impairment measurement of tangible and intangible assets

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

e. 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 27 for the carrying amount of retirement benefit costs and net defined benefit liabilities (assets).

f. Subsidiary's estimated damage compensation for Kaohsiung gas explosion

The Group's subsidiary, China General Terminal & Distribution Corporation (hereinafter "CGTD"), should recognize a provision once the amount of compensation for civil damages and loss caused by the Kaohsiung gas explosion can be measured reliably and once payment is probable. The Group's provision might be affected significantly due to the difference between the estimated compensation and the actual amount which depends on the final judgment. Please refer to Note 41 for the related provision.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2018	2017
Cash on hand and petty cash	\$ 74,325	\$ 111,586
Checking accounts and demand deposits	2,056,392	1,984,425
Cash equivalents		
Time deposits	4,225,589	6,305,341
Reserve repurchase agreements collateralized by bonds	<u>1,766,998</u>	<u>72,510</u>
	<u>\$ 8,123,304</u>	<u>\$ 8,473,862</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:

	<u>December 31</u>	
	2018	2017
Bank deposits	0.001%-6.95%	0.01%-3.96%
Reserve repurchase agreements collateralized by bonds	0.53%-2.90%	0.61%-1.20%

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

	<u>December 31</u>	
	2018	2017
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 4,189
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	-	256,891
Mutual funds	-	3,064,333
Beneficiary securities	-	1,989,110
Overseas listed shares	<u>-</u>	<u>1,071</u>
	<u>-</u>	<u>5,311,705</u>
<u>Financial assets mandatorily at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	<u>2,181</u>	<u>-</u>
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	151,081	-
Mutual funds	3,995,963	-
Beneficiary securities	934,252	-
Overseas listed shares	<u>828</u>	<u>-</u>
	<u>5,082,124</u>	<u>-</u>
	<u>\$ 5,084,305</u>	<u>\$ 5,315,894</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 11,135</u>	<u>\$ 7,883</u>

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	2019.01.02-2019.04.02	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
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB193,200/NTD870,415
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	USD/MYR	2018.03.30	USD170/MYR725
Sell	USD/NTD	2018.01.03-2018.04.03	USD44,190/NTD1,319,154
Buy	NTD/USD	2018.01.02-2018.01.26	NTD249,743/USD8,340
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	EUR/MYR	2018.04.30-2018.05.31	EUR101/MYR484
Sell	AUD/USD	2018.01.26-2018.03.23	AUD660/USD461

The Group 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 Group did not apply hedge accounting treatments for derivative contracts.

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

	December 31, 2018
<u>Current</u>	
Investments in equity instruments at FVTOCI	
Domestic investments	
Domestic listed shares and over-the-counter shares	\$ <u>158,602</u>
<u>Non-current</u>	
Investments in equity instruments at FVTOCI	
Domestic investments	
Listed shares and over-the-counter shares	\$ 1,670,394
Emerging market shares	15,937
Unlisted shares	<u>655,575</u>
	<u>2,341,906</u>
Overseas investments	
Listed shares and over-the-counter shares	6,282
Unlisted shares	<u>173,667</u>
	<u>179,949</u>
	<u>\$ 2,521,855</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 Group'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 15 for information relating to their reclassification and comparative information for 2017.

The Group sold 1,538 thousand shares of Vanguard International Semiconductor Corporation in 2018, and the Group transferred a gain of \$71,238 thousand from other equity to retained earnings.

The Group sold 249 thousand shares of Wafer Works Corporation in 2018, and the Group transferred a total gain of \$10,331 thousand from other equity to retained earnings in the amount of \$7,595 thousand and to non-controlling interests in the amount of \$2,736 thousand, respectively.

The investee, Harbinger Venture Capital, announced a reduction of capital by returning cash in April 2018, and the Group received \$4,029 thousand according to its ownership percentage.

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 Group received \$37,310 thousand and \$3,309 thousand according to its ownership percentage, respectively.

Please refer to Notes 22 and 40 for the information related to financial assets at FVTOCI pledged as security.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - 2018

	December 31, 2018
<u>Current</u>	
Pledge time deposits	<u>\$ 439,135</u>
<u>Non-current</u>	
Pledge time deposits	<u>\$ 311,758</u>

The trading partner of the Group invested in time deposits which are pledged in financial institutions with good credit ratings. After assessing that 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 0.09% to 4.1%. 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 22 and 40 for the information related to financial assets measured at amortized cost pledged as collateral for long-term borrowings.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic listed shares and over-the-counter shares	\$ 2,052,768
Overseas listed shares and over-the-counter shares	17,212
Domestic emerging market shares	<u>7,589</u>
	<u>\$ 2,077,569</u>
Current	\$ 214,502
Non-current	<u>1,863,067</u>
	<u>\$ 2,077,569</u>

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

The Group sold 5,675 thousand shares of Wafer Works Corporation in 2017, the gain on the disposal of the investments was \$50,771 thousand.

The Group 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 Group sold 141 thousand shares of CoreMax Corporation in 2017, and the gain on the disposal of the investments was \$12,519 thousand.

Please refer to Notes 22 and 40 for the information related to available-for-sale financial assets - non-current pledged as collateral for long-term borrowings.

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET-2017

	December 31, 2017
Restricted deposits	<u>\$ 737,942</u>
Current	\$ 426,369
Non-current	<u>311,573</u>
	<u>\$ 737,942</u>

Restricted deposits are used as collateral for purchasing materials, outward documentary bill, long-term and short-term financing needs. Please refer to Notes 22 and 40.

12. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Notes receivable (a)</u>		
Operating	\$ 1,015,883	\$ 1,118,077
Less: Allowance for impairment loss	<u>(1)</u>	<u>(7)</u>
	<u>\$ 1,015,882</u>	<u>\$ 1,118,070</u>
<u>Accounts receivable (a)</u>		
At amortized cost		
Gross carrying amount	\$ 7,644,629	\$ 7,063,613
Less: Allowance for impairment loss	<u>(111,778)</u>	<u>(113,584)</u>
	<u>\$ 7,532,851</u>	<u>\$ 6,950,029</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 227,731	\$ 221,711
Claims receivable	-	54,654
Securities transaction receivables	-	13,099
Others	<u>51,881</u>	<u>54,841</u>
	<u>\$ 279,612</u>	<u>\$ 344,305</u>

a. Notes and accounts receivable

In 2018

The average credit period of sales of goods was 10 to 150 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group 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 Group 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 Group 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 Group's credit risk is significantly reduced.

The Group 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 Group 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 Group 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 Group'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	\$ 3,092,403	\$ 186,074	\$ 158,901	\$ 3,437,378
Loss allowance (lifetime ECLs)	<u>(5,550)</u>	<u>-</u>	<u>(13,413)</u>	<u>(18,963)</u>
Amortized cost	<u>\$ 3,086,853</u>	<u>\$ 186,074</u>	<u>\$ 145,488</u>	<u>\$ 3,418,415</u>

Based on credit quality

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 562,011	\$ 1,039,804	\$ 979,171	\$ 2,642,148	\$ 5,223,134
Loss allowance (lifetime ECLs)	<u>(4,820)</u>	<u>(4,813)</u>	<u>(19,154)</u>	<u>(64,029)</u>	<u>(92,816)</u>
Amortized cost	<u>\$ 557,191</u>	<u>\$ 1,034,991</u>	<u>\$ 960,017</u>	<u>\$ 2,578,119</u>	<u>\$ 5,130,318</u>

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

	December 31, 2018
Not past due	\$ 5,011,858
Up to 60 days	146,568
Over 60 days	<u>64,708</u>
	<u>\$ 5,223,134</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:

	December 31, 2018
Balance at January 1, 2018	\$ 113,591
Add: Net remeasurement of loss allowance	2,236
Less: Amounts written off during the period as uncollectible	(3,373)
Foreign exchange translation gains and losses	<u>(675)</u>
Balance at December 31, 2018	<u>\$ 111,779</u>

In 2017

The Group applied the same credit policy in 2018 and 2017. In determining the recoverability of an account receivable, the Group 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 Group's accounts receivable mainly stem from long-term customers with whom the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 were as follows:

	December 31, 2017
Not overdue	\$ 7,906,939
Up to 60 days	143,806
61-90 days	123,407
Over 90 days	<u>7,538</u>
	<u>\$ 8,181,690</u>

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

	December 31, 2017
Up to 60 days	\$ 128,462
61-90 days	78,448
Over 90 days	<u>14,333</u>
	<u>\$ 221,243</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	\$ 63,589	\$ 34,817	\$ 98,406
Add: Impairment losses recognized	11,709	7,121	18,830
Less: Amounts written off during the period as uncollectible	(3,883)	-	(3,883)
Foreign exchange translation gains and losses	<u>(614)</u>	<u>852</u>	<u>238</u>
Balance at December 31, 2017	<u>\$ 70,801</u>	<u>\$ 42,790</u>	<u>\$ 113,591</u>

The Group recognized an impairment loss on notes and accounts receivable which were individually assessed, and the Group did not hold any collateral over those notes and accounts receivable.

b. Other receivables

Other receivables mainly consisted of tax refund receivables, claims receivable, sale of securities receivable, etc. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date, and an impairment loss was assessed based on the expected credit losses. There were no overdue other receivables with unrecognized allowance for doubtful accounts in the Group as of December 31, 2018 and 2017.

13. INVENTORIES

	December 31	
	2018	2017
Finished goods	\$ 4,085,660	\$ 4,155,186
Work in progress	507,602	546,028
Raw materials	1,690,097	1,833,604
Supplies	308,482	306,265
Inventory in transit	<u>111,263</u>	<u>16,671</u>
	<u>\$ 6,703,104</u>	<u>\$ 6,857,754</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017, was \$55,097,773 thousand and \$51,007,011 thousand, respectively. The cost of goods sold included inventory write-downs of \$176,999 thousand and \$25,016 thousand as of December 31, 2018 and 2017, respectively.

14. DISCONTINUED OPERATIONS

On October 24, 2011, the board of directors of China General Plastics Corporation (“CGPC”) approved to dispose of CGPC (Zhong Shan) Co., Ltd. and CGPC Consumer Products Corporation. The details of the profit (loss) from discontinued operations and the related cash flow information were as follows:

The operating performance of the discontinued operations included in the consolidated statements of comprehensive income were as follows:

	For the Year Ended December 31	
	2018	2017
Administrative expenses	<u>\$ (33,267)</u>	<u>\$ (29,543)</u>
Loss from operations	(33,267)	(29,543)
Non-operating income	<u>40,734</u>	<u>27,346</u>
Net profit (loss) from discontinued operations	<u>\$ 7,467</u>	<u>\$ (2,197)</u>

For the years ended December 31, 2018 and 2017, the cash flows which can be attributed to the discontinued operations were as follows:

	For the Year Ended December 31	
	2018	2017
Net cash generated from operating activities	\$ 17,640	\$ 28,308
Net cash generated from investing activities	378	3,005
Effect of exchange rate changes	<u>(334)</u>	<u>(301)</u>
Net cash inflow	<u>\$ 17,684</u>	<u>\$ 31,012</u>

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

	December 31, 2017
Domestic unlisted shares	\$ 534,333
Overseas unlisted shares	<u>141,787</u>
	<u>\$ 676,120</u>
Classified according to financial asset measurement categories	
Available-for-sale financial assets	<u>\$ 676,120</u>

Management believes that the above unlisted equity investments held by the Group 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 Group assessed the operating and financial status of Teratech Corp. and NeuroSky, Inc. and confirmed an impairment of its investment value; thereafter the Group recognized an impairment loss of \$14,643 thousand and \$17,565 thousand, respectively for the year ended December 31, 2017, 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 in September 2017, and the Group got \$45,000 thousand back at its ownership percentage.

The investee, Riselink Partners Ltd., announced a reduction of capital by returning cash in August 2017, and the Group got \$2,993 thousand back, at its ownership percentage, respectively.

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2018	2017	
The Company	USIFE Investment Co., Ltd. ("USIF")	Investment business	<u>100.0</u>	<u>100.0</u>	
	Swanlake Traders Ltd. ("Swanlake")	Trading and investment	<u>100.0</u>	<u>100.0</u>	
	USI Far East (HK) Co., Ltd. USI Management Consulting Corp. ("UM")	Trading and investment Providing management services	<u>100.0</u> <u>100.0</u>	<u>100.0</u> <u>100.0</u>	
	Chong Loong Trading Co., Ltd. ("CLT")	Engaging in import and export trade	<u>99.9</u>	<u>99.9</u>	
	Union Polymer Int'l Investment Corp. ("UPIIC")	Investment business	<u>100.0</u>	<u>100.0</u>	
	Cypress Epoch Limited Inoma Corporation ("INOMA")	Investment business Engaging in optical products and fireproof materials	<u>100.0</u> <u>93.2</u>	<u>100.0</u> <u>93.2</u>	1)
Cypress Epoch Limited	Usig (Shanghai) Co., Ltd.	Import and distribution of various chemical raw materials and products	<u>100.0</u>	<u>100.0</u>	
The Company Taita Chemical Company, Ltd. China General Plastics Corporation Asia Polymer Corporation Taiwan United Venture Capital Corp.	Thintec Materials Corporation	Reinforced plastic products manufacturing	30.4 10.0 10.0 30.4 15.0	30.4 10.0 10.0 30.4 15.0	
			<u>95.8</u>	<u>95.8</u>	
The Company Asia Polymer Corporation ("APC")	Taiwan United Venture Capital Corp. ("TUVC")	Venture capital	70.0 8.3	70.0 8.3	
			<u>78.3</u>	<u>78.3</u>	
The Company Asia Polymer Corporation USIFE Investment Co., Ltd.	Swanson Plastics Corp. ("SPC")	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	40.6 8.0 0.1	40.6 8.0 0.1	
			<u>48.7</u>	<u>48.7</u>	
The Company China General Plastics Corporation USIFE Investment Co., Ltd. Asia Polymer Corporation Taita Chemical Company, Ltd. APC Investment Corporation	Acme Electronics Corp. ("ACME")	Production and marketing of manganese-zinc soft ferrite powder	27.0 1.8 9.3 3.3 2.4 1.0	27.0 1.8 9.3 3.3 2.4 1.0	
			<u>44.8</u>	<u>44.8</u>	6)
The Company Acme Electronics Corp. Asia Polymer Corporation USIFE Investment Co., Ltd.	USI Optronics Corporation ("USIO")	Manufacture and marketing of sapphire crystal	50.9 34.0 9.2 0.2	50.9 34.0 9.2 0.2	
			<u>94.3</u>	<u>94.3</u>	5)
Acme Electronics Corp. APC (BVI) Holding Co., Ltd. Swanlake Traders Ltd. TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	Reinvestment business	51.3 16.6 11.2 5.4	51.3 16.6 11.2 5.4	
			<u>84.5</u>	<u>84.5</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2018	2017	
Acme Electronics Corp.	Golden Amber Enterprises Limited	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
	ACME Electronics (BVI) Corp.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
ACME Electronics (Cayman) Corp.	Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	<u>100.0</u>	<u>100.0</u>	
	ACME Components (Malaysia) Sdn. Bhd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Golden Amber Enterprises Limited	Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	Asia Polymer Corporation ("APC")	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	36.1	36.1	
China General Terminal & Distribution Co.			0.9	0.9	
USIFE Investment Co., Ltd.			0.3	0.3	
Taiwan VCM Corporation			-	-	
			<u>37.3</u>	<u>37.3</u>	6)
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd. ("APC (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	USI International Corp.	Reinvestment business	70.0	70.0	
APC (BVI) Holding Co., Ltd.			<u>30.0</u>	<u>30.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	APC Investment Corporation	Investment business	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd. ("TTC")	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	36.8	36.8	
China General Terminal & Distribution Co.			0.6	0.6	
USIFE Investment Co., Ltd.			<u>0.4</u>	<u>0.4</u>	
			<u>37.8</u>	<u>37.8</u>	6)
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. ("TAITA (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Zhong Shan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	
	Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	China General Plastics Corporation ("CGPC")	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	25.0	25.0	
Asia Polymer Corporation			8.1	8.1	
Taita Chemical Company, Ltd.			2.0	2.0	
China General Terminal & Distribution Co.			0.5	0.5	
USIFE Investment Co., Ltd.			<u>0.1</u>	<u>0.1</u>	
			<u>35.7</u>	<u>35.7</u>	6)
China General Plastics Corporation	Taiwan VCM Corporation ("TVCM")	Manufacture and marketing of vinyl chloride monomer and related petrochemical products	<u>87.2</u>	<u>87.2</u>	
	CGPC (BVI) Holding Co., Ltd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
	CGPC America Corporation	Marketing of PVC two- or three-time processed products	<u>100.0</u>	<u>100.0</u>	
	Krystal Star International Corporation	Marketing of PVC two- or three-time processed products	<u>100.0</u>	<u>100.0</u>	
	CGPC Polymer Corporation ("CGPCP")	Manufacture and marketing of PVC powder	<u>100.0</u>	<u>100.0</u>	
CGPC (BVI) Holding Co., Ltd.	CGPC (Chung Shan) Co., Ltd. ("CGPC (CS)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	2)
	Chung Shan CGPC Polymer Co., Ltd. ("Chung Shan (GPCP)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	2)
China General Plastics Corporation	China General Terminal & Distribution Co.	Warehousing petrochemical raw materials	33.3	33.3	
Taita Chemical Company, Ltd.			33.3	33.3	
Asia Polymer Corporation			<u>33.4</u>	<u>33.4</u>	
			<u>100.0</u>	<u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			2018	2017	
USIFE Investment Co., Ltd.	Taiwan United Venture Management Corp. ("TUVVM")	Business management consulting	<u>100.0</u>	<u>100.0</u>	
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd. ("ACME Ferrite")	Manufacture and marketing of soft ferrite core	<u>100.0</u>	<u>100.0</u>	
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	Engaging in import and export trade	<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Curtana Company Ltd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
	Forever Young Company Ltd.	Import and export agency services	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics Company Ltd. (Singapore)	Production and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson International Ltd.	Engaging in import and export trade	<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Swanson Plastics Company Ltd. (Nantong) ("SPC (Nantong)")	Production and marketing of vest bags, garbage bags and diapers	-	95.5	
Curtana Company Ltd.			-	4.5	
			<u>-</u>	<u>100.0</u>	3)
Swanson Plastics Corp.	PT. Swanson Plastics Indonesia Ltd.	Manufacture and marketing of plastic products	1.0	1.0	
Swanson Plastics Company Ltd. (Singapore)			99.0	99.0	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Swanson Technologies Corporation	Production, marketing and development of EVA packaging film and other value added plastic products	70.0	70.0	
APC Investment Corporation			15.0	15.0	
USIFE Investment Co., Ltd.			<u>15.0</u>	<u>15.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Company Ltd. (Singapore)	Swanson Plastics (Malaysia) Sdn. Bhd.	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (India) Private Limited	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Tianjin) Co., Ltd.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
Swanson International Ltd.	A.S. Holdings (UK) Limited	Reinvestment	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Kunshan) Corp.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
A.S. Holdings (UK) Limited	API-Swanson (Kunshan) Co., Ltd.	Management PE release film and other release products	<u>100.0</u>	<u>100.0</u>	
The Company	Ever Conquest Global Limited ("ECGL")	Investment	63.1	62.6	
Asia Polymer Corporation			<u>36.9</u>	<u>37.4</u>	
			<u>100.0</u>	<u>100.0</u>	4)
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment	<u>77.5</u>	<u>67.9</u>	4) and 6)
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment	<u>100.0</u>	<u>100.0</u>	4)

(Concluded)

- 1) 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 Group 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.
- 2) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors in October 2011. CGPC (CS) and CGPCP has not completed the process of the liquidation as of December 31, 2018.

- 3) The economic recession caused SPC (Nantong) to suffer a sustained loss. 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 with sales price of \$129,077 thousand. As of December 31, 2018, SPC completed the process of the disposal and recognized gain on disposal of \$116,576 thousand.
- 4) The Company and APC invested additional capital of US\$37,572 thousand (around \$1,200,087 thousand) and US\$23,086 thousand (around \$739,424 thousand) in ECGL in January 2017, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The ownership percentage of ECGL in EVGL increased from 31.75% to 66.4% after the capital increase, and ECGL gained control over EVGL so that ECGL identifies EVGL as its subsidiary. As of December 30, 2018, the Company and APC invested capital of US\$176,268 thousand (around \$5,442,336 thousand) and US\$103,240 thousand (around \$3,190,905 thousand) in ECGL, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The total ownership percentage of ECGL in EVGL is 77.5%. For more explanation, please refer to Note 35.
- 5) 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, APC, and ACME subscribed for 33,000 thousand shares, 5,972 thousand shares, and 2,000 thousand shares, respectively, and the paid-in capital of USIO was \$649,017 thousand.
- 6) This is a subsidiary of a material non-controlling interest.
- b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2018	2017
CGPC	64.3%	64.3%
TTC	62.2%	62.2%
ACME	55.2%	55.2%
APC	62.7%	62.7%
EVGL	22.5%	32.1%

See Table 7 and 8 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2018	2017	2018	2017
	CGPC	\$ 839,067	\$ 834,894	\$ 5,354,451
TTC	\$ 131,703	\$ 317,952	\$ 2,949,266	\$ 2,421,807
ACME	\$ 31,168	\$ (57,383)	\$ 772,085	\$ 751,522
APC	\$ 194,044	\$ 382,474	\$ 6,139,309	\$ 6,147,712
EVGL	\$ 6,315	\$ 1,128	\$ 2,488,860	\$ 1,787,820

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

CGPC and CGPC's subsidiaries

	December 31	
	2018	2017
Current assets	\$ 6,314,227	\$ 5,993,631
Non-current assets	6,909,868	6,679,590
Current liabilities	(2,107,698)	(1,785,947)
Non-current liabilities	<u>(2,305,293)</u>	<u>(2,686,426)</u>
Equity	<u>\$ 8,811,104</u>	<u>\$ 8,200,848</u>
Equity attributable to:		
Owners of CGPC	\$ 3,020,189	\$ 2,890,809
Non-controlling interests of CGPC	5,354,451	4,915,532
Non-controlling interests of CGPC's subsidiaries	<u>436,464</u>	<u>394,507</u>
	<u>\$ 8,811,104</u>	<u>\$ 8,200,848</u>
	For the Year Ended December 31	
	2018	2017
Revenue	<u>\$ 15,192,621</u>	<u>\$ 14,701,741</u>
Net profit from continuing operations	\$ 1,348,653	\$ 1,341,471
Net profit (loss) from discontinued operations	<u>7,467</u>	<u>(2,197)</u>
Profit for the year	1,356,120	1,339,274
Other comprehensive income (loss) for the year	<u>12,260</u>	<u>(27,454)</u>
Total comprehensive income for the year	<u>\$ 1,368,380</u>	<u>\$ 1,311,820</u>
Profit attributable to:		
Owners of CGPC	\$ 437,089	\$ 434,914
Non-controlling interests of CGPC	839,067	834,894
Non-controlling interests of CGPC's subsidiaries	<u>79,964</u>	<u>69,466</u>
	<u>\$ 1,356,120</u>	<u>\$ 1,339,274</u>
Total comprehensive income attributable to:		
Owners of CGPC	\$ 381,331	\$ 476,405
Non-controlling interests of CGPC	907,712	766,473
Non-controlling interests of CGPC's subsidiaries	<u>79,337</u>	<u>68,942</u>
	<u>\$ 1,368,380</u>	<u>\$ 1,311,820</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 1,827,636	\$ 1,611,489
Investing activities	(736,867)	(1,016,545)
Financing activities	(822,101)	(1,330,620)
Effects of exchange rate changes	<u>2,867</u>	<u>(10,133)</u>
Net cash inflow	<u>\$ 271,535</u>	<u>\$ (745,809)</u>
Dividends paid to non-controlling interests	<u>\$ 485,231</u>	<u>\$ 533,912</u>

TTC and TTC's subsidiaries

	December 31	
	2018	2017
Current assets	\$ 5,391,600	\$ 5,313,224
Non-current assets	3,335,946	3,498,211
Current liabilities	(3,316,710)	(3,132,553)
Non-current liabilities	<u>(1,418,879)</u>	<u>(1,773,332)</u>
Equity	<u>\$ 3,991,957</u>	<u>\$ 3,905,550</u>
Equity attributable to:		
Owners of TTC	\$ 1,497,691	\$ 1,483,743
Non-controlling interests of TTC	<u>2,494,266</u>	<u>2,421,807</u>
	<u>\$ 3,991,957</u>	<u>\$ 3,905,550</u>
	For the Year Ended December 31	
	2018	2017
Revenue	<u>\$ 21,683,702</u>	<u>\$ 19,821,042</u>
Profit for the year	\$ 207,973	\$ 502,079
Other comprehensive (loss) income for the year	<u>(124,273)</u>	<u>24,353</u>
Total comprehensive income for the year	<u>\$ 83,700</u>	<u>\$ 526,432</u>
Profit attributable to:		
Owners of TTC	\$ 76,270	\$ 184,127
Non-controlling interests of TTC	<u>131,703</u>	<u>317,952</u>
	<u>\$ 207,973</u>	<u>\$ 502,079</u>
Total comprehensive income attributable to:		
Owners of TTC	\$ 18,844	\$ 203,793
Non-controlling interests of TTC	<u>64,856</u>	<u>322,669</u>
	<u>\$ 83,700</u>	<u>\$ 526,432</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (503,392)	\$ 420,367
Investing activities	(144,960)	(121,779)
Financing activities	735,249	(398,712)
Effects of exchange rate changes	<u>10,928</u>	<u>(1,653)</u>
Net cash inflow (outflow)	<u>\$ 97,825</u>	<u>\$ (101,777)</u>

ACME and ACME's subsidiaries

	December 31	
	2018	2017
Current assets	\$ 1,898,959	\$ 1,741,583
Non-current assets	1,776,939	1,965,852
Current liabilities	(1,085,668)	(1,172,072)
Non-current liabilities	<u>(569,870)</u>	<u>(613,731)</u>
Equity	<u>\$ 2,020,360</u>	<u>\$ 1,921,632</u>
Equity attributable to:		
Owners of ACME	\$ 623,461	\$ 611,551
Non-controlling interests of ACME	772,085	751,522
Non-controlling interests of ACME's subsidiaries	<u>624,814</u>	<u>558,559</u>
	<u>\$ 2,020,360</u>	<u>\$ 1,921,632</u>
	For the Year Ended December 31	
	2018	2017
Revenue	<u>\$ 2,382,293</u>	<u>\$ 2,370,715</u>
Profit (loss) for the year	\$ 134,777	\$ (141,670)
Other comprehensive loss for the year	<u>(36,049)</u>	<u>(6,655)</u>
Total comprehensive income (loss) for the year	<u>\$ 98,728</u>	<u>\$ (148,325)</u>
Loss attributable to:		
Owners of ACME	\$ 25,019	\$ (46,071)
Non-controlling interests of ACME	31,168	(57,383)
Non-controlling interests of ACME's subsidiaries	<u>78,590</u>	<u>(38,216)</u>
	<u>\$ 134,777</u>	<u>\$ (141,670)</u>
Total comprehensive loss attributable to:		
Owners of ACME	\$ 14,460	\$ (50,810)
Non-controlling interests of ACME	18,013	(63,285)
Non-controlling interests of ACME's subsidiaries	<u>66,255</u>	<u>(34,230)</u>
	<u>\$ 98,728</u>	<u>\$ (148,325)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 162,131	\$ 142,380
Investing activities	120,224	(223,472)
Financing activities	(134,647)	(48,795)
Effects of exchange rate changes	<u>(18,487)</u>	<u>15,923</u>
Net cash inflow (outflow)	<u>\$ 129,221</u>	<u>\$ (113,964)</u>

APC and APC's subsidiaries

	December 31	
	2018	2017
Current assets	\$ 4,606,590	\$ 5,136,436
Non-current assets	10,991,153	9,739,565
Current liabilities	(2,603,655)	(2,338,563)
Non-current liabilities	<u>(3,389,652)</u>	<u>(2,720,968)</u>
Equity	<u>\$ 9,604,436</u>	<u>\$ 9,816,470</u>
Equity attributable to:		
Owners of APC	\$ 3,465,127	\$ 3,668,758
Non-controlling interests of APC	<u>6,139,309</u>	<u>6,147,712</u>
	<u>\$ 9,604,436</u>	<u>\$ 9,816,470</u>
	For the Year Ended December 31	
	2018	2017
Revenue	<u>\$ 6,375,134</u>	<u>\$ 6,404,467</u>
Profit for the year	\$ 286,826	\$ 565,354
Other comprehensive (loss) income for the year	<u>(445,775)</u>	<u>53,337</u>
Total comprehensive income for the year	<u>\$ (158,949)</u>	<u>\$ 618,691</u>
Profit attributable to:		
Owners of APC	\$ 92,782	\$ 182,800
Non-controlling interests of APC	<u>194,044</u>	<u>382,474</u>
	<u>\$ 286,826</u>	<u>\$ 565,354</u>
Total comprehensive (loss) income attributable to:		
Owners of APC	\$ (176,011)	\$ 219,564
Non-controlling interests of APC	<u>17,062</u>	<u>399,127</u>
	<u>\$ (158,949)</u>	<u>\$ 618,691</u>
Net cash outflow from:		
Operating activities	\$ (108,441)	\$ 963,684
Investing activities	(1,723,664)	(1,352,932)
Financing activities	852,068	(300,627)
Effects of exchange rate changes	<u>1,865</u>	<u>(10,749)</u>
Net cash outflow	<u>\$ (978,172)</u>	<u>\$ (700,624)</u>
Dividends paid to non-controlling interest	<u>\$ 70,103</u>	<u>\$ 204,184</u>

EVGL and EVGL's subsidiaries

	December 31	
	2018	2017
Current assets	\$ 722,214	\$ 338,317
Non-current assets	10,338,945	5,241,747
Current liabilities	<u>(12,378)</u>	<u>(11,893)</u>
	<u>\$ 11,048,781</u>	<u>\$ 5,568,171</u>
Equity		
Equity attributable to:		
Owners of EVGL	\$ 8,559,921	\$ 3,780,351
Non-controlling interests of EVGL	<u>2,488,860</u>	<u>1,787,820</u>
	<u>\$ 11,048,781</u>	<u>\$ 5,568,171</u>
	For the Year Ended December 31	
	2018	2017
Profit for the year	\$ 15,203	\$ 3,417
Other comprehensive loss for the year	<u>(16,663)</u>	<u>(79,594)</u>
Total comprehensive loss for the year	<u>\$ (1,460)</u>	<u>\$ (76,177)</u>
Profit attributable to:		
Owners of EVGL	\$ 8,888	\$ 2,289
Non-controlling interests of EVGL	<u>6,315</u>	<u>1,128</u>
	<u>\$ 15,203</u>	<u>\$ 3,417</u>
Total comprehensive loss attributable to:		
Owners of EVGL	\$ 1,678	\$ (50,046)
Non-controlling interests of EVGL	<u>(3,138)</u>	<u>(26,131)</u>
	<u>\$ (1,460)</u>	<u>\$ (76,177)</u>
Net cash inflow from:		
Operating activities	\$ (15,163)	\$ (6,446)
Investing activities	(5,117,787)	(5,150,364)
Financing activities	5,482,069	5,155,469
Effects of exchange rate changes	<u>36,197</u>	<u>28,829</u>
Net cash inflow	<u>\$ 385,316</u>	<u>\$ 27,488</u>

Please refer to Notes 22 and 40 for the information related to part of subsidiaries' shares pledged as collateral for long-term bank borrowings.

c. Disposal of subsidiary

The Group entered into a sale agreement with an unrelated party to dispose of SPC (Nantong) and sold all its shares on December 21, 2018. As of December 31, 2018, SPC completed the process of the disposal.

1) Consideration received from disposal

SPC (Nantong)

Consideration received in cash and cash equivalents/ Total consideration received	\$ <u>129,077</u>
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2) Analysis of assets and liabilities on the date control was lost

SPC (Nantong)

Current assets	
Cash	\$ 418
Other current assets	7
Non-current assets	
Property, plant and equipment	38,003
Long-term prepayments for lease	13,454
Current liabilities	
Payables	(13)
Other current liabilities	<u>(345)</u>
Net assets of disposal	<u>\$ 51,524</u>

3) Gain on disposal of subsidiary

SPC (Nantong)

Consideration received	\$ 129,077
Net assets of disposal	(51,524)
Exchange differences	<u>39,023</u>
Gain on disposals	<u>\$ 116,576</u>

4) Net cash inflow on disposal of subsidiary

SPC (Nantong)

Consideration received in cash	\$ 129,077
Less: Cash and cash equivalent balance disposal	<u>(418)</u>
	<u>\$ 128,659</u>

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2018	2017
Investments in joint ventures		
Associates that are individually material		
Fujian Gulei Petrochemical Co., Ltd. (“Gulei”)	<u>\$ 10,338,945</u>	<u>\$ 5,241,747</u>

Investments in joint venture are accounted for using the equity method.

The percentage of the Group’s ownership and voting rights are 50% of the outstanding shares of Gulei as of December 31, 2018 and 2017. For more explanation, please refer to Note 35.

For the scope of business operations and the location and national information of Gulei's registry of joint venture, please refer to Table 8.

The summary of financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31	
	2018	2017
Cash	<u>\$ 15,407,527</u>	<u>\$ 9,870,622</u>
Current assets	\$ 15,428,230	\$ 9,871,825
Non-current assets	7,332,940	677,992
Current liabilities	(2,066,576)	(66,323)
Non-current liabilities	<u>(16,704)</u>	<u>-</u>
Equity	20,677,890	10,483,494
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>
Equity attributable to the Group	<u>\$ 10,338,945</u>	<u>\$ 5,241,747</u>
Carrying amount	<u>\$ 10,338,945</u>	<u>\$ 5,241,747</u>
	For the Year Ended December 31	
	2018	2017
Shares attributable to the Group		
Net profit (loss) of the year	<u>\$ 32,271</u>	<u>\$ (6,541)</u>

Gulei had no significant operating income for the years ended December 31, 2018 and 2017.

18. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2018	2017
Freehold land	\$ 4,726,441	\$ 4,726,441
Land improvements	9,874	14,721
Building improvements	4,192,099	4,421,788
Machinery and equipment	10,897,308	11,383,335
Transportation equipment	49,452	45,170
Other equipment	320,209	269,540
Construction in progress and equipment under installation	<u>3,629,856</u>	<u>2,897,500</u>
	<u>\$ 23,825,239</u>	<u>\$ 23,758,495</u>

	Freehold Land	Land Improvements	Building Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
Cost								
Balance at January 1, 2017	\$ 4,726,441	\$ 121,834	\$ 7,817,519	\$ 34,171,265	\$ 207,040	\$ 1,876,570	\$ 1,995,911	\$ 50,916,580
Additions	-	-	20,081	150,504	4,543	18,244	3,152,212	3,345,584
Disposals	-	-	(12,602)	(565,583)	(15,194)	(54,832)	(622)	(648,833)
Reclassification	-	7,512	358,628	1,630,950	9,890	13,326	(2,240,046)	(219,740)
Effect of foreign currency exchange differences	-	(78)	(93,132)	(157,944)	(1,933)	(188,371)	(8,084)	(449,542)
Balance at December 31, 2017	<u>\$ 4,726,441</u>	<u>\$ 129,268</u>	<u>\$ 8,090,494</u>	<u>\$ 35,229,192</u>	<u>\$ 204,346</u>	<u>\$ 1,664,937</u>	<u>\$ 2,899,371</u>	<u>\$ 52,944,049</u>
Accumulated depreciation and impairment								
Balance at January 1, 2017	\$ -	\$ 112,829	\$ 3,428,108	\$ 23,007,853	\$ 158,796	\$ 1,402,311	\$ 1,869	\$ 28,111,766
Depreciation expenses	-	1,748	271,538	1,479,875	15,520	74,861	-	1,843,542
Disposals	-	-	(11,824)	(541,202)	(13,565)	(52,879)	-	(619,470)
Impairment losses reversed	-	-	-	(2,306)	-	(265)	-	(2,571)
Reclassification	-	-	6,376	(6,037)	(2)	(122)	2	217
Effect of foreign currency exchange differences	-	(30)	(25,492)	(92,326)	(1,573)	(28,509)	-	(147,930)
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ 114,547</u>	<u>\$ 3,668,706</u>	<u>\$ 23,845,857</u>	<u>\$ 159,176</u>	<u>\$ 1,395,397</u>	<u>\$ 1,871</u>	<u>\$ 29,185,554</u>
Carrying amounts at December 31, 2017	<u>\$ 4,726,441</u>	<u>\$ 14,721</u>	<u>\$ 4,421,788</u>	<u>\$ 11,383,335</u>	<u>\$ 45,170</u>	<u>\$ 269,540</u>	<u>\$ 2,897,500</u>	<u>\$ 23,758,495</u>
Cost								
Balance at January 1, 2018	\$ 4,726,441	\$ 129,268	\$ 8,090,494	\$ 35,229,192	\$ 204,346	\$ 1,664,937	\$ 2,899,371	\$ 52,944,049
Additions	-	-	2,544	163,125	5,988	100,082	1,805,960	2,077,699
Disposals	-	(3,875)	(1,336)	(877,730)	(12,021)	(50,595)	(443)	(946,000)
Loss of control (Note 16 (c))	-	-	(70,031)	(3,994)	-	(2,959)	-	(76,984)
Reclassification	-	(1,483)	117,572	1,028,512	12,775	40,519	(1,077,036)	120,859
Effect of foreign currency exchange differences	-	95	(49,932)	(78,660)	(735)	(5,915)	13,418	(121,729)
Balance at December 31, 2018	<u>\$ 4,726,441</u>	<u>\$ 124,005</u>	<u>\$ 8,089,311</u>	<u>\$ 35,460,445</u>	<u>\$ 210,353</u>	<u>\$ 1,746,069</u>	<u>\$ 3,641,270</u>	<u>\$ 53,997,894</u>
Accumulated depreciation and impairment								
Balance at January 1, 2018	\$ -	\$ 114,547	\$ 3,668,706	\$ 23,845,857	\$ 159,176	\$ 1,395,397	\$ 1,871	\$ 29,185,554
Depreciation expenses	-	1,821	293,386	1,586,349	15,002	76,851	-	1,973,409
Disposals	-	(2,289)	(16,454)	(850,712)	(11,705)	(48,917)	-	(930,077)
Loss of control (Note 16 (c))	-	-	(32,533)	(3,618)	-	(2,830)	-	(38,981)
Impairment losses recognized (reversed)	-	-	-	40,696	-	9,829	(194)	50,331
Effect of foreign currency exchange differences	-	52	(15,893)	(55,435)	(1,572)	(4,470)	9,737	(67,581)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 114,131</u>	<u>\$ 3,897,212</u>	<u>\$ 24,563,137</u>	<u>\$ 160,901</u>	<u>\$ 1,425,860</u>	<u>\$ 11,414</u>	<u>\$ 30,172,655</u>
Carrying amounts at December 31, 2018	<u>\$ 4,726,441</u>	<u>\$ 9,874</u>	<u>\$ 4,192,099</u>	<u>\$ 10,897,308</u>	<u>\$ 49,452</u>	<u>\$ 320,209</u>	<u>\$ 3,629,856</u>	<u>\$ 23,825,239</u>

ACME (KS) recognized that machinery equipment and other equipment are uncollectable in 2018 and recognized impairment loss of \$50,163 thousand. The impairment loss was reported in operating expenses of consolidated statements of comprehensive income.

No impairment assessment was performed for the year ended December 31, 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
Building improvements	
Factories and other machines	15 to 55 years
Main buildings	3 to 60 years
Storage rooms	8 to 45 years
Others	2 to 40 years
Machinery and equipment	2 to 25 years
Transportation equipment	2 to 15 years
Other equipment	2 to 25 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.

The board of directors passed an EVA capacity expansion in the Linyuan plant and authorized the chairman with full power on December 28, 2011. The Group signed the EVA equipment contract with CTCI Corporation on November 8, 2012. On March 5, 2014 and May 31, 2017, respectively, the Group signed the EVA equipment renewal contracts and the amendment with CTCI Corporation. The total contract fee was \$2,608,911 thousand (including additional costs), which is paid monthly according to the progress of the project. The project was completed in 2018, and total fees and charges have been paid.

In order to increase working capital and reimburse the bank borrowings, the USIO's shareholders' meeting dated on April 7, 2017 had passed a resolution to sell its Toufen plant along with a section of the ancillary mechanical equipment to CGPC for \$290,000 thousand and rent back the plant and equipment from CGPC on June 2017.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 40.

For the related capitalized interest, please refer to Note 31 (c).

19. INVESTMENT PROPERTIES

	<u>December 31</u>	
	2018	2017
<u>Completed investment properties</u>		
Land	\$ 90,971	\$ 90,971
Buildings	<u>91,453</u>	<u>91,245</u>
	<u>\$ 182,424</u>	<u>\$ 182,216</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2017	\$ 94,940	\$ 178,393	\$ 273,333
Disposal	-	(2,262)	(2,262)
Effect of foreign currency exchange differences	-	(7,438)	(7,438)
Balance at December 31, 2017	<u>\$ 94,940</u>	<u>\$ 168,693</u>	<u>\$ 263,633</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ 3,969	\$ 79,957	\$ 83,926
Depreciation expense	-	3,699	3,699
Disposal	-	(1,765)	(1,765)
Effect of foreign currency exchange differences	-	(4,443)	(4,443)
Balance at December 31, 2017	<u>\$ 3,969</u>	<u>\$ 77,448</u>	<u>\$ 81,417</u>
Carrying amounts at December 31, 2017	<u>\$ 90,971</u>	<u>\$ 91,245</u>	<u>\$ 182,216</u>
<u>Cost</u>			
Balance at January 1, 2018	\$ 94,940	\$ 168,693	\$ 263,633
Effect of foreign currency exchange differences	-	4,799	4,799
Balance at December 31, 2018	<u>\$ 94,940</u>	<u>\$ 173,492</u>	<u>\$ 268,432</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 3,969	\$ 77,448	\$ 81,417
Depreciation expense	-	2,929	2,929
Effect of foreign currency exchange differences	-	1,662	1,662
Balance at December 31, 2018	<u>\$ 3,969</u>	<u>\$ 82,039</u>	<u>\$ 86,008</u>
Carrying amounts at December 31, 2018	<u>\$ 90,971</u>	<u>\$ 91,453</u>	<u>\$ 182,424</u>

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

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

Part of the Group's investment properties are located in Linyuan Industrial District. Due to the characteristics of the district, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair values of its investment properties is not reliably measurable. For the remaining investment properties, the fair value of the investment properties were \$670,417 thousand and \$722,446 thousand at December 31, 2018 and 2017, respectively, which were not evaluated by an independent qualified professional valuer. The management of the Group 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. Had the prices of nearby land went up or down by 10%, the fair value of the investment properties of the Group for the years ended December 31, 2018 and 2017 would have increased or decreased by \$67,042 thousand and \$72,245 thousand, respectively.

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 40.

20. GOODWILL AND OTHER INTANGIBLE ASSETS

	December 31	
	2018	2017
Goodwill (a)	<u>\$ 269,026</u>	<u>\$ 269,026</u>
Other intangible assets (b)		
Technology royalties and patent right	\$ 14,517	\$ 58,838
Computer software	9,999	15,983
Others	<u>8,861</u>	<u>18,528</u>
	<u>\$ 33,377</u>	<u>\$ 93,349</u>

a. Goodwill

	For the Year Ended December 31	
	2018	2017
Balance at January 1 and December 31	<u>\$ 269,026</u>	<u>\$ 269,026</u>

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

b. Other intangible assets

	Technology Royalties and Patent Right	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2017	\$ 263,028	\$ 110,546	\$ 29,000	\$ 402,574
Additions	-	6,945	-	6,945
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,525)</u>	<u>-</u>	<u>(4,525)</u>
Balance at December 31, 2017	<u>\$ 263,028</u>	<u>\$ 112,966</u>	<u>\$ 29,000</u>	<u>\$ 404,994</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2017	\$ 173,581	\$ 79,916	\$ 483	\$ 253,980
Amortization expenses	30,609	21,326	9,989	61,924
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,259)</u>	<u>-</u>	<u>(4,259)</u>
Balance at December 31, 2017	<u>\$ 204,190</u>	<u>\$ 96,983</u>	<u>\$ 10,472</u>	<u>\$ 311,645</u>
Carrying amounts at December 31, 2017	<u>\$ 58,838</u>	<u>\$ 15,983</u>	<u>\$ 18,528</u>	<u>\$ 93,349</u>

(Continued)

	Technology Royalties and Patent Right	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2018	\$ 263,028	\$ 112,966	\$ 29,000	\$ 404,994
Additions	-	7,170	-	7,170
Disposals	-	(668)	-	(668)
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,198)</u>	<u>-</u>	<u>(1,198)</u>
Balance at December 31, 2018	<u>\$ 263,028</u>	<u>\$ 118,270</u>	<u>\$ 29,000</u>	<u>\$ 410,298</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2018	\$ 204,190	\$ 96,983	\$ 10,472	\$ 311,645
Amortization expenses	16,691	13,116	9,667	39,474
Disposals	-	(668)	-	(668)
Impairment losses recognized	27,630	-	-	27,630
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,160)</u>	<u>-</u>	<u>(1,160)</u>
Balance at December 31, 2018	<u>\$ 248,511</u>	<u>\$ 108,271</u>	<u>\$ 20,139</u>	<u>\$ 376,921</u>
Carrying amounts at December 31, 2018	<u>\$ 14,517</u>	<u>\$ 9,999</u>	<u>\$ 8,861</u>	<u>\$ 33,377</u> (Concluded)

The Company obtained the technology royalties rights to use SiC in 2013. Due to lagged for development, the Company was 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 right	3 to 7 years
Computer software	1 to 3 years
Others	5 to 7 years

21. PREPAYMENTS FOR LEASES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Current assets (included in prepayments)	\$ 8,653	\$ 9,973
Non-current assets	<u>459,542</u>	<u>525,845</u>
	<u>\$ 468,195</u>	<u>\$ 535,818</u>

The carrying amount of the prepaid lease payments include land use rights located in China and Malaysia.

Acme Electronics Corporation signed a contract with an unrelated party, company A, in January 2018 to become an investing shareholder by using a portion of its land use rights for land located in Kunshan, Jiangsu, and then it transferred all of its shares to activate the assets. The total transaction price was RMB63,227 thousand (NT\$291,368 thousand) and fully paid in February 2018. Acme Electronics Corporation has registered the land use rights valued as shares in May 2018 and recognized the disposal gain of RMB56,240 thousand (NT\$262,617 thousand) on the land use rights. Additionally, the land use rights valued as shares have been fully transferred.

Part of the carrying amount of prepaid lease payments pledged as collateral for borrowings is disclosed in Notes 22 and 40.

22. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2018	2017
<u>Secured borrowings</u>		
Bank loans	\$ 153,239	\$ 412,768
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>6,573,615</u>	<u>3,339,500</u>
	<u>\$ 6,726,854</u>	<u>\$ 3,752,268</u>
Range of interest rates	0.83%-4.58%	0.83%-4.79%

b. Short-term bills payable

	<u>December 31</u>	
	2018	2017
Commercial paper	\$ 1,515,000	\$ 1,685,000
Less: Unamortized discount on bills payable	<u>(216)</u>	<u>(494)</u>
	<u>\$ 1,514,784</u>	<u>\$ 1,684,506</u>
Range of interest rates	0.49%-1.18%	0.40%-1.18%

c. Long-term borrowings

	December 31	
	2018	2017
Secured borrowings	\$ 2,393,200	\$ 4,502,800
Line of credit borrowings	<u>6,550,000</u>	<u>3,000,000</u>
	<u>8,943,200</u>	<u>7,502,800</u>
Commercial paper	200,000	200,000
Unamortized discounts on bills payable	<u>(576)</u>	<u>(52)</u>
	<u>199,424</u>	<u>199,948</u>
	9,142,624	7,702,748
Less: Current portions	<u>(525,000)</u>	<u>(799,600)</u>
	<u>\$ 8,617,624</u>	<u>\$ 6,903,148</u>
Range of interest rates		
Secured borrowings	1.04%-1.45%	1.04%-1.57%
Line of credit borrowings	0.98%-1.34%	0.99%-1.31%
Commercial paper	1.618%	1.348%

The Company entered into medium- and long-term loan contracts with banks to increase working capital. The contracts became effective from June 2017 to August 2023 with a total credit limit of \$2,800,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, the Company has borrowed \$1,500,000 thousand.

UPIIC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts became effective from March 2015 to June 2020 with a total credit limit of \$2,400,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, UPIIC has borrowed \$1,350,000 thousand.

CGPCP entered into medium- and long-term financing contracts with banks to increase working capital. The contracts became effective from March 2015 to January 2019 with a total credit limit of \$1,450,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, CGPCP has borrowed \$1,000,000 thousand.

TTC entered into medium- and long-term financing contracts with banks to increase working capital. The contract became effective from November 2012 to June 2021 with a total credit limit of \$1,300,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, TTC has borrowed \$1,000,000 thousand.

APC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts became effective from October 2015 to March 2021 with a total credit limit of \$4,200,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, APC has borrowed \$3,100,000 thousand.

ACME entered into medium- and long-term financing contracts with banks to increase working capital. The contract became effective from September 2013 to September 2022 with a total credit limit of \$640,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, ACME has borrowed \$540,000 thousand.

SPC entered into medium- and long-term financing contracts with banks to increase working capital. The contracts became effective from December 2013 to December 2020 with a total credit limit of \$670,000 thousand, which is used cyclically during the validity period. As of December 31, 2018, SPC has borrowed \$653,200 thousand.

UPIIC had offered its 26,500 thousand shares in APC, 19,500 thousand shares in CGPC and 19,500 thousand shares in TTC as long-term loan collateral, each of which was endorsed by the Company.

According to the loan contracts of part of subsidiaries, the current ratio, bank loan ratio, debt ratio, and interest protection multiples should not be less than the specified percentage. The subsidiaries should provide the improvements to the bank if the requirements were not met. As of December 31, 2018, the subsidiaries did not violate the requirements.

23. BONDS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Domestic unsecured bonds 104-1A - issuance on February 12, 2015, 5 years, total amount \$1,000,000 thousand, coupon rate 1.55%, bullet repayment	\$ 1,000,000	\$ 1,000,000
Domestic unsecured bonds 104-1B - issuance on February 12, 2015, 7 years, total amount \$1,000,000 thousand, coupon rate 1.90%, bullet repayment	1,000,000	1,000,000
Domestic unsecured bonds 105-1 - issuance on October 28, 2016, 5 years, total amount \$2,000,000 thousand, coupon rate 0.80%, bullet repayment	2,000,000	2,000,000
Domestic unsecured bonds 106-1 - issuance on October 27, 2017, 5 years, total amount \$2,000,000 thousand, coupon rate 1.10%, bullet repayment	<u>2,000,000</u>	<u>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.

24. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Operating</u>		
Notes payable	\$ 483	\$ 360
Accounts payable	<u>3,392,204</u>	<u>3,965,084</u>
	<u>\$ 3,392,687</u>	<u>\$ 3,965,444</u>

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

25. OTHER PAYABLES

	<u>December 31</u>	
	2018	2017
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 745,236	\$ 795,514
Payables for purchases of equipment	189,420	237,632
Payables for water and electricity	181,003	147,131
Payables for fares	166,463	104,684
Payables for interests	43,068	40,219
Payables for insurance	28,335	17,516
Payables for dividends	20,176	21,537
Payables for fuel fees	19,830	19,192
Others	<u>504,019</u>	<u>588,671</u>
	1,897,550	1,972,096
Other liabilities		
Refund liability (Note 26)	<u>30,034</u>	<u>-</u>
	<u>\$ 1,927,584</u>	<u>\$ 1,972,096</u>

26. PROVISIONS

	<u>December 31</u>	
	2018	2017
<u>Current</u>		
Provision for customer returns and rebates (a)	<u>\$ -</u>	<u>\$ 32,205</u>
<u>Non-current</u>		
Litigation provision (b)	<u>\$ 136,375</u>	<u>\$ -</u>

The movements of the customer returns and rebates were as follows:

	For the Year Ended December 31, 2017
Balance at January 1	\$ 23,041
Additional provisions recognized	18,579
Actual occurrence	<u>(9,415)</u>
Balance at December 31	<u>\$ 32,205</u>

a. Provision for customer returns and rebates

The provision for customer returns and rebates is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

Since 2018, the Group elected to apply IFRS 15 and recognized refund liabilities for provision for customer returns and rebates.

b. Litigation provision

Litigation provision is a result of the first-instance judgment and reconciliation of the Kaohsiung gas explosion case on July 31, 2014 for which cash outflows may be recognized in the near future. Please refer to Note 41 for the explanation related to the provision.

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries of the Group 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. Furthermore, overseas subsidiaries also make contributions at certain percentages according to the basic regulation.

b. Defined benefit plans

The defined benefit plans adopted by the Company and domestic subsidiaries of the Group 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. Subsidiaries make monthly contributions at certain percentages of the basic salaries of their employees (TTC and CGTD are 12%; APC, CGPC and TVCM are 10%; SPC is 3.5%; ACME, USII, UM and TUVVM are 2%). Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2018	2017
Present value of defined benefit obligation	\$ (3,845,821)	\$ (3,986,665)
Fair value of plan assets	<u>2,187,593</u>	<u>1,566,768</u>
Net defined benefit liabilities - non-current	<u>\$ (1,658,228)</u>	<u>\$ (2,419,897)</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	\$ (4,104,599)	\$ 1,117,477	\$ (2,987,122)
Current service cost	(46,356)	-	(46,356)
Net interest income (expense)	(42,555)	13,096	(29,459)
Recognized in profit or loss	(88,911)	13,096	(75,815)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,661)	(1,661)
Actuarial loss - changes in demographic assumptions	(10,538)	-	(10,538)
Actuarial loss - changes in financial assumptions	(61,442)	-	(61,442)
Actuarial gain - experience adjustments	14,625	-	14,625
Recognized in other comprehensive income	(57,355)	(1,661)	(59,016)
Contributions from the employer	5,368	696,688	702,056
Benefits paid	258,832	(258,832)	-
Balance at December 31, 2017	<u>\$ (3,986,665)</u>	<u>\$ 1,566,768</u>	<u>\$ (2,419,897)</u>
Balance at January 1, 2018	\$ (3,986,665)	\$ 1,566,768	\$ (2,419,897)
Current service cost	(38,600)	-	(38,600)
Net interest income (expense)	(42,794)	18,391	(24,403)
Recognized in profit or loss	(81,394)	18,391	(63,003)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	42,197	42,197
Actuarial loss - changes in demographic assumptions	(2,188)	-	(2,188)
Actuarial loss - changes in financial assumptions	(53,825)	-	(53,825)
Actuarial gain - experience adjustments	18,711	-	18,711
Recognized in other comprehensive income	(37,302)	42,197	4,895
Contributions from the employer	26,844	792,933	819,777
Benefits paid	232,696	(232,696)	-
Balance at December 31, 2018	<u>\$ (3,845,821)</u>	<u>\$ 2,187,593</u>	<u>\$ (1,658,228)</u>

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

- 1) Investment risk: The plan assets are invested in domestic 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	0.88%-1.25%	1.00%-1.25%
Expected rate of salary increase	2.00%-2.75%	2.00%-2.50%

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(s)		
0.25% increase	<u>\$ (75,594)</u>	<u>\$ (81,280)</u>
0.25% decrease	<u>\$ 78,060</u>	<u>\$ 83,201</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 75,570</u>	<u>\$ 84,706</u>
0.25% decrease	<u>\$ (73,573)</u>	<u>\$ (82,948)</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>\$ 200,592</u>	<u>\$ 191,349</u>
The average duration of the defined benefit obligation	8-13 years	8-12 years

28. GOVERNMENT GRANTS

Acme Electronics (Kunshan) Co., Ltd. reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics (Kunshan) Co., Ltd. promised to relocate its new plant and raise its investment amount to US\$15,000 thousand; Zhoushizhen People's Government then promised to assist Acme Electronics (Kunshan) Co., Ltd. in acquiring land for a new plant. Furthermore, by applying the tax refund, Kunshan Zhoushizhen People's Government subsidized Acme Electronics (Kunshan) Co., Ltd.'s acquisition of the land for its new plant with a difference in price of over RMB50 thousand per acre. According to this agreement, Acme Electronics (Kunshan) Co., Ltd. raised the capital by cash and share dividends to meet its capital increase requirement for the relocation of the new plant. Acme Electronics (Kunshan) Co., Ltd. also recognized RMB10,591 thousand of the subsidy as long-term deferred revenue, which will be amortized along with the land use rights when the new plant is constructed. The related government subsidies were retrieved in January 2014. As stated in Note 21, Acme Electronics (Kunshan) Co., Ltd. also derecognized RMB1,983 thousand of deferred revenue related to the land use rights.

Besides this, Acme Electronics (Kunshan) Co., Ltd. arrived at an agreement with Kunshan Zhoushizhen People's Government for an additional subsidy for the external line project for high voltage power during the relocation process. The amount of the subsidy was RMB8,145 thousand in total, which was recognized as long-term deferred revenue by Acme Electronics (Kunshan) Co., Ltd. and will be amortized based on the duration of the power equipment.

For the years ended December 31, 2018 and 2017, the amount of deferred income that had not been amortized was RMB9,423 thousand (\$42,170 thousand) and RMB11,958 thousand (\$54,461 thousand), respectively.

29. EQUITY

	<u>December 31</u>	
	2018	2017
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	(475,606)	(475,606)
Non-controlling interests	<u>18,267,556</u>	<u>16,684,012</u>
	<u>\$ 36,454,709</u>	<u>\$ 34,808,419</u>

a. Share capital

	<u>December 31</u>	
	2018	2017
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 31(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 Years Ended December 31		For the Years Ended 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	
Special reserve	55,399	
Cash dividends	<u>356,629</u>	\$0.3
	<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 change in tax rate	(1,825)	-
Recognized for the year		
Exchange differences on translating foreign operations	(1,155)	(239,270)
Related income tax	4,490	40,186
Disposal interests in 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 loss on revaluation of available-for-sale financial assets	(8,212)
Related income tax	(371)
Reclassification adjustments	
Disposal of available-for-sale financial assets	<u>90,642</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 financial assets at FVTOCI

	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
Effect of tax rate changes	(22)
Recognized during the period	
Unrealized gain	
Equity instruments	(186,605)
Related income tax	(681)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals	<u>(78,833)</u>
Balance at December 31	<u>\$ (85,136)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1 per IAS 39	\$ 16,684,012	\$ 14,292,690
Adjustment on initial application of IFRS 9	<u>44,007</u>	<u>-</u>
Balance at January 1 per IFRS 9	16,728,019	14,292,690
Cash dividends of subsidiaries' shareholders	(615,849)	(807,986)
Share in profit for the period	1,335,881	1,598,563
Other comprehensive income (loss) for the period		
Effect of tax rate changes	8,028	-
Exchange difference on translating foreign operations	(73,232)	(177,047)
Income tax relating to exchange difference on translating foreign operations	16,610	25,752
Unrealized loss on available-for-sale financial assets	-	(69,786)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	-	18,341
Income tax relating to unrealized gain on available-for-sale financial assets	-	(776)
Unrealized gain on financial assets at FVTOCI	162,228	-
Income tax relating to unrealized gain on financial assets at FVTOCI	(1,450)	-
Remeasurement on defined benefit plans	1,722	(30,864)
Income tax remeasurement on defined benefit plans	(1,081)	5,084
Adjustments relating to changes accounted for using the equity method	6,456	22,312
Non-controlling interests arising from acquisition of subsidiaries	-	1,053,211
Disposal interests in subsidiaries	(20,086)	-
Changes in non-controlling interests	<u>720,310</u>	<u>754,518</u>
Balance at December 31	<u>\$ 18,267,556</u>	<u>\$ 16,684,012</u>

f. 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 loss 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. As 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.

30. REVENUE

	For the Year Ended December 31	
	2018	2017
Products sales revenue		
Plastic materials	\$ 57,962,076	\$ 55,218,669
Electronic materials	2,373,962	2,349,246
Others	<u>556,475</u>	<u>566,028</u>
	<u>\$ 60,892,513</u>	<u>\$ 58,133,943</u>

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

31. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following:

	For the Year Ended December 31	
	2018	2017
Owners of the Company	\$ 537,268	\$ 1,112,074
Non-controlling interests	<u>1,331,081</u>	<u>1,599,976</u>
	<u>\$ 1,868,349</u>	<u>\$ 2,712,050</u>

Net profit from continuing operations includes the following:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	\$ 140,649	\$ 75,382
Financial assets at FVTPL	27,565	27,801
Financial assets at amortized cost	1,596	-
Debt investments with no active market	-	1,269
Others	<u>1,854</u>	<u>1,765</u>
	171,664	106,217
Dividend income	186,003	185,187
Rental income	50,454	38,166
Grants income (Notes 18 and 28)	32,620	29,996
Claim income	-	34,438
Commission income	36,104	70,679
Others	<u>139,832</u>	<u>113,572</u>
	<u>\$ 616,677</u>	<u>\$ 578,255</u>

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of biological assets	\$ 13,735	\$ -
Gain on disposal of land use rights	262,617	-
Gain on disposal of subsidiaries	116,576	-
Gain on disposal of property, plant and equipment	11,030	12,492
Loss on disposal of property, plant and equipment	(19,550)	(3,186)
Loss on disposal of investment properties	-	(497)
Net gain on disposal of financial instruments	22,471	137,204
Net foreign exchange losses	(8,899)	(124,219)
Net gain (loss) on financial assets at FVTPL	35,754	(78,893)
Net loss on financial liabilities at FVTPL	(46,923)	(26,994)
Loss on claims	(83,825)	-
Impairment losses on financial assets	-	(32,208)
(Recognized) reversed impairment losses on non-financial assets	(16,120)	304
Other gains and losses	<u>(101,791)</u>	<u>(107,857)</u>
	<u>\$ 185,075</u>	<u>\$ (223,854)</u>

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	\$ 193,810	\$ 199,596
Interest on bonds payable	74,937	52,022
Other interest expense	2,435	923
Less: Capitalized interest (included in construction in progress)	<u>(26,787)</u>	<u>(15,284)</u>
	<u>\$ 244,395</u>	<u>\$ 237,257</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2018	2017
Capitalized interest	\$ 26,787	\$ 15,284
Capitalization rate	0.82%-1.25%	0.95%-1.20%

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 1,961,453	\$ 1,831,809
Investment properties	2,929	3,699
Intangible assets	39,474	61,924
Others	<u>36,487</u>	<u>35,386</u>
	<u>\$ 2,040,343</u>	<u>\$ 1,932,818</u>

(Continued)

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	\$ 1,850,751	\$ 1,704,831
Operating expenses	98,387	117,275
Other gains and losses	<u>15,244</u>	<u>13,402</u>
	<u>\$ 1,964,382</u>	<u>\$ 1,835,508</u>
An analysis of amortization by function		
Operating costs	\$ 39,044	\$ 36,878
Selling and marketing expenses	10,386	-
General and administrative expenses	14,723	35,377
Research and development expenses	<u>11,808</u>	<u>25,055</u>
	<u>\$ 75,961</u>	<u>\$ 97,310</u>

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Post-employment benefits (Note 27)		
Defined contribution plans	\$ 139,570	\$ 131,924
Defined benefit plans	<u>63,003</u>	<u>75,815</u>
	202,573	207,739
Other employee benefits	<u>4,146,549</u>	<u>4,081,543</u>
Total employee benefits expense	<u>\$ 4,349,122</u>	<u>\$ 4,289,282</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 3,192,089	\$ 2,956,126
Operating expenses	<u>1,157,033</u>	<u>1,333,156</u>
	<u>\$ 4,349,122</u>	<u>\$ 4,289,282</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. 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

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the 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>	
	<u>2018</u>	<u>2017</u>
Foreign exchange gains	\$ 390,980	\$ 312,725
Foreign exchange losses	<u>(399,879)</u>	<u>(436,944)</u>
	<u>\$ (8,899)</u>	<u>\$ (124,219)</u>

32. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Current tax		
In respect of the current year	\$ 453,462	\$ 553,611
Income tax on unappropriated earnings	98,985	80,976
Adjustments for prior years	(2,136)	4,814
Deductible income tax paid overseas	<u>(6,312)</u>	<u>(5,122)</u>
	<u>543,999</u>	<u>634,279</u>
Deferred tax		
In respect of the current year	113,607	130,855
Tax rates changes	(12,044)	-
Adjustments for prior years	5,623	11,407
Others	<u>2,893</u>	<u>(321)</u>
	<u>110,079</u>	<u>141,941</u>
Income tax expense recognized in profit or loss	<u>\$ 654,078</u>	<u>\$ 776,220</u>

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

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	<u>\$ 2,522,427</u>	<u>\$ 3,488,270</u>
Income tax expense calculated at the statutory rate	\$ 920,598	\$ 1,064,868
Nondeductible expenses (revenue) in determining taxable income	18,619	(14,742)
Tax-exempt income	(356,100)	(405,802)
Income tax on unappropriated earnings	98,985	80,976
Unrecognized loss carryforwards and deductible temporary differences	(12,633)	69,586
Effect of tax rate changes	(12,044)	1,943
Adjustments for prior years	3,487	16,221
Others	<u>(6,834)</u>	<u>(36,830)</u>
Income tax expense recognized in profit or loss	<u>\$ 654,078</u>	<u>\$ 776,220</u>

The Group's income tax rate was applicable by the Income Tax Act in ROC was 17% in 2017. In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The income tax rate of the subsidiaries in China is 25%. The tax amount generate by other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdictions.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences on the 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
<u>Deferred tax</u>		
Effect of tax rate changes	\$ 16,127	\$ -
In respect of the current year		
Translation of foreign operations	21,100	65,938
Fair value changes of available-for-sale financial assets	-	(1,147)
Fair value changes of financial at FVTOCI	(2,131)	-
Remeasurement on defined benefit plans	<u>(1,804)</u>	<u>9,003</u>
Total income tax recognized in other comprehensive income	<u>\$ 33,292</u>	<u>\$ 73,794</u>

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current income tax assets		
Tax refund receivable	<u>\$ 8,116</u>	<u>\$ 784</u>
Current income tax liabilities		
Income tax payable	<u>\$ 270,351</u>	<u>\$ 370,062</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

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 362,202	\$ (85,431)	\$ 19,767	\$ -	\$ 296,538
Investments accounted for using the equity method	77,122	17,873	(3,565)	-	91,430
Allowance for inventory valuation	46,162	21,962	-	(261)	67,863
Allowance for impaired receivables	14,028	3,960	-	(202)	17,786
Unrealized gains on transactions with subsidiaries	3,925	(323)	-	-	3,602
Payables for annual leave	18,185	4,702	-	-	22,887
Others	74,983	1,924	4,613	(34)	81,486
	596,607	(35,333)	20,815	(497)	581,592
Loss carryforwards	35,455	16,138	-	149	51,742
	<u>\$ 632,062</u>	<u>\$ (19,195)</u>	<u>\$ 20,815</u>	<u>\$ (348)</u>	<u>\$ 633,334</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 452,067	\$ 92,306	\$ -	\$ -	\$ 544,373
Exchange differences on translating foreign operations	19,605	-	(14,896)	-	4,709
Differences on depreciation period between finance and tax	51,383	284	-	63	51,730
Revaluation increments of land	800,993	-	-	-	800,993
Others	5,662	(1,706)	2,419	52	6,427
	<u>\$ 1,329,710</u>	<u>\$ 90,884</u>	<u>\$ (12,477)</u>	<u>\$ 115</u>	<u>\$ 1,408,232</u>

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 454,101	\$ (100,902)	\$ 9,003	\$ -	\$ 362,202
Investments accounted for using the equity method	71,480	(921)	6,563	-	77,122
Allowance for inventory valuation	48,118	(1,475)	-	(481)	46,162
Allowance for impaired receivables	13,059	1,199	-	(230)	14,028
Unrealized gains on transactions with subsidiaries	10,042	(5,937)	-	(180)	3,925
Payables for annual leave	16,826	1,359	-	-	18,185
Others	54,868	14,036	5,428	651	74,983
	668,494	(92,641)	20,994	(240)	596,607
Loss carryforwards	74,478	(38,549)	-	(474)	35,455
	<u>\$ 742,972</u>	<u>\$ (131,190)</u>	<u>\$ 20,994</u>	<u>\$ (714)</u>	<u>\$ 632,062</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 444,747	\$ 36,595	\$ (29,275)	\$ -	\$ 452,067
Exchange differences on translating foreign operations	43,612	-	(24,007)	-	19,605
Differences on depreciation period between finance and tax	67,519	(16,433)	-	297	51,383
Revaluation increments of land	800,993	-	-	-	800,993
Others	14,633	(9,411)	482	(42)	5,662
	<u>\$ 1,371,504</u>	<u>\$ 10,751</u>	<u>\$ (52,800)</u>	<u>\$ 255</u>	<u>\$ 1,329,710</u>

- e. No deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2018	2017
Loss carryforwards	<u>\$ 2,462,262</u>	<u>\$ 2,695,572</u>
Deductible temporary differences		
Overseas investment loss under the equity method	\$ 829,561	\$ 896,207
Defined benefit obligation	33,113	133,918
Write-down of inventories	28,920	196,007
Impairment loss on property, plant and equipment	-	316,637
Differences on depreciation period between finance and tax	22,455	27,724
Others	<u>436,704</u>	<u>17,434</u>
	<u>\$ 1,350,753</u>	<u>\$ 1,587,927</u>

- f. Unused loss carryforwards

As of December 31, 2018, the Group's unused loss carryforwards were \$2,462,262 thousand and will expire in 2030.

- g. Income tax assessments

The income tax returns of INOMA, APCI, UM, TM and STC through 2017 have been assessed by the tax authorities. The income tax returns of the Company, ACME, APC, CGPC, CGPCPOL, TVCM, UPIIC, CGTD, USII, TUVC, TUVM, USIO, CLT, TTC and SPC through 2016 have been assessed by the tax authorities.

33. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2018	2017
Basic and diluted earnings per share		
From continuing operations and discontinued operations	\$ 0.50	\$ 1.04
From discontinued operations	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 0.50</u>	<u>\$ 1.04</u>

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 and diluted earnings per share		
From continuing operations and discontinued operations	\$ 1.06	\$ 1.04
From discontinued operations	<u>-</u>	<u>-</u>
From continuing operations	<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 from continuing operations were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2018	2017
Profit for the period attributable to owners of the Company (earnings used in the computation of basic and diluted earnings per share)	\$ 539,935	\$ 1,111,290
Add: (Gain) loss for the period from discounted operations used in computation of basic earnings per share from discounted operations	<u>(2,667)</u>	<u>784</u>
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 537,268</u>	<u>\$ 1,112,074</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 issued to employees	<u>690</u>	<u>911</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,072,988</u>	<u>1,073,209</u>

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

34. SHARE-BASED PAYMENT ARRANGEMENTS

ACME did not issue employee share options for the years ended December 31, 2018 and 2017.

Information on employee share options which were issued was as follows:

	For the Year Ended December 31			
	2018		2017	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	563	\$ 8.2	675	\$ 10.0
Options exercised	-	-	(8)	8.2
Options expired	-	-	(104)	19.9
Balance at December 31	<u>563</u>	8.2	<u>563</u>	8.2
Options exercisable, end of period	<u>563</u>	8.2	<u>563</u>	8.2

The weighted-average share price at the date of exercise of share options for the year ended December 31, 2017 was \$21.8. (2018: None)

Information about ACME's outstanding options as of December 31, 2018 and 2017 was as follows:

	December 31			
	2018		2017	
Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	
\$ 8.2	0.3	\$ 8.2	1.3	

USIO did not issue employee share options for the years ended December 31, 2018 and 2017.

Information on employee share options which were issued was as follows:

	For the Year Ended December 31			
	2018		2017	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	194	\$ 10.8	295	\$ 12.1
Options expired	(27)	10.8	(101)	11.7
Balance at December 31	<u>167</u>	10.8	<u>194</u>	10.8
Options exercisable, end of year	<u>167</u>	10.8	<u>194</u>	10.8

Information about USIO’s outstanding options as of December 31, 2018 and 2017 was as follows:

December 31			
2018		2017	
Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$ 10.8	3.4	\$ 10.8	4.4

35. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Ever Victory Global Limited	January 13, 2017	66.4	<u>\$ 2,094,730</u>

The Company and APC enter into a joint venture contract for their investment on Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, HsinTay Petroleum Company Limited, Chenery 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 of Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio in 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 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 of Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio in the Joint Venture was 67.9% after the capital increase. Dynamic Ever Investments Limited reinvested Gulei Company 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 the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the joint venture was 77.5% after the capital increase. Dynamic Ever Investments Limited invested in Gulei Company RMB1,152,400 thousand on November 29, 2018.

b. Consideration transferred

Cash	\$ 1,939,511
Fair value before business combinations	<u>155,219</u>
Net cash outflow	<u>\$ 2,094,730</u>

c. Assets acquired and liabilities assumed at the date of acquisition

Current assets	
Cash	\$ 2,938,643
Other current assets	269
Non-current assets	
Prepaid investments	213,154
Current liabilities	
Other payables	<u>(4,125)</u>
Identifiable net assets	3,147,941
Non-controlling interests	<u>(1,053,211)</u>
	<u>\$ 2,094,730</u>

d. Non-controlling interests

The non-controlling interest (a 33.6% ownership interest in Ever Victory Global Limited) recognized at the acquisition date was measured by proportion of the identifiable net assets of Ever Victory Global Limited; the amount was \$1,053,211 thousand.

e. Net cash outflow (inflow) on acquisition of subsidiaries

Consideration paid in cash	\$ 1,939,511
Less: Cash balances acquired	<u>(2,938,643)</u>
Net cash inflow	<u>\$ (999,132)</u>

f. Impact of acquisitions on the results of the Group

The results of the acquirers since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	From January 13, 2017 to December 31, 2017
Profit	<u>\$ 3,417</u>

36. OPERATING LEASE AGREEMENTS

a. The Group as lessee

Operating leases are related to leases of office space and staff quarters with lease terms between 1 and 6 years. As of December 31, 2018 and 2017, the Group's refundable deposits paid resulting from operating lease agreements were \$9,186 thousand and \$8,646 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	\$ 34,481	\$ 33,475
Later than 1 year and not later than 5 years	131,616	59,575
Later than 5 years	<u>84,974</u>	<u>-</u>
	<u>\$ 251,071</u>	<u>\$ 93,050</u>

b. The Group 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 Group's guarantee deposits received resulting from operating lease agreements were \$8,662 thousand and \$11,304 thousand, respectively.

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

	December 31	
	2018	2017
Not later than 1 year	\$ 39,617	\$ 19,844
Later than 1 year and not later than 5 years	64,793	30,598
Later than 5 years	<u>1,527</u>	<u>-</u>
	<u>\$ 105,937</u>	<u>\$ 50,442</u>

37. CAPITAL MANAGEMENT

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

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

Key management of the Group 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 Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

38. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amount of financial assets and financial liabilities recognized in the consolidated 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	\$ -	\$ 2,181	\$ -	\$ 2,181
Domestic listed shares and over-the-counter shares	151,081	-	-	151,081
Mutual funds	3,995,963	-	-	3,995,963
Beneficiary certificate	934,252	-	-	934,252
Foreign listed shares	<u>828</u>	<u>-</u>	<u>-</u>	<u>828</u>
	<u>\$ 5,082,124</u>	<u>\$ 2,181</u>	<u>\$ -</u>	<u>\$ 5,084,305</u>
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,828,996	\$ -	\$ -	\$ 1,828,996
Domestic emerging market shares	-	-	15,937	15,937
Domestic unlisted shares	-	-	655,575	655,575
Foreign listed shares and over-the-counter shares	6,282	-	-	6,282
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>173,667</u>	<u>173,667</u>
	<u>\$ 1,835,278</u>	<u>\$ -</u>	<u>\$ 845,179</u>	<u>\$ 2,680,457</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 11,135</u>	<u>\$ -</u>	<u>\$ 11,135</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 4,189	\$ -	\$ 4,189
Non-derivative financial assets held for trading	<u>5,311,705</u>	<u>-</u>	<u>-</u>	<u>5,311,705</u>
	<u>\$ 5,311,705</u>	<u>\$ 4,189</u>	<u>\$ -</u>	<u>\$ 5,315,894</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	\$ 2,052,768	\$ -	\$ -	\$ 2,052,768
Foreign listed shares and over-the-counter shares	17,212	-	-	17,212
Domestic emerging market shares	<u>-</u>	<u>-</u>	<u>7,589</u>	<u>7,589</u>
	<u>\$ 2,069,980</u>	<u>\$ -</u>	<u>\$ 7,589</u>	<u>\$ 2,077,569</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 7,883</u>	<u>\$ -</u>	<u>\$ 7,883</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	\$ 779,889
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	109,938
Return of capital	<u>(44,648)</u>
Balance at December 31	<u>\$ 845,179</u>
	For the Year Ended December 31, 2017
<u>Available-for-sale financial assets - non-public offering equity investments</u>	
Balance at January 1	\$ 6,219
Recognized in other comprehensive income (included in unrealized gain (loss) on available-for-sale financial assets)	<u>1,370</u>
Balance at December 31	<u>\$ 7,589</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) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group 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 Group keeps the result close to the market state and reviews such results periodically to ensure they are reasonable. The fair values of domestic unlisted equity securities were determined using the market approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business condition 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 \$8,452 thousand.

c. Categories of financial instruments

	<u>December 31</u>	
	2018	2017
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ -	\$ 5,315,894
Financial assets mandatory classified as at FVTPL	5,084,305	-
Loans and receivables		
Cash and cash equivalents	-	8,473,862
Debt investments with no active markets	-	737,942
Notes receivable	-	1,118,070
Accounts receivable	-	6,950,029
Other receivables (including related parties)	-	344,305
Refundable deposits	-	140,530
Available-for-sale financial assets (including financial assets measured at cost)	-	2,753,689
Financial assets measured at amortized cost		
Cash and cash equivalents	8,123,304	-
Pledged time deposits	750,893	-
Notes receivable	1,015,882	-
Accounts receivable	7,532,851	-
Other receivables (including related parties)	279,612	-
Refundable deposits	151,042	-
Financial assets at FVTOCI - equity instrument investments	2,680,457	-

(Continued)

	December 31	
	2018	2017
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	\$ 11,135	\$ 7,883
Financial liabilities measured at amortized cost		
Short-term borrowings	6,726,854	3,752,268
Short-term bills payable	1,514,784	1,684,506
Notes payable and accounts payable	3,392,687	3,965,444
Other payables and accounts payable	1,897,550	1,972,096
Current portion of long-term borrowings	525,000	799,600
Bonds payable	5,992,604	5,990,167
Long-term borrowings	8,617,624	6,903,148
Guarantee deposits received	18,000	13,039
		(Concluded)

d. Financial risk management objectives and policies

The Group's risk controlling and hedging strategy is influenced by the operational environment. The Group 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 Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

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

a) Foreign currency risk

The Group had conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or traded foreign exchange contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 43 and of the derivatives exposing the Group to foreign currency risk at the end of the reporting period 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 Group's functional currency against the USD appreciates/depreciates by 3%, the Group's profit before tax in 2018 will decrease/increase \$86,895 thousand; the profit before tax in 2017 will decrease/increase \$78,854 thousand.

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

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

	December 31	
	2018	2017
Fair value interest rate risk		
Financial assets	\$ 5,347,257	\$ 5,871,048
Financial liabilities	12,766,926	11,364,719
Cash flow interest rate risk		
Financial assets	3,422,707	1,801,948
Financial liabilities	10,609,940	7,764,970

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Group's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 50 basis point increase or decrease was 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 points higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2018 and 2017 would have decreased/increased by \$35,936 thousand and \$29,815 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities listed in the ROC and beneficiary certificates. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group 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 \$254,106 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 increase/decreased by \$134,023 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 \$265,585 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 increase/decreased by \$103,878 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 Group. The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included 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 conditions of trade receivables, so the Group's credit risk is limited. At balance sheet date, the Group's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheet.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

The following table details the Group'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		\$ 5,290,237	\$ -	\$ -
Floating interest rate liabilities	0.83-4.58	4,441,740	6,168,200	-
Fixed interest rate liabilities	0.49-3.65	<u>6,774,323</u>	<u>5,992,603</u>	<u>-</u>
		<u>\$ 16,506,300</u>	<u>\$ 12,160,803</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		\$ 5,937,540	\$ -	\$ -
Floating interest rate liabilities	0.50-4.35	3,474,970	4,290,000	-
Fixed interest rate liabilities	0.40-1.90	<u>3,461,353</u>	<u>2,912,408</u>	<u>4,990,958</u>
		<u>\$ 12,873,863</u>	<u>\$ 7,202,408</u>	<u>\$ 4,990,958</u>

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

The following table details the Group'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	\$ 1,254,606	\$ 1,249,421	\$ 85,474
Outflows	<u>(1,262,179)</u>	<u>(1,258,131)</u>	<u>(86,700)</u>
	<u>\$ (7,573)</u>	<u>\$ (8,710)</u>	<u>\$ (1,226)</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	\$ 774,990	\$ 1,611,954	\$ 91,897
Outflows	<u>(776,782)</u>	<u>(1,616,673)</u>	<u>(92,873)</u>
	<u>\$ (1,792)</u>	<u>\$ (4,719)</u>	<u>\$ (976)</u>

c) Financing facilities

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

	<u>December 31</u>	
	2018	2017
Bank loan facilities		
Amount unused	<u>\$ 20,493,587</u>	<u>\$ 23,835,609</u>

39. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

- a. Related parties' names and their relationships

<u>Related Party Names</u>	<u>Relationship with the Group</u>
Dynamic Ever Investments Limited	Associate (Since January 13, 2017 as a subsidiary, included in the consolidated financial statements)
Fujian Gulei Petrochemical Co., Ltd.	Joint venture
USI Education Foundation	Other related party

- b. Donation expense (classified as general and administrative expenses)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Other related party USI Education Foundation	<u>\$ 7,500</u>	<u>\$ 5,000</u>

- c. Management services income (classified as other income)

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Joint venture	<u>\$ 26,984</u>	<u>\$ 17,431</u>

- d. Other receivables

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Joint venture	<u>\$ 12,768</u>	<u>\$ 14,642</u>

- e. Compensation of key management personnel

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

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	\$ 55,681	\$ 81,208
Post-employment benefits	<u>324</u>	<u>594</u>
	<u>\$ 56,005</u>	<u>\$ 81,802</u>

Compensation of the board and other key management personnel depends on individual performance and market trending.

40. ASSETS PLEDGED AS COLLATERAL

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

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Pledged time deposits (classified as financial assets measured at amortized cost)	\$ 750,893	\$ -
Pledged time deposits (classified as debt investments with no active market)	-	737,942
Equity shares	970,370	1,998,723
Property, plant and equipment	4,082,108	4,537,237
Investment properties, net	108,178	108,179
Land use rights (classified as long-term prepayments for leases)	78,189	37,809
Refundable deposits (classified as other non-current assets)	<u>53,535</u>	<u>56,667</u>
	<u>\$ 6,043,273</u>	<u>\$ 7,476,557</u>

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2018 and 2017, the Company's unused letter of credit amounted to \$3,857,537 thousand and \$4,002,441 thousand, respectively.
- 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.

42. SIGNIFICANT CONTRACT

- a. TVCM along with Formosa Plastics Corporation, Mitsui Corp., signed a dichloromethane purchase agreement in which the purchase prices are calculated by the buyers and sellers in accordance with a pricing formula.
- b. Significant operating contract

CGTD is commissioned to operate the storage and transportation of any items of petrochemical raw materials; operating service charges are calculated in accordance with the actual operation quantities and at the rate stated in the contracts. The petrochemical raw materials insurance expenses are borne by individual commissioned companies.

<u>Commissioned Company</u>	<u>Operation Contract Period</u>
Taita Chemical Company, Ltd.	2017.01.01-2019.12.31
Taiwan VCM Corporation	2017.01.01-2019.12.31
USI Corporation	2018.01.01-2018.12.31
Asia Polymer Corporation	2018.01.01-2018.12.31
Formosa Plastic Corporation	2018.01.01-2019.12.31
Oriental Union Chemical Corporation	2017.01.01-2018.12.31
LCY Chemical Corporation	2017.01.01-2019.12.31
Taiwan Styrene Monomer Corporation	2017.01.01-2019.12.31
Transformational Chemistry Corporation	2017.01.01-2019.12.31
NANTEX Industry Co., Ltd.	2017.01.01-2019.12.31
En Chuan Chemical Industries Co., Ltd.	2017.01.01-2019.12.31
Xin Long Guang Plastics Co., Ltd.	2017.01.01-2019.12.31

The above contracts may be renewed after the expiry of the period.

43. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' 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 and Functional Currencies in Thousands

December 31, 2018					
	Foreign Currency	Exchange Rate (In Single Dollars)	Functional Currency	NTD	
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 147,405	30.72	(USD:NTD)	\$ 4,527,541	\$ 4,527,541
USD	4,965	6.86	(USD:RMB)	42,927	153,915
USD	2,995	4.32	(USD:MYR)	12,934	91,984
RMB	347,421	4.48	(RMB:NTD)	1,554,811	1,554,811
AUD	687	21.67	(AUD:NTD)	14,885	14,885
EUR	344	35.20	(EUR:NTD)	12,114	12,114
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	2,310,215	0.15	(RMB:USD)	336,609	10,338,945
Non-monetary items					
Derivative instruments					
USD buy	1,065	30.72	(USD:NTD)	9	9
USD sell	29,840	30.72	(USD:NTD)	1,412	1,412
USD sell	1,294	4.32	(USD:MYR)	65	464
RMB sell	27,700	4.48	(RMB:NTD)	219	219
EUR sell	163	5.00	(EUR:MYR)	11	77
<u>Foreign currency liabilities</u>					
Monetary items					
USD	41,876	30.72	(USD:NTD)	1,285,325	1,285,325
USD	19,262	6.86	(USD:RMB)	132,198	591,631
RMB	47,120	4.48	(RMB:NTD)	210,876	210,876
Non-monetary items					
Derivative instruments					
USD buy	16,965	30.72	(USD:NTD)	1,338	1,338
USD sell	4,585	30.72	(USD:NTD)	417	417
RMB sell	231,200	4.48	(RMB:NTD)	9,023	8,890
JPY sell	80,000	0.01	(JPY:USD)	16	490

December 31, 2017

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 153,882	29.76	(USD:NTD)	\$ 4,579,528	\$ 4,579,528
USD	5,649	6.53	(USD:RMB)	36,910	168,109
USD	3,809	4.21	(USD:MYR)	16,029	113,356
RMB	209,407	4.55	(RMB:NTD)	953,743	953,743
RMB	2,223	0.15	(RMB:USD)	340	10,134
JPY	86,200	0.26	(JPY:NTD)	22,756	22,756
AUD	754	23.19	(AUD:NTD)	17,481	17,481
EUR	695	35.57	(EUR:NTD)	24,733	24,733
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	1,150,895	0.15	(RMB:USD)	176,134	5,241,747
Non-monetary items					
Derivative instruments					
USD buy	7,810	29.76	(USD:NTD)	1,107	1,107
USD sell	29,297	29.76	(USD:NTD)	3,018	3,018
USD sell	47	6.53	(USD:MYR)	3	24
RMB sell	10,000	4.55	(RMB:NTD)	20	20
EUR sell	101	35.57	(EUR:MYR)	3	20
<u>Foreign currency liabilities</u>					
Monetary items					
USD	53,582	29.76	(USD:NTD)	1,594,598	1,594,598
USD	21,436	6.53	(USD:RMB)	140,068	637,938
RMB	34,743	4.55	(RMB:NTD)	158,237	158,237
Non-monetary items					
Derivative instruments					
USD buy	530	29.76	(USD:NTD)	86	86
USD sell	12,593	29.76	(USD:NTD)	648	648
RMB sell	149,600	4.55	(RMB:NTD)	6,269	6,269
EUR sell	340	4.79	(EUR:NTD)	70	70
JPY sell	40,000	0.26	(JPY:NTD)	616	616
AUD sell	600	23.19	(AUD:NTD)	194	194

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange losses were \$(8,899) thousand and \$(124,219) 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 and functional currencies of the group entities.

44. 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, associates and joint ventures). (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 5) 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. (Note 7 and Note 38)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 9)
 - 11) 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)

45. SEGMENT INFORMATION

The Group provides its chief operating decision maker with details on about allocated resources and assessed segment information which focus on each group entity's financial information. The Group's reportable segment related information is detailed as follows:

a. Reportable segment income information

	For the Year Ended December 31, 2018						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 11,763,140	\$ 15,192,621	\$ 21,683,702	\$ 2,382,293	\$ 6,375,134	\$ 5,213,465	\$ 62,610,355
Interest income	18,186	16,400	12,922	14,275	18,489	91,392	171,664
Finance costs	(86,490)	(10,149)	(55,349)	(23,252)	(40,142)	(55,800)	(271,182)
Depreciation and amortization	(430,952)	(526,598)	(197,771)	(216,354)	(292,406)	(389,107)	(2,053,188)
Impairment losses (reversed)	(27,630)	(168)	-	(50,163)	11,678	-	(66,283)
Reportable segment profit before tax	620,342	1,654,352	331,252	150,703	316,863	397,277	3,470,789
Reportable segment tax expense	(80,407)	(305,699)	(123,279)	(15,926)	(30,037)	(98,730)	(654,078)
Reportable segment net profit	539,935	1,348,653	207,973	134,777	286,826	298,547	2,816,711

	For the Year Ended December 31, 2017						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 11,551,511	\$ 14,701,741	\$ 19,821,042	\$ 2,370,715	\$ 6,404,467	\$ 4,973,441	\$ 59,822,917
Interest income	22,755	13,710	12,461	5,959	16,426	34,906	106,217
Finance costs	(62,324)	(13,028)	(48,934)	(26,688)	(41,762)	(59,805)	(252,541)
Depreciation and amortization	(400,266)	(455,361)	(185,935)	(235,749)	(290,762)	(377,367)	(1,945,440)
Impairment losses	(3,047)	(2,083)	(3,035)	-	(10,173)	(13,566)	(31,904)
Reportable segment profit (loss) before tax	1,206,938	1,616,143	677,851	(98,455)	655,753	885,384	4,943,614
Reportable segment tax expense	(95,648)	(274,672)	(175,772)	(43,215)	(90,399)	(96,514)	(776,220)
Reportable segment net profit (loss)	1,111,290	1,341,471	502,079	(141,670)	565,354	788,870	4,167,394

b. Reportable segment income and other major adjusted of items

1) Segment income and operating results

	For the Year Ended December 31	
	2018	2017
Reportable segment net profit before tax	\$ 3,073,512	\$ 4,058,230
Reportable segment tax expense	<u>(555,348)</u>	<u>(679,706)</u>
Reportable segment profit after tax	2,518,164	3,378,524
Other non-reportable segment profit	298,547	788,870
Less: Profit between segments	<u>(948,362)</u>	<u>(1,455,344)</u>
Profit from continuing operations	1,868,349	2,712,050
Profit or loss from discontinued operations	<u>7,467</u>	<u>(2,197)</u>
Net profit after tax	<u>\$ 1,875,816</u>	<u>\$ 2,709,853</u>

2) Other significant items reconciliation

	For the Year Ended December 31, 2018							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 18,186	\$ 16,400	\$ 12,922	\$ 14,275	\$ 18,489	\$ 91,392	\$ -	\$ 171,664
Finance costs	(86,490)	(10,149)	(55,349)	(23,252)	(40,142)	(55,800)	-	(271,182)
Depreciation and amortization	(430,952)	(526,598)	(197,771)	(216,354)	(292,406)	(389,107)	889	(2,052,299)
Impairment losses	(27,630)	(168)	-	(50,163)	11,678	-	-	(66,283)

	For the Year Ended December 31, 2017							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 22,755	\$ 13,710	\$ 12,461	\$ 5,959	\$ 16,426	\$ 34,906	\$ -	\$ 106,217
Finance costs	(62,324)	(13,028)	(48,934)	(26,688)	(41,762)	(59,805)	-	(252,541)
Depreciation and amortization	(400,266)	(455,361)	(185,935)	(235,749)	(290,762)	(377,367)	889	(1,944,551)
Impairment losses	(3,047)	(2,083)	(3,035)	-	(10,173)	(13,566)	-	(31,904)

The Group had not offered information about assets of individual operating segments to the operational decision maker, so no such information from the individual operating segments is included in the segment information.

c. Revenue from major products

	For the Year Ended December 31	
	2018	2017
<u>Products</u>		
Plastic materials	\$ 57,962,078	\$ 55,218,669
Electronic materials	2,373,960	2,349,246
Others	<u>556,475</u>	<u>566,028</u>
	<u>\$ 60,892,513</u>	<u>\$ 58,133,943</u>

d. Geographical information

The Group's major operations are located in Asia, so its non-current assets and related information are not shown by location.

The Group's revenue from continuing operations from external customers by location of operations are detailed below:

	For the Year Ended December 31	
	2018	2017
Asia	\$ 55,101,296	\$ 51,865,408
America	3,020,120	3,284,164
Europe	721,948	643,616
Africa	803,046	510,113
Oceania	287,405	344,685
Others	<u>958,698</u>	<u>1,485,957</u>
	<u>\$ 60,892,513</u>	<u>\$ 58,133,943</u>

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.

USI CORPORATION AND SUBSIDIARIES
(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 (Notes 3 and 4)	Actual Borrowing Amount (Notes 3 and 4)	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	21,669 (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.

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(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: The nature of financing is provided as follow:

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

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

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

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(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 nature of financing is provided as follow:

- 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.

Note 5: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(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 (Note 4)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)
													Item	Value		
1	Taita Chemical (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 did not 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.

Note 5: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

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 s calculated based on net value as of December 31, 2018.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

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 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	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	306,050 (US\$ 10,000 thousand)	153,575 (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 ratio is calculated using the ending balance of equity of the endorser/guarantor as of December 31, 2018.

Note 2: The maximum amount of 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 AND SUBSIDIARIES

(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) Private Sdn. Bhd.	Sub-subsiary	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) Sdn. Bhd.	Subsidiary	6,180,745	87,585	85,603	-	-	3.45	6,180,745	No	No	No
		Swanson Plastics (Tianjin) Co., Ltd.	Sub-subsiary	6,180,745	61,910	61,430	-	-	2.48	6,180,745	No	No	Yes
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsiary	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 AND SUBSIDIARIES
(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 (Note 3)	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 AND SUBSIDIARIES

(Taita Chemical Company, Limited (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 (Note 1)	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 AND SUBSIDIARIES

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 Tables 7 and 8 for information about subsidiaries and associates.

(Concluded)

USI CORPORATION AND SUBSIDIARIES
(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 impairments as \$0.

(Concluded)

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited)

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	-
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 AND SUBSIDIARIES

(Asia Polymer Corporation (APC))

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 AND SUBSIDIARIES
(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 AND SUBSIDIARIES

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)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	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 AND SUBSIDIARIES
(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)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	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 Shi 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 AND SUBSIDIARIES

(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)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	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.	<u>Beneficiary certificates</u> 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 AND SUBSIDIARIES

(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)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance (Note)		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	<u>Ordinary shares</u> 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)
	<u>Beneficiary certificates</u> 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 AND SUBSIDIARIES

**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 AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

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 (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of Golden Amber Enterprises Limited	Purchase (includes processing fees)	\$ 467,034	51	55 days	No significant difference	No significant difference	\$ (210,028)	67	Note 2
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	Note 2
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	Note 2
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	Note 2
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	Note 2
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	Note 2
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	Note 2
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 2

Note 1: 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.

Note 2: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SPC))

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	

Note: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))

**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 (Note)		% 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)	Note
	CGPC America Corporation	Subsidiary	Sale	(374,307)	(5)	90 days	No significant difference	No significant difference	Accounts receivable - related parties	101,245	9	Note
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	Note
	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	Note
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)	Note
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)	Note

Note: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited (TTC))

**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		
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	-

Note: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Asia Polymer Corporation (APC))

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		
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	Note
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	-	-	Note
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)	Note
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)	Note

Note: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

**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.

Note 3: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

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 allowance for impairment loss.

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

Note 3: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SPC))

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 allowance for impairment loss.

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

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

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(China General Plastics Corporation (CGPC))

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 CGPC Polymer Corporation	Parent company Fellow subsidiary	Accounts receivable from related parties \$ <u>774,140</u>	5.70	-	-	774,140	Note 1
			Accounts receivable from related parties \$ <u>778,034</u>	5.87	-	-	778,034	Note 1

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

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

Note 3: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(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-subsiary	Accounts receivable \$ 122,547 (US\$ 3,990 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsiary	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.

Note 4: The assessment does not need to recognize allowance for impairment loss.

Note 5: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(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	Allowance for Impairment Loss
					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: The assessment does not need to recognize allowance for impairment loss.

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

Note 3: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

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-subsubsidiary
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-subsubsidiary
	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-subsubsidiary
	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-subsubsidiary
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-subsubsidiary
	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-subsubsidiary

(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 \$98,922 thousand (approximately \$3,034,601 thousand) and \$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.

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

(Concluded)

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation (ACME))

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 2)		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)	Note 1
	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	Note 1
	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)	Note 1
	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)	Note 1
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

Note 1: All the transactions were written-off when preparing the consolidated financial statements.

Note 2: The amount is calculated according to the original investment cost.

Note 3: Information on investments in mainland China is provided in Table 8-1.

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SPC))

**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.

Note 4: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation (CGPC))

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 1: All the transactions were written-off when preparing the consolidated financial statements.

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

USI CORPORATION AND SUBSIDIARIES
(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: All the transactions were written-off when preparing the consolidated financial statements.

Note 3: Information on investments in mainland China is provided in Table 8-4.

USI CORPORATION AND SUBSIDIARIES
 (Asia Polymer Corporation (APC))

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 (Note 1)
	APC Investment Corporation	Taipei, Taiwan	Investment business	200,000	200,000	20,000,000	100.00	97,433	(4,199)	(4,199)	Subsidiary (Note 1)
	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 (Note 1)
	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 (Note 1)
	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 1: All the transactions were written-off when preparing the consolidated financial statements.

Note 2: Information on investments in mainland China is provided in Table 8-5.

USI CORPORATION AND SUBSIDIARIES

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 qualification 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: All the transactions were written-off when preparing the consolidated financial statements.

Note 7: Except for Gulei, whose financial statements are audited by KPMG and adjusted according to TIFRS, the financial statements of ACME Electronics (Kunshan) and USIG (Shanghai) are calculated by CPA of the ROC parent company.

USI CORPORATION AND SUBSIDIARIES

(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 and 8)	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 qualification 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) Co., Ltd. transferred earnings to ordinary shares, and ACME thusly increased its capital investment by the amount of US\$6,289 thousand according to 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 calculation was based on the average exchange rate for the year ended December 31, 2018.

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

Note 8: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
 (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.

Note 5: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(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 2)

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.

Note 6: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited (TTC))

**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 3)

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

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

Note 3: The amount distributed from 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 financial statements which were reviewed by the parent company's ROC-based CPA.

Note 6: All the transactions were written-off when preparing the consolidated financial statements.

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation (APC))

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:

- Direct investment.
- Investments through a holding company registered in a third region.
- Others.

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

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

Note 3: The 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.

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

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

USI CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
0	USI Corporation	USI Far East (HK) Co., Ltd.	a	Sales revenue	\$ 215,322	No significant difference	0.35
		USI Trading (Shanghai) Co., Ltd.	a	Sales revenue	134,774	No significant difference	0.22
		Forever Young Company Ltd.	a	Sales revenue	100,296	No significant difference	0.16
		Swanson Plastics Corporation	a	Sales revenue	83,582	No significant difference	0.14
		Asia Polymer Corporation	a	Purchases	670,909	No significant difference	1.10
		Swanson Plastics Corporation	a	Purchases	68,091	No significant difference	0.11
		Taita Chemical Company, Limited	a	Purchases	17,276	No significant difference	0.03
		Chong Loong Trading Co., Ltd.	a	Purchases	15,485	No significant difference	0.03
		USI Trading (Shanghai) Co., Ltd.	a	Accounts receivable	28,604	No significant difference	0.04
		USI Far East (HK) Co., Ltd.	a	Accounts receivable	12,488	No significant difference	0.02
		Asia Polymer Corporation	a	Other receivables	146,325	No significant difference	0.21
		Taiwan VCM Corporation	a	Other receivables	171,224	No significant difference	0.25
		Asia Polymer Corporation	a	Accounts payable - related parties	158,522	No significant difference	0.23
		USI Management Consulting Corporation	a	Management services expense	80,912	No significant difference	0.12
China General Terminal & Distribution Corporation	a	Purchases costs	31,542	No significant difference	0.05		
1	Asia Polymer Corporation (APC)	Swanson Plastics Corporation	c	Sales revenue	46,339	No significant difference	0.08
		USI Far East (HK) Co., Ltd.	c	Sales revenue	27,133	No significant difference	0.04
		Forever Young Company Ltd.	c	Sales revenue	23,799	No significant difference	0.04
		Taita Chemical Company, Limited	c	Purchases	104,456	No significant difference	0.17
		Swanson Plastics Corporation	c	Purchases	36,708	No significant difference	0.05
		Taita Chemical Company, Limited	c	Accounts payable	31,162	No significant difference	0.05
		China General Terminal & Distribution Corporation	c	Storage tank operating costs	23,585	No significant difference	0.04
2	China General Plastics Corporation (CGPC)	CGPC America Corporation	c	Sales revenue	374,307	No significant difference	0.61
		Taiwan VCM Corporation	c	Purchases	4,230,003	No significant difference	6.13
		CGPC Polylymer Corporation	c	Purchases	19,239	No significant difference	0.03
		China General Terminal & Distribution Corporation	c	Purchases costs	88,185	No significant difference	0.14
		CGPC America Corporation	c	Accounts receivable	101,245	No significant difference	0.17
		Taiwan VCM Corporation	c	Accounts payable	774,140	No significant difference	1.27
		USI Management Consulting Corporation	c	Management services expense	70,340	No significant difference	0.12

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
3	Taita Chemical Company, Limited	Taita Chemical (Zhong Shan) Co., Ltd.	c	Sales revenue	\$ 1,603,160	No significant difference	2.63
		Taita Chemical (Tianjin) Co., Ltd.	c	Sales revenue	201,301	No significant difference	0.33
		Taita Chemical (Tianjin) Co., Ltd.	c	Accounts receivable	122,547	No significant difference	0.18
		Taita Chemical (Tianjin) Co., Ltd.	c	Other receivables	173,988	No significant difference	0.29
		USI Management Consulting Corporation	c	Management services expense	54,816	No significant difference	0.09
		China General Terminal & Distribution Corporation	c	Storage tank operating costs	13,258	No significant difference	0.02
4	Acme Electronics Corp.	Acme Electronics (Kunshan) Co., Ltd.	c	Sales revenue	208,832	No significant difference	0.30
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	129,124	No significant difference	0.19
		ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	22,492	No significant difference	0.04
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	100,550	No significant difference	0.17
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Accounts receivable	31,750	No significant difference	0.05
		Acme Electronics (Kunshan) Co., Ltd.	c	Accounts receivable	18,211	No significant difference	0.03
		ACME Electronics (Cayman) Corp.	c	Other receivables	186,504	No significant difference	0.27
		Golden Amber Enterprises Limited	c	Other receivables	21,706	No significant difference	0.03
		Acme Electronics (Kunshan) Co., Ltd.	c	Other receivables	13,279	No significant difference	0.02
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Notes and accounts payable	210,028	No significant difference	0.30
		Acme Electronics (Kunshan) Co., Ltd.	c	Notes and accounts payable	31,301	No significant difference	0.05
		Acme Electronics (Kunshan) Co., Ltd.	c	Premium revenue	14,941	No significant difference	0.02
		ACME Electronics (Cayman) Corp.	c	Management services revenue	12,362	No significant difference	0.02
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Processing cost	462,101	No significant difference	0.76
		USI Management Consulting Corporation	c	Management services expense	10,061	No significant difference	0.02
		5	USI Management Consulting Corporation	Asia Polymer Corporation	c	Management services revenue	33,279
Swanson Plastics Corporation	c			Management services revenue	20,010	No significant difference	0.03
China General Terminal & Distribution Corporation	c			Management services revenue	17,375	No significant difference	0.03
6	USI International Corp.	USIG (Shanghai) Co., Ltd	c	Other receivables	11,312	No significant difference	0.02
7	Taita Chemical (Zhong Shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	c	Other receivables	279,905	No significant difference	0.46
		Taita Chemical (Tianjin) Co., Ltd.	c	Interest revenue	13,236	No significant difference	0.02
8	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	53,844	No significant difference	0.08
		ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	33,978	No significant difference	0.06
		ACME Ferrite Product Sdn. Bhd.	c	Cost of goods sold	20,584	No significant difference	0.03
9	CGPC Polymer Corporation	Taiwan VCM Corporation	c	Purchases	4,410,087	No significant difference	6.39
		Taiwan VCM Corporation	c	Accounts payable	778,034	No significant difference	1.13
		Taiwan VCM Corporation	c	Other payables	24,902	No significant difference	0.04
10	Swanson Plastics Corporation	Forever Young Company Limited	c	Sales revenue	74,555	No significant difference	0.12
		Swanson Plastics (Kunshan) Co., Ltd.	c	Cost of goods sold	11,007	No significant difference	0.02
		Forever Young Company Limited	c	Management services revenue	21,707	No significant difference	0.04

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
11	Forever Young Company Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	c	Sales revenue	\$ 495,515	No significant difference	0.81
		Swanson Plastics (Kunshan) Co., Ltd.	c	Sales revenue	410,331	No significant difference	0.59
		PT. Swanson Plastics Indonesia	c	Sales revenue	183,460	No significant difference	0.30
		Swanson Plastics (Tianjin) Sdn. Bhd.	c	Sales revenue	36,680	No significant difference	0.06
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	284,123	No significant difference	0.47
		Swanson Plastics (Kunshan) Co., Ltd.	c	Accounts receivable	223,530	No significant difference	0.32
		PT. Swanson Plastics Indonesia	c	Accounts receivable	28,002	No significant difference	0.04
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts receivable	26,058	No significant difference	0.04
		Swanson Plastics (Tianjin) Sdn. Bhd.	c	Accounts receivable	13,012	No significant difference	0.02
		Swanson International Ltd.	c	Other receivables	95,370	No significant difference	0.16
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	21,907	No significant difference	0.03
12	Swanson Plastic (Singapore) Private Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	319,709	No significant difference	0.46
		PT. Swanson Plastics Indonesia	c	Cost of goods sold	16,579	No significant difference	0.02
		Swanson Plastics (India) Private Ltd.	c	Accounts receivable	109,266	No significant difference	0.16
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	23,495	No significant difference	0.04
13	Swanson Plastics (Kunshan) Corp.	ASK-Swanson (Kunshan) Co., Ltd.	c	Sales revenue	102,185	No significant difference	0.17
		Swanson Plastics (Tianjin) Sdn. Bhd.	c	Cost of goods sold	44,635	No significant difference	0.07
14	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	c	Other receivables	184,420	No significant difference	0.27

Note 1: The information about the transactions between the Company and the subsidiaries should be marked in the note column as follows:

- a. The Company: 0.
- b. The subsidiaries were marked from 1 in order of numeric characters by the companies.

Note 2: Investment types as follows:

- a. The Company to the subsidiaries.
- b. The subsidiaries to the Company.
- c. Between subsidiaries.

Note 3: The above transactions were not included in the consolidated financial statements.

Note 4: The ratio of transaction amounts accounted for total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance accounted for total consolidated assets; (2) income or loss: The ratio was calculated based on the midterm accumulated amounts accounted for total consolidated sales revenue.

(Concluded)