

USI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2018 and 2017 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
USI Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of USI Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the six months then ended and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 16 and 17 to the consolidated financial statements, the financial statements of non-significant subsidiaries and joint ventures accounted for using the equity method included in the consolidated financial statements were not reviewed. As of June 30, 2018 and 2017, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$15,828,504 thousand and NT\$13,220,893 thousand, respectively, representing 23.94% and 20.78%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$3,741,783 thousand and NT\$3,822,574 thousand, respectively, representing 12.42% and 12.36%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the amounts of combined comprehensive income (loss) of these subsidiaries and share of profit of joint ventures accounted for using the equity method were NT\$24,669 thousand, NT\$127,354 thousand, NT\$8,809 thousand and NT\$(177,505) thousand, respectively, representing 2.45%, 18.52%, 0.44% and (18.04%), respectively, of the consolidated total comprehensive income. The additional disclosures in the consolidated financial statements of these non-significant subsidiaries and joint ventures accounted for using the equity method were based on financial statements which were not reviewed by auditors.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and joint ventures accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Group as of June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Tzu-Jung Kuo and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 2018

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 9,564,637	15	\$ 8,473,862	13	\$ 9,256,626	15
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4 and 7)	5,219,824	8	5,315,894	8	7,243,876	11
Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 3, 4 and 8)	240,692	-	-	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 10)	-	-	214,502	-	226,274	-
Financial assets measured at amortized cost - current (Notes 3, 4, 9 and 40)	403,363	1	-	-	-	-
Debt investments with no active market - current (Notes 3, 4, 11 and 40)	-	-	426,369	1	595,862	1
Notes receivable, net (Notes 3, 4 and 12)	1,086,344	2	1,118,070	2	979,787	2
Accounts receivable, net (Notes 3, 4 and 12)	7,061,951	11	6,950,029	11	5,964,366	9
Other receivables (Notes 3, 4, 12 and 39)	269,393	-	344,305	-	309,387	1
Current tax assets (Notes 4 and 32)	1,356	-	784	-	2,401	-
Inventories (Note 13)	7,243,659	11	6,857,754	11	7,114,569	11
Prepayments (Note 21)	899,683	1	772,093	1	607,570	1
Other current assets	276,535	-	10,766	-	236,174	-
Total current assets	<u>32,267,437</u>	<u>49</u>	<u>30,484,428</u>	<u>47</u>	<u>32,536,892</u>	<u>51</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	2,715,651	4	-	-	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 10)	-	-	1,863,067	3	2,095,949	3
Financial assets measured at amortized cost - non-current (Notes 3, 4, 9, 40 and 41)	311,665	-	-	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 15)	-	-	676,120	1	798,212	1
Debt investments with no active market - non-current (Notes 3, 4, 11, 40 and 41)	-	-	311,573	1	316,007	1
Investments accounted for using the equity method (Note 17)	5,331,969	8	5,241,747	8	2,575,541	4
Property, plant and equipment (Notes 18 and 40)	23,477,112	36	23,758,495	37	23,134,337	36
Investment properties (Notes 19 and 40)	212,022	-	182,216	-	157,950	-
Goodwill (Note 20)	269,026	-	269,026	-	269,026	1
Other intangible assets (Note 20)	71,420	-	93,349	-	120,850	-
Biological assets - non-current	-	-	22,798	-	22,345	-
Deferred tax assets (Notes 4 and 32)	617,216	1	632,062	1	673,269	1
Prepaid investments (Note 17)	-	-	-	-	194,643	-
Long-term prepayments for leases (Notes 21 and 40)	489,945	1	525,845	1	371,139	1
Other non-current assets (Notes 36 and 40)	341,840	1	333,125	1	363,016	1
Total non-current assets	<u>33,837,866</u>	<u>51</u>	<u>33,909,423</u>	<u>53</u>	<u>31,092,284</u>	<u>49</u>
TOTAL	<u>\$ 66,105,303</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>	<u>\$ 63,629,176</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 40)	\$ 3,898,406	6	\$ 3,752,268	6	\$ 7,066,026	11
Short-term bills payable (Note 22)	1,838,463	3	1,684,506	3	1,454,635	2
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	17,335	-	7,883	-	24,170	-
Notes and accounts payable (Note 24)	3,939,690	6	3,965,444	6	3,553,808	6
Dividends payable	875,169	1	21,537	-	1,176,433	2
Other payables (Note 25)	1,654,859	2	1,950,559	3	1,732,252	3
Current tax liabilities (Notes 4 and 32)	361,851	1	370,062	1	284,255	-
Provisions - current (Note 26)	-	-	32,205	-	22,286	-
Current portion of long-term borrowings (Notes 22 and 40)	904,400	1	799,600	1	1,190,400	2
Refund liabilities - current (Note 25)	44,153	-	-	-	-	-
Other current liabilities	363,079	1	279,230	-	306,793	1
Total current liabilities	<u>13,897,405</u>	<u>21</u>	<u>12,863,294</u>	<u>20</u>	<u>16,811,058</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 23)	5,991,382	9	5,990,167	9	3,993,822	6
Long-term borrowings (Notes 22 and 40)	6,873,123	11	6,903,148	11	6,177,600	10
Provisions - non-current (Notes 5, 26 and 41)	136,064	-	-	-	-	-
Deferred tax liabilities (Notes 4 and 32)	1,454,815	2	1,329,710	2	1,361,048	2
Net defined benefit liabilities - non-current (Notes 4 and 27)	1,703,188	3	2,419,897	4	2,507,872	4
Other non-current liabilities (Notes 28 and 36)	72,586	-	79,216	-	79,967	-
Total non-current liabilities	<u>16,231,158</u>	<u>25</u>	<u>16,722,138</u>	<u>26</u>	<u>14,120,309</u>	<u>22</u>
Total liabilities	<u>30,128,563</u>	<u>46</u>	<u>29,585,432</u>	<u>46</u>	<u>30,931,367</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 10, 16, 17, 29, 32, 35 and 38)						
Share capital						
Ordinary shares	11,654,544	18	11,654,544	18	11,426,024	18
Share dividends to be distributed	233,091	-	-	-	228,520	-
Total share capital	<u>11,887,635</u>	<u>18</u>	<u>11,654,544</u>	<u>18</u>	<u>11,654,544</u>	<u>18</u>
Capital surplus	249,575	1	238,194	-	234,690	-
Retained earnings						
Legal reserve	2,925,759	4	2,814,630	4	2,814,630	4
Special reserve	375,127	1	375,127	1	375,127	1
Unappropriated earnings	3,484,904	5	3,548,804	6	2,982,883	5
Total retained earnings	<u>6,785,790</u>	<u>10</u>	<u>6,738,561</u>	<u>11</u>	<u>6,172,640</u>	<u>10</u>
Other equity	85,026	-	(31,286)	-	3,392	-
Treasury shares	(475,606)	(1)	(475,606)	(1)	(475,606)	(1)
Total equity attributable to owners of the Company	<u>18,532,420</u>	<u>28</u>	<u>18,124,407</u>	<u>28</u>	<u>17,589,660</u>	<u>27</u>
NON-CONTROLLING INTERESTS	<u>17,444,320</u>	<u>26</u>	<u>16,684,012</u>	<u>26</u>	<u>15,108,149</u>	<u>24</u>
Total equity	<u>35,976,740</u>	<u>54</u>	<u>34,808,419</u>	<u>54</u>	<u>32,697,809</u>	<u>51</u>
TOTAL	<u>\$ 66,105,303</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>	<u>\$ 63,629,176</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2018)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)								
Sales	\$ 15,662,333	100	\$ 13,962,209	100	\$ 30,332,479	100	\$ 27,864,778	100
COST OF GOODS SOLD (Notes 13, 18, 20, 27 and 31)	<u>13,793,892</u>	<u>88</u>	<u>12,405,464</u>	<u>89</u>	<u>26,618,432</u>	<u>88</u>	<u>24,307,504</u>	<u>87</u>
GROSS PROFIT	<u>1,868,441</u>	<u>12</u>	<u>1,556,745</u>	<u>11</u>	<u>3,714,047</u>	<u>12</u>	<u>3,557,274</u>	<u>13</u>
OPERATING EXPENSES (Notes 12, 18, 20, 27, 31 and 39)								
Selling and marketing expenses	509,705	4	526,649	4	1,005,075	3	976,118	4
General and administrative expenses	348,226	2	381,368	3	695,807	2	651,060	2
Research and development expenses	<u>108,697</u>	<u>1</u>	<u>92,122</u>	<u>-</u>	<u>199,576</u>	<u>1</u>	<u>189,977</u>	<u>1</u>
Total operating expenses	<u>966,628</u>	<u>7</u>	<u>1,000,139</u>	<u>7</u>	<u>1,900,458</u>	<u>6</u>	<u>1,817,155</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>901,813</u>	<u>5</u>	<u>556,606</u>	<u>4</u>	<u>1,813,589</u>	<u>6</u>	<u>1,740,119</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 9, 11, 31 and 39)	135,283	1	217,769	1	258,080	1	288,568	1
Other gains and losses (Notes 10, 21, 27 and 31)	189,494	1	(2,244)	-	205,135	1	(278,915)	(1)
Finance costs (Notes 22, 23 and 31)	(57,722)	-	(59,825)	-	(116,378)	(1)	(117,351)	-
Share of profit (loss) of joint ventures accounted for using the equity method (Note 17)	<u>25,170</u>	<u>-</u>	<u>(11,643)</u>	<u>-</u>	<u>34,105</u>	<u>-</u>	<u>(11,643)</u>	<u>-</u>
Total non-operating income and expenses	<u>292,225</u>	<u>2</u>	<u>144,057</u>	<u>1</u>	<u>380,942</u>	<u>1</u>	<u>(119,341)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,194,038	7	700,663	5	2,194,531	7	1,620,778	6
INCOME TAX EXPENSE (Notes 4 and 32)	<u>346,343</u>	<u>2</u>	<u>194,916</u>	<u>1</u>	<u>530,423</u>	<u>1</u>	<u>397,952</u>	<u>1</u>
NET PROFIT FROM CONTINUING OPERATIONS	847,695	5	505,747	4	1,664,108	6	1,222,826	5
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 14)	<u>4,199</u>	<u>-</u>	<u>(2,715)</u>	<u>-</u>	<u>4,057</u>	<u>-</u>	<u>(1,038)</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>851,894</u>	<u>5</u>	<u>503,032</u>	<u>4</u>	<u>1,668,165</u>	<u>6</u>	<u>1,221,788</u>	<u>5</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Profit or loss of equity instruments measured at FVTOCI (Notes 3, 4 and 29)	\$ 106,135	1	\$ -	-	\$ 197,003	1	\$ -	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>346</u>	-	<u>-</u>	-	<u>18,704</u>	-	<u>-</u>	-
	<u>106,481</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>215,707</u>	<u>1</u>	<u>-</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 29)	51,606	-	185,523	1	167,839	-	(484,516)	(2)
Unrealized gain on available-for-sale financial assets (Note 29)	-	-	20,694	-	-	-	196,897	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>(2,995)</u>	-	<u>(21,706)</u>	-	<u>(28,695)</u>	-	<u>49,794</u>	-
	<u>48,611</u>	-	<u>184,511</u>	<u>1</u>	<u>139,144</u>	-	<u>(237,825)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>155,092</u>	<u>1</u>	<u>184,511</u>	<u>1</u>	<u>354,851</u>	<u>1</u>	<u>(237,825)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,006,986</u>	<u>6</u>	<u>\$ 687,543</u>	<u>5</u>	<u>\$ 2,023,016</u>	<u>7</u>	<u>\$ 983,963</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 279,769	2	\$ 224,998	2	\$ 527,430	2	\$ 520,964	2
Non-controlling interests	<u>572,125</u>	<u>3</u>	<u>278,034</u>	<u>2</u>	<u>1,140,735</u>	<u>4</u>	<u>700,824</u>	<u>2</u>
	<u>\$ 851,894</u>	<u>5</u>	<u>\$ 503,032</u>	<u>4</u>	<u>\$ 1,668,165</u>	<u>6</u>	<u>\$ 1,221,788</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 379,149	2	\$ 311,179	2	\$ 693,612	2	\$ 438,617	2
Non-controlling interests	<u>627,837</u>	<u>4</u>	<u>376,364</u>	<u>3</u>	<u>1,329,404</u>	<u>5</u>	<u>545,346</u>	<u>2</u>
	<u>\$ 1,006,986</u>	<u>6</u>	<u>\$ 687,543</u>	<u>5</u>	<u>\$ 2,023,016</u>	<u>7</u>	<u>\$ 983,963</u>	<u>4</u>
EARNINGS PER SHARE (Note 33)								
From continuing and discontinued operations								
Basic	<u>\$ 0.26</u>		<u>\$ 0.21</u>		<u>\$ 0.49</u>		<u>\$ 0.49</u>	
Diluted	<u>\$ 0.26</u>		<u>\$ 0.21</u>		<u>\$ 0.49</u>		<u>\$ 0.49</u>	
From continuing operations								
Basic	<u>\$ 0.26</u>		<u>\$ 0.21</u>		<u>\$ 0.49</u>		<u>\$ 0.49</u>	
Diluted	<u>\$ 0.26</u>		<u>\$ 0.21</u>		<u>\$ 0.49</u>		<u>\$ 0.49</u>	

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

(With Deloitte & Touche auditors' review report dated August 10, 2018)

(Concluded)

USI CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											Treasury Shares (Note 29)	Total	Non-controlling Interests (Notes 3, 29 and 35)	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Other Equity								
	Ordinary Shares (Note 29)	Share Dividends to Be Distributed (Note 29)		Treasury Share Transactions (Note 29)	Share of Capital Surplus of Associates (Note 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 29 and 32)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 3, 4, 10, 29 and 32)				
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 2016 earnings	-	-	-	-	-	118,957	-	(118,957)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	118,957	-	(118,957)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(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 subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(807,986)	(807,986)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	-	-	520,964	-	-	-	-	520,964	700,824	1,221,788
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	-	(220,715)	138,368	-	-	(82,347)	(155,478)	(237,825)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	-	-	520,964	(220,715)	138,368	-	-	438,617	545,346	983,963
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	-	134	-	-	-	(23,007)	-	-	-	-	(22,873)	22,873	-
Changes in capital surplus from distributing cash dividends to subsidiaries	-	-	18,421	-	-	-	-	-	-	-	-	-	18,421	-	18,421
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,055,226	1,055,226
BALANCE AT JUNE 30, 2017	<u>\$ 11,426,024</u>	<u>\$ 228,520</u>	<u>\$ 222,710</u>	<u>\$ 263</u>	<u>\$ 11,717</u>	<u>\$ 2,814,630</u>	<u>\$ 375,127</u>	<u>\$ 2,982,883</u>	<u>\$ (212,511)</u>	<u>\$ 215,903</u>	<u>\$ -</u>	<u>\$ (475,606)</u>	<u>\$ 17,589,660</u>	<u>\$ 15,108,149</u>	<u>\$ 32,697,809</u>
BALANCE AT JANUARY 1, 2018	\$ 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	-	-	-	-	-	-	-	21,341	-	(159,594)	190,426	-	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	3,570,145	(190,880)	-	190,426	(475,606)	18,176,580	16,728,019	34,904,599
Appropriation of 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 six months ended June 30, 2018	-	-	-	-	-	-	-	527,430	-	-	-	-	527,430	1,140,735	1,668,165
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	9,464	73,770	-	82,948	-	166,182	188,669	354,851
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	-	536,894	73,770	-	82,948	-	693,612	1,329,404	2,023,016
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	-	108	-	-	-	483	-	-	-	-	591	1,042	1,633
Changes in capital surplus from distributing cash dividends to subsidiaries	-	-	11,273	-	-	-	-	-	-	-	-	-	11,273	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	-	71,238	-	-	(71,238)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,704	1,704
BALANCE AT JUNE 30, 2018	<u>\$ 11,654,544</u>	<u>\$ 233,091</u>	<u>\$ 233,983</u>	<u>\$ 1,104</u>	<u>\$ 14,488</u>	<u>\$ 2,925,759</u>	<u>\$ 375,127</u>	<u>\$ 3,484,904</u>	<u>\$ (117,110)</u>	<u>\$ -</u>	<u>\$ 202,136</u>	<u>\$ (475,606)</u>	<u>\$ 18,532,420</u>	<u>\$ 17,444,320</u>	<u>\$ 35,976,740</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2018)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 2,194,531	\$ 1,620,778
Income (loss) before income tax from discontinued operations	<u>4,057</u>	<u>(1,038)</u>
Income before income tax	2,198,588	1,619,740
Adjustments for:		
Depreciation expenses	980,925	917,459
Amortization expenses	39,543	43,693
Expected credit loss	4,406	-
Impairment loss recognized on accounts receivable	-	5,968
Net loss on fair value changes of financial assets and liabilities as at FVTPL	12,221	63,362
Finance costs	129,323	127,125
Interest income	(69,397)	(66,841)
Dividend income	(38,559)	(71,492)
Share of (profit) loss of joint ventures accounted for using the equity method	(34,105)	11,643
Loss (gain) on disposal of property, plant and equipment	4,172	(4,691)
Gain on disposal of land use rights	(262,617)	-
Loss on disposal of investment	-	5,739
Inventory write-downs recognized	28,796	6,309
Impairment loss recognized on non-financial assets	4,305	1,781
Amortization of long-term prepayments for leases	8,309	16,642
Recognition of refund liabilities	15,782	-
Recognition of provisions	136,064	4,954
Changes in operating assets and liabilities		
Decrease (increase) in financial assets held for trading	93,301	(690,829)
Decrease (increase) in notes receivable	31,726	(70,762)
(Increase) decrease in accounts receivable	(116,328)	170,711
Decrease (increase) in other receivables	70,366	(28,039)
Increase in inventories	(414,701)	(440,711)
Decrease in biological assets	22,798	789
(Increase) decrease in prepayments	(131,895)	96,759
Increase in other current assets	(265,769)	(221,338)
Increase (decrease) in notes payable	184	(321)
Decrease in accounts payable	(25,938)	(26,907)
Decrease in other payables	(194,963)	(86,852)
Decrease in refund liabilities	(3,834)	-
Decrease in provisions	-	(5,709)
Decrease in net defined benefit liabilities	(716,709)	(479,250)
Increase in other current liabilities	<u>83,849</u>	<u>33,109</u>
Cash generated from operations	1,589,843	932,041
Interest received	72,799	45,106

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	2017
Interest paid	\$ (126,008)	\$ (134,693)
Income tax paid	<u>(408,103)</u>	<u>(328,085)</u>
Net cash generated from operating activities	<u>1,128,531</u>	<u>514,369</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at FVTOCI	(15,667)	-
Proceeds from sale of financial assets at FVTOCI	99,455	-
Reduction of capital by returning cash of financial assets at FVTOCI	4,029	-
Proceeds from sale of available-for-sale financial assets	-	51,921
Increase in debt investments with no active market	-	(168,389)
Proceeds from sale of financial assets measured at amortized cost	22,914	-
Acquisition of investments accounted for using the equity method	-	(2,550,936)
Net cash inflow on acquisition of subsidiaries	-	999,132
Payments for property, plant and equipment	(793,821)	(1,660,095)
Proceeds from disposal of property, plant and equipment	143,503	7,812
Increase in refundable deposits	(3,199)	(3,559)
Payments for other intangible assets	(13,706)	(4,490)
Increase in other non-current assets	(20,713)	(73,511)
Increase in long-term prepayments for leases	(5,562)	-
Proceeds from disposal of land use rights	291,368	-
Dividends received	<u>38,559</u>	<u>71,492</u>
Net cash used in investing activities	<u>(252,840)</u>	<u>(3,330,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	146,138	2,116,858
Increase (decrease) in short-term bills payable	153,957	(1,017,433)
Proceeds from long-term borrowings	7,980,000	4,000,000
Repayments of long-term borrowings	(7,905,225)	(4,565,200)
Increase (decrease) in guarantee deposits received	3,178	(1,743)
Decrease in other non-current liabilities	(9,808)	(2,828)
Decrease in dividends payable	(111,853)	(224,003)
Change in non-controlling interests	<u>1,704</u>	<u>2,015</u>
Net cash generated from financing activities	<u>258,091</u>	<u>307,666</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HOLD IN FOREIGN CURRENCIES		
	<u>(43,007)</u>	<u>(159,089)</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,090,775	\$ (2,667,677)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>8,473,862</u>	<u>11,924,303</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 9,564,637</u>	<u>\$ 9,256,626</u>

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

(With Deloitte & Touche auditors' review report dated August 10, 2018)

(Concluded)

USI CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 August 10, 2018.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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:

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. 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	1)
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	2)
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	1)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	8,412,404	8,412,404	1)
Refundable deposits	Loans and receivables	Amortized cost	140,530	140,530	1)

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	21,341	30,832	44,007	2)
	-	2,753,689	96,180	2,849,869	21,341	30,832	44,007	
Amortized cost	-	-	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	17,764,738	-	17,764,738	-	-	-	1) and 3)
	-	17,764,738	-	17,764,738	-	-	-	
	\$ 5,315,894	\$ 20,518,427	\$ 96,180	\$ 25,930,501	\$ 21,341	\$ 30,832	\$ 44,007	

- 1) 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.
- 2) 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 \$21,341 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$21,341 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.
- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 January 1, 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 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. 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. Prepaid lease payments for land use rights of land located in China and Malaysia are recognized as prepayments for leases. 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. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

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

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 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.

- c. New IFRSs that have been issued by IASB 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- 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. 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).

d. Other significant accounting policies

Except for the accounting policies for financial instruments, revenue recognition and the following, for the other accounting policies followed in these consolidated financial statements refer to the summary of significant accounting policies of the consolidated financial statements for the year ended December 31, 2017.

1) 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.

a) Financial assets

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

i. Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets measured at amortized cost and investments in 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:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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 using 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:

- 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 a financial asset; and
- 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 a financial asset.

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 a financial asset. 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 and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii) Loans and receivables

Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable, debt investments with no active market 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.

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

For financial assets measured at amortized cost, such as notes receivable, trade receivables and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the 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 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, trade receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable, other receivable or overdue receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable trade receivables, other receivables and overdue receivables that are written off against the allowance account.

iii. 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.

b) 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 Group'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 Group's own equity instruments.

c) Financial liabilities

i. 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.

ii. 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.

d) 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.

Before 2017, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts, which contain financial asset hosts within the scope of IFRS 9, are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2) 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.

a) 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.

b) 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.

a) Sale of goods

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

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

- ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the Group; and
- v. 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.

b) 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.

c) 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, by reference to the principal outstanding and at the applicable effective interest rate.

3) Employee benefits retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

4) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, the same critical accounting judgments and key sources of estimation uncertainty as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017 have been followed in these consolidated financial statements.

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. Refer to Note 41 for the related provision.

6. CASH AND CASH EQUIVALENTS

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand and petty cash	\$ 157,555	\$ 111,586	\$ 181,135
Checking accounts and demand deposits	2,131,988	1,984,425	2,157,680
Cash equivalents			
Time deposits	6,172,555	6,305,341	6,708,689
Repurchase agreements collateralized by bonds	<u>1,102,539</u>	<u>72,510</u>	<u>209,122</u>
	<u>\$ 9,564,637</u>	<u>\$ 8,473,862</u>	<u>\$ 9,256,626</u>

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

	June 30, 2018	December 31, 2017	June 30, 2017
Bank deposits	0.10%-6.75%	0.01%-3.96%	0.001%-7.25%
Repurchase agreements collateralized by bonds	0.38%-2.90%	0.61%-1.20%	0.35%-1.33%

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

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets held for trading</u>			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 4,189	\$ 4,067
Non-derivative financial assets			
Domestic listed shares and over-the-counter shares	-	256,891	321,464
Mutual funds	-	3,064,633	6,003,127
Beneficiary securities	-	1,989,110	913,713
Overseas listed shares	-	1,071	1,505
	<u>-</u>	<u>5,311,705</u>	<u>7,239,809</u>

Financial assets mandatorily at FVTPL

Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>8,268</u>	<u>-</u>	<u>-</u>

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
Non-derivative financial assets			
Domestic listed shares and over-the-counter shares	\$ 215,988	\$ -	\$ -
Mutual funds	2,947,129	-	-
Beneficiary securities	2,047,532	-	-
Overseas listed shares	<u>907</u>	<u>-</u>	<u>-</u>
	<u>5,211,556</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,219,824</u>	<u>\$ 5,315,894</u>	<u>\$ 7,243,876</u>

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 17,335</u>	<u>\$ 7,883</u>	<u>\$ 24,170</u> (Concluded)

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>June 30, 2018</u>			
Sell	RMB/NTD	2018.07.05-2018.09.13	RMB163,100/NTD754,974
Sell	USD/MYR	2018.07.31-2018.12.28	USD647/MYR2,573
Sell	USD/NTD	2018.07.02-2018.10.03	USD35,190/NTD1,054,440
Sell	NTD/USD	2018.07.24-2018.08.06	NTD157,726/USD5,230
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB193,200/NTD870,415
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	USD/MYR	2018.03.30	USD170/MYR725
Sell	USD/NTD	2018.01.03-2018.04.03	USD44,190/NTD1,319,154
Buy	NTD/USD	2018.01.02-2018.01.26	NTD249,743/USD8,340
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	EUR/MYR	2018.04.30-2018.05.31	EUR101/MYR484
Sell	AUD/USD	2018.01.26-2018.03.23	AUD600/USD461
<u>June 30, 2017</u>			
Sell	RMB/USD	2017.08.09-2017.08.18	RMB13,000/USD1,922
Sell	RMB/NTD	2017.07.05-2017.09.29	RMB136,590/NTD604,328
Sell	JPY/USD	2017.07.27	JPY10,000/USD89
Sell	USD/RMB	2017.07.24	USD939/RMB6,500
Sell	USD/NTD	2017.07.03-2017.09.28	USD38,102/NTD1,068,604
Sell	EUR/USD	2017.07.27	EUR130/USD148
Sell	AUD/USD	2017.07.20-2017.09.20	AUD530/USD399
Buy	NTD/USD	2017.07.18-2017.08.04	NTD390,477/USD12,969

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

June 30, 2018

Current

Investments in equity instruments at FVTOCI

Domestic investments

Listed shares and over-the-counter shares	<u>\$ 240,692</u>
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Non-current

Investments in equity instruments at FVTOCI

Domestic investments

Listed shares and over-the-counter shares	\$ 1,912,269
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Emerging market shares	10,896
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Unlisted shares	<u>608,856</u>
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	<u>2,532,021</u>
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Overseas investments

Listed shares and over-the-counter shares	8,127
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Unlisted shares	<u>175,503</u>
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	<u>183,630</u>
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	<u>\$ 2,715,651</u>
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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. 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 during the six months ended June 30, 2018, and the Group transferred a gain of \$71,238 thousand from other equity to retained earnings.

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.

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

June 30, 2018

Current

Pledged time deposits \$ 403,363

Non-current

Pledged time deposits \$ 311,665

As of June 30, 2018, the interest rates for pledged time deposits ranged from 0.09% to 1.045%. Pledged time deposits were classified as debt investments with no active market under IAS 39. Refer to Notes 3 and 11 for information relating to their reclassification and comparative information for 2017.

Refer to Notes 22 and 40 for the information related to financial assets measured at amortized cost at FVTOCI pledged as security.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	June 30, 2017
Domestic listed shares and over-the-counter shares	\$ 2,052,768	\$ 2,301,060
Overseas listed shares and over-the-counter shares	17,212	14,701
Domestic emerging market shares	<u>7,589</u>	<u>6,462</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,322,223</u>
Current	\$ 214,502	\$ 226,274
Non-current	<u>1,863,067</u>	<u>2,095,949</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,322,223</u>

The Group sold 500 thousand shares of Vanguard International Semiconductor Corporation as of June 30, 2017, and the gain on the disposal of the investments was \$21,203 thousand.

The Group sold 1,000 thousand shares of AU Optronics Corporation as of June 30, 2017, and the loss on the disposal of the investments was \$30,053 thousand.

The Group sold 500 thousand shares of Wafer Works Corporation as of June 30, 2017, and the gain on the disposal of the investments was \$3,111 thousand.

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	June 30, 2017
Structured time deposits (a)	\$ -	\$ 179,616
Restricted deposits (b)	<u>737,942</u>	<u>732,253</u>
	<u>\$ 737,942</u>	<u>\$ 911,869</u>
Current	\$ 426,369	\$ 595,862
Non-current	<u>311,573</u>	<u>316,007</u>
	<u>\$ 737,942</u>	<u>\$ 911,869</u>

a. Structured time deposits

In order to enhance the working capital, Taita Chemical Co., Ltd. entered into principal protected interest rate linked investment products with the bank. At the end of the 2017 reporting period, outstanding structured deposits were as follows: (December 31, 2017: None).

	June 30, 2017
Contract price (in thousands)	RMB 40,000
Expected rate of return	2.69%

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

12. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Notes receivable (a)</u>			
Operating	<u>\$ 1,086,344</u>	<u>\$ 1,118,070</u>	<u>\$ 979,787</u>
<u>Accounts receivable (a)</u>			
At amortized cost			
Gross carrying amount	\$ 7,177,651	\$ 7,063,620	\$ 6,068,023
Less: Allowance for impairment loss	<u>(115,700)</u>	<u>(113,591)</u>	<u>(103,657)</u>
	<u>\$ 7,061,951</u>	<u>\$ 6,950,029</u>	<u>\$ 5,964,366</u>
<u>Other receivables (b)</u>			
Tax refund receivables	\$ 206,317	\$ 221,711	\$ 223,814
Claims receivable	-	54,654	-
Securities transaction receivables	-	13,099	-
Others	<u>63,076</u>	<u>54,841</u>	<u>85,573</u>
	<u>\$ 269,393</u>	<u>\$ 344,305</u>	<u>\$ 309,387</u>

a. Notes and accounts receivable

For the six months ended June 30, 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.

June 30, 2018

Based on the number of days past due

	Up to 60 Days	61-90 Days	Over 90 Days	Total
Gross carrying amount	\$ 2,805,455	\$ -	\$ 60,393	\$ 2,865,848
Loss allowance (lifetime ECLs)	<u>(6,799)</u>	<u>-</u>	<u>(13,902)</u>	<u>(20,701)</u>
Amortized cost	<u>\$ 2,798,656</u>	<u>\$ -</u>	<u>\$ 46,491</u>	<u>\$ 2,845,147</u>

Based on credit quality

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 520,354	\$ 1,037,462	\$ 1,129,232	\$ 2,711,099	\$ 5,398,147
Loss allowance (lifetime ECLs)	<u>(3,637)</u>	<u>(7,799)</u>	<u>(19,645)</u>	<u>(63,918)</u>	<u>(94,999)</u>
Amortized cost	<u>\$ 516,717</u>	<u>\$ 1,029,663</u>	<u>\$ 1,109,587</u>	<u>\$ 2,647,181</u>	<u>\$ 5,303,148</u>

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

	June 30, 2018
Not past due	\$ 5,289,942
Up to 60 days	92,590
Over 60 days	<u>15,615</u>
	<u>\$ 5,398,147</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:

	For the Six Months Ended June 30, 2018
Balance at January 1, 2018	\$ 113,591
Add: Net remeasurement of loss allowance	4,406
Less: Amounts written off during the period as uncollectible	(2,029)
Foreign exchange translation gains and losses	<u>(268)</u>
Balance at June 30, 2018	<u>\$ 115,700</u>

For the six months ended June 30, 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 and June 30, 2017, the Group did not recognize an allowance for impairment loss. For the accounts receivable balances that were past due at the end of the reporting period, the 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	June 30, 2017
Not overdue	\$ 7,906,939	\$ 6,842,720
Up to 60 days	143,806	90,686
61-90 days	123,407	77,807
Over 90 days	<u>7,538</u>	<u>36,597</u>
	<u>\$ 8,181,690</u>	<u>\$ 7,047,810</u>

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

	December 31, 2017	June 30, 2017
Up to 60 days	\$ 128,462	\$ 91,063
61-90 days	78,448	34,638
Over 90 days	<u>14,333</u>	<u>2,826</u>
	<u>\$ 221,243</u>	<u>\$ 128,527</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	5,566	402	5,968
Less: Amounts written off during the period as uncollectible	(148)	-	(148)
Foreign exchange translation gains and losses	<u>(228)</u>	<u>(341)</u>	<u>(569)</u>
Balance at June 30, 2017	<u>\$ 68,779</u>	<u>\$ 34,878</u>	<u>\$ 103,657</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. There were no overdue other receivables with an unrecognized allowance for doubtful accounts in the Group as of June 30, 2018, December 31, 2017 and June 30, 2017.

13. INVENTORIES

	June 30, 2018	December 31, 2017	June 30, 2017
Finished goods	\$ 4,360,518	\$ 4,155,186	\$ 4,306,127
Work in progress	606,312	546,028	593,072
Raw materials	1,988,072	1,833,604	1,809,767
Supplies	244,999	306,265	386,619
Inventory in transit	<u>43,758</u>	<u>16,671</u>	<u>18,984</u>
	<u>\$ 7,243,659</u>	<u>\$ 6,857,754</u>	<u>\$ 7,114,569</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2018 and 2017 was \$13,793,892 thousand and \$12,405,464 thousand, respectively, and for the six months ended June 30, 2018 and 2017 was \$26,618,432 thousand and \$24,307,504 thousand, respectively.

The cost of goods sold included inventory write-downs of \$1,493 thousand and \$15,016 thousand for the three months ended June 30, 2018 and 2017, respectively, and \$28,796 thousand and \$6,309 thousand for the six months ended June 30, 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Administrative expenses	\$ (6,527)	\$ (8,235)	\$ (16,084)	\$ (15,113)
Loss from operations	(6,527)	(8,235)	(16,084)	(15,113)
Non-operating income	<u>10,726</u>	<u>5,520</u>	<u>20,141</u>	<u>14,075</u>
Net profit (loss) from discontinued operations	<u>\$ 4,199</u>	<u>\$ (2,715)</u>	<u>\$ 4,057</u>	<u>\$ (1,038)</u>

For the six months ended June 30, 2018 and 2017, the cash flows which can be attributed to the discontinued operations were as follows:

	For the Six Months Ended June 30	
	2018	2017
Net cash generated from operating activities	\$ 5,082	\$ 3,466
Net cash generated from investing activities	1,007	2,022
Effect of exchange rate changes	<u>629</u>	<u>(1,046)</u>
Net cash inflow	<u>\$ 6,718</u>	<u>\$ 4,442</u>

15. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	June 30, 2017
Domestic unlisted shares	\$ 534,333	\$ 617,816
Overseas unlisted shares	<u>141,787</u>	<u>180,396</u>
	<u>\$ 676,120</u>	<u>\$ 798,212</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 676,120</u>	<u>\$ 798,212</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.

The investee, KHL IB Venture Capital Co., Ltd., announced a reduction of capital in September 2017, and the Group received \$45,000 thousand according to its ownership percentage.

The investee, Harbinger Venture Capital, announced a reduction of capital in August 2017, and the Group got \$2,993 thousand back at its ownership percentage.

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			June 30, 2018	December 31, 2017	June 30, 2017	
The Company	USIFE Investment Co., Ltd. ("USIF")	Investment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	Swanlake Traders Ltd. ("Swanlake")	Trading and investment	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	USI Far East (HK) Co., Ltd.	Trading and investment	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	USI Management Consulting Corp. ("UM")	Providing management services	<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>	<u>99.9</u>	
	Union Polymer Int'l Investment Corp. ("UPHC")	Investment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	Cypress Epoch Limited	Investment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	Inoma Corporation ("INOMA")	Engaging in optical products and fireproof materials	<u>93.2</u>	<u>93.2</u>	<u>89.2</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>	<u>100.0</u>
The Company	Thintec Materials Corporation	Reinforced plastic products manufacturing	30.4	30.4	30.4	
Taita Chemical Company, Ltd.			10.0	10.0	10.0	
China General Plastics Corporation			10.0	10.0	10.0	
Asia Polymer Corporation			30.4	30.4	30.4	
Taiwan United Venture Capital Corp.			15.0	15.0	15.0	
			<u>95.8</u>	<u>95.8</u>	<u>95.8</u>	
The Company	Taiwan United Venture Capital Corp. ("TUVC")	Venture capital	70.0	70.0	70.0	
Asia Polymer Corporation ("APC")			8.3	8.3	8.3	
			<u>78.3</u>	<u>78.3</u>	<u>78.3</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			June 30, 2018	December 31, 2017	June 30, 2017	
The Company	Swanson Plastics Corp. ("SPC")	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	40.6	40.6	40.6	
Asia Polymer Corporation			8.0	8.0	8.0	
USIFE Investment Co., Ltd.			<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	
			<u>48.7</u>	<u>48.7</u>	<u>48.7</u>	
The Company	Acme Electronics Corp. ("ACME")	Production and marketing of manganese-zinc soft ferrite powder	27.0	27.0	27.0	
China General Plastics Corporation			1.8	1.8	1.8	
USIFE Investment Co., Ltd.			9.3	9.3	9.3	
Asia Polymer Corporation			3.3	3.3	3.3	
Taita Chemical Company, Ltd.			2.4	2.4	2.4	
APC Investment Corporation			<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
			<u>44.8</u>	<u>44.8</u>	<u>44.8</u>	7)
The Company	USI Optronics Corporation ("USIO")	Manufacture and marketing of sapphire crystal	50.9	50.9	50.9	
Acme Electronics Corp.			34.0	34.0	34.0	
Asia Polymer Corporation			9.2	9.2	9.2	
USIFE Investment Co., Ltd.			<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	
			<u>94.3</u>	<u>94.3</u>	<u>94.3</u>	6)
Acme Electronics Corp.	ACME Electronics (Cayman) Corp.	Reinvestment business	51.3	51.3	51.3	
APC (BVI) Holding Co., Ltd.			16.6	16.6	16.6	
Swanlake Traders Ltd.			11.2	11.2	11.2	
TAITA (BVI) Holding Co., Ltd.			<u>5.4</u>	<u>5.4</u>	<u>5.4</u>	
			<u>84.5</u>	<u>84.5</u>	<u>84.5</u>	
Acme Electronics Corp.	Golden Amber Enterprises Limited	Reinvestment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	ACME Electronics (BVI) Corp.	Reinvestment business	<u>100.0</u>	<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>	<u>100.0</u>	
	ACME Components (Malaysia) Sdn. Bhd.	Reinvestment business	<u>100.0</u>	<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>	<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	36.1	
China General Terminal & Distribution Co.			0.9	0.9	0.9	
USIFE Investment Co., Ltd.			0.3	0.3	0.3	
Taiwan VCM Corporation			-	-	-	
			<u>37.3</u>	<u>37.3</u>	<u>37.3</u>	7)
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd. ("APC (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	USI International Corp.	Reinvestment business	70.0	70.0	70.0	
APC (BVI) Holding Co., Ltd.			<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	
			<u>100.0</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>	<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	36.8	
China General Terminal & Distribution Co.			0.6	0.6	0.6	
USIFE Investment Co., Ltd.			<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	
			<u>37.8</u>	<u>37.8</u>	<u>37.8</u>	7)
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. ("TAITA (BVI)")	Reinvestment business	<u>100.0</u>	<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>	<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>	<u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			June 30, 2018	December 31, 2017	June 30, 2017	
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	25.0	
Asia Polymer Corporation			8.1	8.1	8.1	
Taita Chemical Company, Ltd.			2.0	2.0	2.0	
China General Terminal & Distribution Co.			0.5	0.5	0.5	
USIFE Investment Co., Ltd.			<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	
			<u>35.7</u>	<u>35.7</u>	<u>35.7</u>	7)
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>	<u>87.2</u>	
	CGPC (BVI) Holding Co., Ltd.	Reinvestment business	<u>100.0</u>	<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>	<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>	<u>100.0</u>	
	CGPC Polymer Corporation ("CGPCP")	Manufacture and marketing of PVC powder	<u>100.0</u>	<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>	<u>100.0</u>	3)
	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>	<u>100.0</u>	3)
China General Plastics Corporation	China General Terminal & Distribution Co.	Warehousing of petrochemical raw materials	33.3	33.3	33.3	
Taita Chemical Company, Ltd.			33.3	33.3	33.3	
Asia Polymer Corporation			<u>33.4</u>	<u>33.4</u>	<u>33.4</u>	
			<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
USIFE Investment Co., Ltd.	Taiwan United Venture Management Corp. ("TUVVM")	Business management consulting	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
APC (BVI) Holding Co., Ltd.	USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, plastic products, whole sale of electronic materials, commission agency services and related supporting import and export services	<u>100.0</u>	<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>	<u>100.0</u>	
Swanson Plastics Corp	Curtana Company Ltd.	Reinvestment business	<u>100.0</u>	<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>	<u>100.0</u>	
	Swanson Plastics Company Ltd. (Singapore)	Production and marketing of plastic products	<u>100.0</u>	<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>	<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	95.5	95.5	
Curtana Company Ltd.			<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	
			<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	4)
Swanson Plastics Corp.	PT. Swanson Plastics Indonesia Ltd.	Manufacture and marketing of plastic products	1.0	1.0	1.0	
Swanson Plastics Company Ltd. (Singapore)			99.0	99.0	99.0	
			<u>100.0</u>	<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	70.0	
APC Investment Corporation			15.0	15.0	15.0	
USIFE Investment Co., Ltd.			<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	
			<u>100.0</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>	<u>100.0</u>	
	Swanson Plastics (India) Private Limited	Manufacture and marketing of plastic products	<u>100.0</u>	<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>	<u>100.0</u>	
Swanson International Ltd.	A.S. Holdings (UK) Limited	Reinvestment	<u>100.0</u>	<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>	<u>100.0</u>	
A.S. Holdings (UK) Limited	API-Swanson (Kunshan) Co., Ltd.	Management of production and sales of PE release film and other release products	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
The Company	Ever Conquest Global Limited ("ECGL")	Investment	62.6	62.6	61.7	
Asia Polymer Corporation			<u>37.4</u>	<u>37.4</u>	<u>38.3</u>	
			<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	5)

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			June 30, 2018	December 31, 2017	June 30, 2017	
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment	<u>67.9</u>	<u>67.9</u>	<u>66.4</u>	5) and 7)
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	5)

(Concluded)

- 1) In order to improve its financial structure and to meet the needs of operating capital, since 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 through the cancellation of 6,750 thousand shares, a capital reduction accounting for 53.81% of its paid-in capital. The shareholders, in their 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 June 30, 2018, there has been no significant operating income.
- 2) CGPC disposed of CGPC-Hong Kong as approved in the meeting of the board of directors in June 2013. CGPC-Hong Kong retrieved the residual property in April 2016 and completed the liquidation process on March 17, 2017.
- 3) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors held in October 2011. CGPC (CS) and CGPCP has not completed the process of the liquidation as of June 30, 2018.
- 4) The economic recession caused SPC (Nantong) to suffer a sustained loss. In consideration of its whole operations, SPC disposed of SPC (Nantong) as agreed in the meeting of the board of directors held in April 2016. SPC (Nantong) has not completed the liquidation process as of June 30, 2018.
- 5) 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. Moreover, the Company and APC invested additional capital of US\$36,643 thousand (around \$1,113,427 thousand) and US\$21,013 thousand (around \$638,499 thousand) in ECGL in July 2017, respectively. The ownership percentage of ECGL in EVGL increased to 67.9% after the capital increase. For more explanation, refer to Note 35.
- 6) 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.
- 7) This is a subsidiary of a material non-controlling interest.

The financial statements of significant subsidiaries of CGPC, TTC and UPIIC and a portion of the non-significant subsidiaries of ACME, ACME (Cayman), TVCM, CGPCP, APC, TAITA (ZS) and TAITA (TJ) included in the consolidated financial statements were reviewed by the auditors, and the financial statements of all other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	June 30, 2018	December 31,	
		2017	June 30, 2017
CGPC	64.3%	64.3%	64.3%
TTC	62.2%	62.2%	62.2%
ACME	55.2%	55.2%	55.2%
APC	62.7%	62.7%	62.7%
EVGL	32.1%	32.1%	33.6%

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

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended		For the Six Months Ended		June 30, 2018	December 31, 2017	June 30, 2017
	June 30		June 30				
	2018	2017	2018	2017			
CGPC	\$ 251,624	\$ 165,717	\$ 607,659	\$ 414,322	\$ 5,080,673	\$ 4,922,344	\$ 4,539,516
TTC	\$ 121,800	\$ (41,042)	\$ 241,900	\$ 16,669	\$ 2,641,117	\$ 2,421,807	\$ 2,100,902
ACME	\$ 72,086	\$ 16,848	\$ 57,276	\$ (23,497)	\$ 814,423	\$ 751,522	\$ 777,126
APC	\$ 53,159	\$ 118,629	\$ 109,135	\$ 219,703	\$ 6,173,811	\$ 6,147,712	\$ 5,938,927
EVGL	\$ 6,790	\$ 2,728	\$ 9,613	\$ 679	\$ 1,817,884	\$ 1,787,820	\$ 1,014,057

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

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 6,622,591	\$ 5,993,631	\$ 6,552,291
Non-current assets	6,665,944	6,679,590	6,426,678
Current liabilities	(2,460,820)	(1,785,947)	(2,741,227)
Non-current liabilities	(2,372,051)	(2,686,426)	(2,697,916)
Equity	\$ 8,455,664	\$ 8,200,848	\$ 7,539,826
Equity attributable to:			
Owners of CGPC	\$ 2,940,147	\$ 2,883,997	\$ 2,626,940
Non-controlling interests of CGPC	5,080,673	4,922,344	4,539,516
Non-controlling interests of CGPC's subsidiaries	434,844	394,507	373,370
	\$ 8,455,664	\$ 8,200,848	\$ 7,539,826

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Revenue	<u>\$ 3,678,358</u>	<u>\$ 3,623,331</u>	<u>\$ 7,822,558</u>	<u>\$ 7,314,601</u>
Net profit from continuing operations	\$ 414,107	\$ 260,599	\$ 997,887	\$ 679,005
Net profit (loss) from discontinued operations	<u>4,199</u>	<u>(2,715)</u>	<u>4,057</u>	<u>(1,038)</u>
Profit for the period	418,306	257,884	1,001,944	677,967
Other comprehensive income (loss) for the period	<u>17,440</u>	<u>3,957</u>	<u>11,691</u>	<u>(27,152)</u>
Total comprehensive income for the period	<u>\$ 435,746</u>	<u>\$ 261,841</u>	<u>\$ 1,013,635</u>	<u>\$ 650,815</u>
Profit attributable to:				
Owners of CGPC	\$ 131,076	\$ 86,327	\$ 316,543	\$ 215,831
Non-controlling interests of CGPC	251,624	165,717	607,659	414,322
Non-controlling interests of CGPC's subsidiaries	<u>35,606</u>	<u>5,840</u>	<u>77,742</u>	<u>47,814</u>
	<u>\$ 418,306</u>	<u>\$ 257,884</u>	<u>\$ 1,001,944</u>	<u>\$ 677,967</u>
Total comprehensive income attributable to:				
Owners of CGPC	\$ 113,799	\$ 77,326	\$ 299,428	\$ 222,068
Non-controlling interests of CGPC	286,346	178,676	636,490	380,942
Non-controlling interests of CGPC's subsidiaries	<u>35,601</u>	<u>5,839</u>	<u>77,717</u>	<u>47,805</u>
	<u>\$ 435,746</u>	<u>\$ 261,841</u>	<u>\$ 1,013,635</u>	<u>\$ 650,815</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 700,613	\$ 580,143
Investing activities			(256,577)	(567,242)
Financing activities			827	(462,059)
Effects of exchange rate changes			<u>2,857</u>	<u>(8,039)</u>
Net cash inflow (outflow)			<u>\$ 447,720</u>	<u>\$ (457,197)</u>

TTC and TTC's subsidiaries

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 6,021,599	\$ 5,313,224	\$ 4,516,079
Non-current assets	3,387,783	3,498,211	3,501,539
Current liabilities	(3,696,642)	(3,132,553)	(2,850,561)
Non-current liabilities	<u>(1,457,451)</u>	<u>(1,773,332)</u>	<u>(1,796,745)</u>
Equity	<u>\$ 4,255,289</u>	<u>\$ 3,905,550</u>	<u>\$ 3,370,312</u>
Equity attributable to:			
Owners of TTC	\$ 1,614,172	\$ 1,483,743	\$ 1,269,410
Non-controlling interests of TTC	<u>2,641,117</u>	<u>2,421,807</u>	<u>2,100,902</u>
	<u>\$ 4,255,289</u>	<u>\$ 3,905,550</u>	<u>\$ 3,370,312</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2018	2017	2018
	2017	2018	2017
Revenue	<u>\$ 5,945,970</u>	<u>\$ 4,618,697</u>	<u>\$ 10,788,137</u>
Profit (loss) for the period	\$ 192,553	\$ (64,809)	\$ 382,204
Other comprehensive (loss) income for the period	<u>(48,724)</u>	<u>20,256</u>	<u>(35,158)</u>
Total comprehensive income (loss) for the period	<u>\$ 143,829</u>	<u>\$ (44,553)</u>	<u>\$ 347,046</u>
Profit (loss) attributable to:			
Owners of TTC	\$ 70,753	\$ (23,767)	\$ 140,304
Non-controlling interests of TTC	<u>121,800</u>	<u>(41,042)</u>	<u>241,900</u>
	<u>\$ 192,553</u>	<u>\$ (64,809)</u>	<u>\$ 382,204</u>
Total comprehensive income (loss) attributable to:			
Owners of TTC	\$ 61,903	\$ (16,631)	\$ 128,720
Non-controlling interests of TTC	<u>81,926</u>	<u>(27,922)</u>	<u>218,326</u>
	<u>\$ 143,829</u>	<u>\$ (44,553)</u>	<u>\$ 347,046</u>
Net cash inflow (outflow) from:			
Operating activities		\$ (242,570)	\$ 26,254
Investing activities		(52,576)	(239,256)
Financing activities		516,555	4,062
Effects of exchange rate changes		<u>6,124</u>	<u>(3,332)</u>
Net cash inflow (outflow)		<u>\$ 227,533</u>	<u>\$ (212,272)</u>

ACME and ACME's subsidiaries

	June 30, 2018		December 31, 2017		June 30, 2017
Current assets	\$ 2,073,006		\$ 1,741,583		\$ 1,770,400
Non-current assets	1,874,691		1,965,852		1,997,296
Current liabilities	(1,144,440)		(1,172,072)		(1,468,896)
Non-current liabilities	<u>(634,965)</u>		<u>(613,731)</u>		<u>(324,530)</u>
Equity	<u>\$ 2,168,292</u>		<u>\$ 1,921,632</u>		<u>\$ 1,974,270</u>
Equity attributable to:					
Owners of ACME	\$ 665,877		\$ 611,551		\$ 624,584
Non-controlling interests of ACME	814,423		751,522		777,126
Non-controlling interests of ACME's subsidiaries	<u>687,992</u>		<u>558,559</u>		<u>572,560</u>
	<u>\$ 2,168,292</u>		<u>\$ 1,921,632</u>		<u>\$ 1,974,270</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30		
	2018	2017	2018	2017	
Revenue	<u>\$ 621,607</u>	<u>\$ 600,723</u>	<u>\$ 1,197,011</u>	<u>\$ 1,161,819</u>	
Profit (loss) for the period	\$ 257,840	\$ 30,168	\$ 224,865	\$ (49,238)	
Other comprehensive (loss) income for the period	<u>(16,609)</u>	<u>44,004</u>	<u>21,795</u>	<u>(46,383)</u>	
Total comprehensive income (loss) for the period	<u>\$ 241,231</u>	<u>\$ 74,172</u>	<u>\$ 246,660</u>	<u>\$ (95,621)</u>	
Profit (loss) attributable to:					
Owners of ACME	\$ 57,866	\$ 13,526	\$ 45,978	\$ (18,865)	
Non-controlling interests of ACME	72,086	16,848	57,276	(23,497)	
Non-controlling interests of ACME's subsidiaries	<u>127,888</u>	<u>(206)</u>	<u>121,611</u>	<u>(6,876)</u>	
	<u>\$ 257,840</u>	<u>\$ 30,168</u>	<u>\$ 224,865</u>	<u>\$ (49,238)</u>	
Total comprehensive income (loss) attributable to:					
Owners of ACME	\$ 53,074	\$ 25,858	\$ 52,201	\$ (33,574)	
Non-controlling interests of ACME	67,213	32,208	65,026	(41,818)	
Non-controlling interests of ACME's subsidiaries	<u>120,944</u>	<u>16,106</u>	<u>129,433</u>	<u>(20,229)</u>	
	<u>\$ 241,231</u>	<u>\$ 74,172</u>	<u>\$ 246,660</u>	<u>\$ (95,621)</u>	

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Net cash inflow (outflow) from:				
Operating activities			\$ 73,570	\$ 95,061
Investing activities			250,812	(147,538)
Financing activities			(12,833)	(7,933)
Effects of exchange rate changes			<u>16,497</u>	<u>(7,292)</u>
Net cash inflow (outflow)			<u>\$ 328,046</u>	<u>\$ (67,702)</u> (Concluded)

APC and APC's subsidiaries

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 5,446,293	\$ 5,136,436	\$ 5,738,262
Non-current assets	9,553,079	9,739,565	9,073,721
Current liabilities	(2,475,906)	(2,338,563)	(3,520,947)
Non-current liabilities	<u>(2,742,062)</u>	<u>(2,720,968)</u>	<u>(1,839,269)</u>
Equity	<u>\$ 9,781,404</u>	<u>\$ 9,816,470</u>	<u>\$ 9,451,767</u>
Equity attributable to:			
Owners of APC	\$ 3,607,593	\$ 3,668,758	\$ 3,512,840
Non-controlling interests of APC	<u>6,173,811</u>	<u>6,147,712</u>	<u>5,938,927</u>
	<u>\$ 9,781,404</u>	<u>\$ 9,816,470</u>	<u>\$ 9,451,767</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Revenue	<u>\$ 1,635,182</u>	<u>\$ 1,566,014</u>	<u>\$ 2,961,396</u>	<u>\$ 3,097,143</u>
Profit for the period	\$ 78,577	\$ 175,351	\$ 161,318	\$ 324,754
Other comprehensive loss for the period	<u>(16,456)</u>	<u>(66,776)</u>	<u>(142,270)</u>	<u>(68,793)</u>
Total comprehensive income for the period	<u>\$ 62,121</u>	<u>\$ 108,575</u>	<u>\$ 19,048</u>	<u>\$ 255,961</u>
Profit attributable to:				
Owners of APC	\$ 25,418	\$ 56,722	\$ 52,183	\$ 105,051
Non-controlling interests of APC	<u>53,159</u>	<u>118,629</u>	<u>109,135</u>	<u>219,703</u>
	<u>\$ 78,577</u>	<u>\$ 175,351</u>	<u>\$ 161,318</u>	<u>\$ 324,754</u> (Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Total comprehensive income (loss) attributable to:				
Owners of APC	\$ 6,870	\$ 32,783	\$ (40,785)	\$ 66,428
Non-controlling interests of APC	<u>55,251</u>	<u>75,792</u>	<u>59,833</u>	<u>189,533</u>
	<u>\$ 62,121</u>	<u>\$ 108,575</u>	<u>\$ 19,048</u>	<u>\$ 255,961</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 284,216	\$ (453,358)
Investing activities			(61,896)	(839,054)
Financing activities			3,402	(110)
Effects of exchange rate changes			<u>3,728</u>	<u>(9,921)</u>
Net cash inflow (outflow)			<u>\$ 229,450</u>	<u>\$ (1,302,443)</u> (Concluded)

EVGL and EVGL's subsidiaries

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 337,309	\$ 338,317	\$ 246,880
Non-current assets	5,331,969	5,241,747	2,770,184
Current liabilities	<u>(7,470)</u>	<u>(11,893)</u>	<u>(2,053)</u>
Equity	<u>\$ 5,661,808</u>	<u>\$ 5,568,171</u>	<u>\$ 3,015,011</u>
Equity attributable to:			
Owners of EVGL	\$ 3,843,924	\$ 3,780,351	\$ 2,000,954
Non-controlling interests of EVGL	<u>1,817,884</u>	<u>1,787,820</u>	<u>1,014,057</u>
	<u>\$ 5,661,808</u>	<u>\$ 5,568,171</u>	<u>\$ 3,015,011</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Profit for the period	\$ 21,148	\$ 8,110	\$ 29,941	\$ 2,018
Other comprehensive (loss) income for the period	<u>(14,426)</u>	<u>(140,919)</u>	<u>63,695</u>	<u>(140,919)</u>
Total comprehensive income (loss) for the period	<u>\$ 6,722</u>	<u>\$ (132,809)</u>	<u>\$ 93,636</u>	<u>\$ (138,901)</u> (Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Profit attributable to:				
Owners of EVGL	\$ 14,358	\$ 5,382	\$ 20,328	\$ 1,339
Non-controlling interests of EVGL	<u>6,790</u>	<u>2,728</u>	<u>9,613</u>	<u>679</u>
	<u>\$ 21,148</u>	<u>\$ 8,110</u>	<u>\$ 29,941</u>	<u>\$ 2,018</u>
Total comprehensive income (loss) attributable to:				
Owners of EVGL	\$ 4,564	\$ (88,146)	\$ 63,572	\$ (92,189)
Non-controlling interests of EVGL	<u>2,158</u>	<u>(44,663)</u>	<u>30,064</u>	<u>(46,712)</u>
	<u>\$ 6,722</u>	<u>\$ (132,809)</u>	<u>\$ 93,636</u>	<u>\$ (138,901)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (5,998)	\$ 11,178
Investing activities			-	(2,550,936)
Financing activities			-	2,665,034
Effects of exchange rate changes			<u>7,580</u>	<u>(174,835)</u>
Net cash inflow (outflow)			<u>\$ 1,582</u>	<u>\$ (49,559)</u> (Concluded)

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

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2018	December 31, 2017	June 30, 2017
Investments in joint ventures			
Associates that are individually material			
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	<u>\$ 5,331,969</u>	<u>\$ 5,241,747</u>	<u>\$ 2,575,541</u>
Prepaid investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,643</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 June 30, 2018, December 31, 2017 and June 30, 2017. For more explanation, refer to Note 35.

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

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

	June 30, 2018	December 31, 2017	June 30, 2017	
Cash	<u>\$ 8,246,944</u>	<u>\$ 9,870,622</u>	<u>\$ 5,121,941</u>	
Current assets	\$ 8,438,983	\$ 9,871,825	\$ 5,126,274	
Non-current assets	4,424,181	677,992	345,447	
Current liabilities	(2,181,352)	(66,323)	-	
Non-current liabilities	<u>(17,874)</u>	<u>-</u>	<u>(320,639)</u>	
Equity	10,663,938	10,483,494	5,151,082	
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>	<u>50%</u>	
Equity attributable to the Group	<u>\$ 5,331,969</u>	<u>\$ 5,241,747</u>	<u>\$ 2,575,541</u>	
Carrying amount	<u>\$ 5,331,969</u>	<u>\$ 5,241,747</u>	<u>\$ 2,575,541</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Share of net profit (loss) for the period attributable to the Group	<u>\$ 25,170</u>	<u>\$ (11,643)</u>	<u>\$ 34,105</u>	<u>\$ (11,643)</u>

Gulei had no significant operating income for the six months ended June 30, 2018.

For the six months ended June 30, 2018, investments in joint ventures accounted for using the equity method and the Group's share of profit (loss) and other comprehensive income (loss) were not reviewed by the auditors.

18. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2018	December 31, 2017	June 30, 2017
Freehold land	\$ 4,726,441	\$ 4,726,441	\$ 4,754,156
Land improvements	10,705	14,721	12,014
Building improvements	4,250,157	4,421,788	4,315,046
Machinery and equipment	11,297,625	11,383,335	11,024,722
Transportation equipment	44,806	45,170	45,494
Other equipment	255,846	269,540	431,047
Construction in progress and equipment under installation	<u>2,891,532</u>	<u>2,897,500</u>	<u>2,551,858</u>
	<u>\$ 23,477,112</u>	<u>\$ 23,758,495</u>	<u>\$ 23,134,337</u>

No impairment assessment was performed for the six months ended June 30, 2018 and 2017 as there was no indication of impairment.

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

Land improvements	7 to 25 years
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

On March 21, 2013, the board of directors' of the Company decided to invest in constructing a cyclic block copolymer production plant, which cost \$1,000,000 thousand. On September 23, 2014, the board of directors decided to construct a front-end material production plant and utility system, which cost \$1,000,000 thousand. In addition, the amount of investment to adjust the plant configuration increased by \$700,000 thousand after discussion by the board of directors in its meeting on August 11, 2016, and the total cost was \$2,700,000 thousand. As of June 30, 2018, the Company has paid CTCI \$2,383,885 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of June 30, 2018, the Company has received \$148,841 thousand. According to the schedule and acceptance situation, the accumulated subsidy income is \$128,841 thousand.

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

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

19. INVESTMENT PROPERTIES

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Completed investment properties</u>			
Land	\$ 90,971	\$ 90,971	\$ 63,256
Buildings	<u>121,051</u>	<u>91,245</u>	<u>94,694</u>
	<u>\$ 212,022</u>	<u>\$ 182,216</u>	<u>\$ 157,950</u>

Except for the recognition of the depreciation expense, there were no material additions, disposals and impairments happening for the Group's investment properties for the six months ended June 30, 2018 and 2017.

The investment properties were 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 Toufen 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 value of its investment properties is not reliably measurable. For the remaining investment properties, the fair value of the investment properties, which were not evaluated by an independent qualified professional valuer, was \$722,446 thousand as of both June 30, 2018 and December 31, 2017 and \$736,303 thousand as of June 30, 2017. 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. Were the nearby land price to go up or down by 10%, the fair value of the investment properties of the Group for both the six months ended June 30, 2018 and the year ended December 31, 2017 would have increased or decreased by \$72,245 thousand, and for the six months ended June 30, 2017, the fair value of the Group's investment properties would have increased or decreased by \$73,630 thousand.

All of the Group's investment properties was 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

	June 30, 2018	December 31, 2017	June 30, 2017
Goodwill (a)	<u>\$ 269,026</u>	<u>\$ 269,026</u>	<u>\$ 269,026</u>
Other intangible assets (b)			
Licenses and franchises	\$ 12,692	\$ 19,159	\$ 30,773
Computer software	1,498	14,287	22,564
Patents	<u>57,230</u>	<u>59,903</u>	<u>67,513</u>
	<u>\$ 71,420</u>	<u>\$ 93,349</u>	<u>\$ 120,850</u>

a. Goodwill

No impairment assessment was performed periodically as there was no indication of impairment on June 30, 2018 and 2017.

b. Other intangible assets

Except for the recognition of amortization expense, there were no significant addition, disposal and impairment on other intangible assets of the Group for the six months ended June 30, 2018 and 2017.

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

Licenses and franchises	5 to 7 years
Computer software	1 to 3 years
Patents	5 to 7 years

21. PREPAYMENTS FOR LEASES

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets (included in prepayments)	\$ 8,781	\$ 9,973	\$ 8,376
Non-current assets	<u>489,945</u>	<u>525,845</u>	<u>371,139</u>
	<u>\$ 498,726</u>	<u>\$ 535,818</u>	<u>\$ 379,515</u>

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

Acme Electronics (Kunshan) Co., Ltd. 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 transferring 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. The amount of RMB56,240 thousand (NT\$262,617 thousand) from the gain on the disposal of the land use rights was recognized in May 2018 once the investment of the land use rights as shares was registered.

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

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Secured borrowings</u>			
Bank loans	\$ 237,301	\$ 412,768	\$ 624,495
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>3,661,105</u>	<u>3,339,500</u>	<u>6,441,531</u>
	<u>\$ 3,898,406</u>	<u>\$ 3,752,268</u>	<u>\$ 7,066,026</u>
Range of interest rates	0.83%-4.62%	0.83%-4.79%	0.80%-4.60%

b. Short-term bills payable

	June 30, 2018	December 31, 2017	June 30, 2017
Commercial paper	\$ 1,839,000	\$ 1,685,000	\$ 1,455,000
Less: Unamortized discount on bills payable	<u>(537)</u>	<u>(494)</u>	<u>(365)</u>
	<u>\$ 1,838,463</u>	<u>\$ 1,684,506</u>	<u>\$ 1,454,635</u>
Range of interest rates	0.43%-1.25%	0.40%-1.18%	0.40%-1.24%

c. Long-term borrowings

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Bank borrowings</u>			
Taipei Fubon Commercial Bank Co., Ltd.			
UPIIC -			
Loan term: 2015.09-2019.09			
Annual rate: 2018.06.30: 1.10%			
2017.12.31: 1.31%			
2017.06.30: 1.09%	\$ 500,000	\$ 400,000	\$ 500,000
APC -			
Credit line: \$500,000 thousand			
Loan term: 2016.08-2019.09			
Revolving loan facility, and the principal is paid at maturity.			
Annual rate: 2018.06.30: 1.08%			
2017.12.31: 1.307%			
2017.06.30: 1.04%	450,000	450,000	450,000
SPC -			
Loan term: 2017.12-2020.09			
Revolving loan facility, the annual rate is based on Reuters data prior to the borrowing date and is calculated at TAIBOR plus 0.75%, divided by 0.946, with interest payments of \$231 thousand per month, and the principal is paid at maturity.	200,000	200,000	-
O-Bank			
ACME -			
Loan term: 2015.10-2018.10			
Annual rate: 2017.06.30: 1.60%	-	-	200,000
TTC -			
Revolving loan facility, and the principal is paid at maturity.			
Loan term: 2013.10-2018.10			
Annual rate: 2018.06.30: 1.15%			
2017.12.31 and			
2017.06.30: 1.20%	100,000	100,000	100,000
SPC -			
Loan term: 2014.07-2019.11			
From November 15, 2016, it required three monthly installments of \$40,000 thousand, and it is set for 5 installments. Interest rate is calculated at Reuters 90-day commercial paper on secondary market plus contract interest.	200,000	160,000	200,000

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
SPC - Loan term: 2013.12-2018.12 From January 15, 2017, it required monthly installments of \$4,200 thousand, and it is set for 24 installments. The last installment is \$3,400 thousand. Interest rate is calculated at a 2-year fixed deposit rate of postal savings funds plus contract interest.	\$ 24,400	\$ 89,600	\$ 74,800
Chang Hwa Commercial Bank			
TTC - Revolving loan facility, and the principal is paid at maturity. Loan term: 2012.11-2021.06 Annual rate: 2018.06.30, 2017.12.31 and 2017.06.30: 1.10%	900,000	900,000	700,000
UPIIC - Loan term: 2017.01-2020.01 Annual rate: 2018.06.30, 2017.12.31 and 2017.06.30: 1.10%	200,000	200,000	200,000
SPC - Loan term: 2015.12-2020.12 From December 2015, the first installment is paid on the day after 54 months expire, and the rest is paid on due of \$51,600 thousand. Interest rate is calculated at 3-month TAIBOR plus a floating rate of 0.57%, and when the loan interest rate is below 1.45%, it is calculated at 1.45%.	103,200	103,200	103,200
APC - Revolving loan facility, and the principal is paid at maturity. Loan term: 2015.11-2018.06 Annual rate: 2017.06.30: 1.15%	-	-	400,000
KGI Bank			
SPC - Loan term: 2017.06-2019.06 From June 23, 2017, it required four monthly installments of \$37,500, and it is set for 4 installments. Interest rate is calculated based on TAIBOR 1, 2, 3 or 6 month fixed interest rate plus 0.80%. Interest period is 1, 2, 3 or 6 month and will be updated when it expires.	250,000	250,000	250,000 (Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
CGPCP -			
Loan term: 2015.03-2018.11			
Annual rate: 2018.06.30, 2017.12.31 and 2017.06.30: 0.99%	\$ 500,000	\$ 500,000	\$ 500,000
CGPCP -			
Loan term: 2016.11-2021.11			
Annual rate: 2018.06.30: 0.99% 2017.12.31 and 2017.06.30: 1.04%	550,000	550,000	550,000
TTC -			
Loan term: 2016.09-2018.09			
Annual rate: 2017.06.30: 0.98%	-	-	200,000
UPIIC -			
Loan term: 2015.03-2020.02			
Annual rate: 2018.06.30 and 2017.06.30: 0.99% 2017.12.31: 1.04%	300,000	300,000	300,000
APC-			
Credit line: \$400,000 thousand and \$200,000 thousand, respectively.			
Loan term: 2018.03-2021.03 and 2016.07-2019.04, respectively.			
Annual rate: 2018.06.30: 0.986%-1.175% 2017.12.31: 1.036%-1.175% 2017.06.30: 0.984%-1.175%	600,000	600,000	600,000
Mega International Commercial Bank			
ACME -			
Loan term: 2010.06-2018.09			
Annual rate is calculated at interest rate on secondary markets plus a floating rate.			
Annual rate: 2017.06.30: 1.40%-1.55%	-	-	109,800
ACME -			
Loan term: 2013.09-2018.09			
From September 2016, it required six monthly installments and it is set for 5 installments. Interest rate is calculated at Reuters average rate of 90-day Taiwan Bills on secondary market plus a floating rate.			
Annual rate: 2017.06.30: 1.39%	-	-	130,200

(Continued)

		June 30, 2018	December 31, 2017	June 30, 2017
ACME -				
Loan term:	2017.09-2022.09			
Annual rate:	2018.06.30 and 2017.12.31: 1.30%	\$ 270,000	\$ 300,000	\$ -
ACME -				
Loan term:	2017.09-2019.06			
Annual rate:	2018.06.30 and 2017.12.31: 1.25%	80,000	50,000	-
UPIIC -				
Loan term:	2014.04-2019.04			
Annual rate:	2018.06.30, 2017.12.31 and 2017.06.30: 1.10%	100,000	100,000	100,000
Hua Nan Bank				
UPIIC -				
Loan term:	2017.07-2020.07			
Annual rate:	2018.06.30 and 2017.12.31: 1.10% 2017.06.30: 1.16%	100,000	100,000	400,000
Shin Kong Bank				
APC -				
Loan term:	2015.10-2018.10			
Revolving loan facility, and the principal is paid at maturity.				
Annual rate:	2018.06.30: 1.02% 2017.12.31: 1.00% 2017.06.30: 1.25%	450,000	450,000	450,000
Yuanta Bank				
APC -				
Loan term:	2015.10-2021.01			
Revolving loan facility, and the principal is paid at maturity.				
Annual rate:	2018.06.30 and 2017.12.31: 1.15% 2017.06.30: 1.20%	500,000	500,000	50,000
SinoPac Bank				
APC-				
Loan term:	2017.08-2020.06			
Revolving loan facility, and the principal is paid at maturity.				
Annual rate:	2018.06.30, 2017.12.31 and 2017.06.30: 1.05%	500,000	500,000	500,000
UPIIC -				
Loan term:	2017.03-2020.06			
Annual rate:	2018.06.30, 2017.12.31 and 2017.06.30: 1.08%	300,000	300,000	300,000

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
First Commercial Bank			
APC -			
Credit line: \$500,000 thousand			
Loan term: 2017.12.31-2020.12			
Revolving loan facility, and the principal is paid at maturity.			
Annual rate: 1.04%	\$ 400,000	\$ 400,000	\$ -
	<u>7,577,600</u>	<u>7,502,800</u>	<u>7,368,000</u>
Commercial paper			
ACME -			
O-Bank promised, China Bills underwrote.			
Loan term: 2017.10-2020.10			
Annual discount rate: 2018.06.30: 1.41%; 2017.12.31: 1.348%	200,000	200,000	-
Amortized discount on bills payable.	<u>(77)</u>	<u>(52)</u>	<u>-</u>
	<u>199,923</u>	<u>199,948</u>	<u>-</u>
	7,777,523	7,702,748	7,368,000
Current portions	<u>(904,400)</u>	<u>(799,600)</u>	<u>(1,190,400)</u>
	<u>\$ 6,873,123</u>	<u>\$ 6,903,148</u>	<u>\$ 6,177,600</u> (Concluded)

UPIIC had offered its 32,500 thousand shares in APC, 27,500 thousand shares in CGPC and 27,500 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, 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 are not met. As of June 30, 2018, the subsidiaries did not violate the requirements.

23. BONDS PAYABLE

	June 30, 2018	December 31, 2017	June 30, 2017
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	\$ 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	1,000,000
			(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
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	\$ 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>	<u>-</u>
	6,000,000	6,000,000	4,000,000
Less: Discounts on bonds payable	<u>(8,618)</u>	<u>(9,833)</u>	<u>(6,178)</u>
	<u>\$ 5,991,382</u>	<u>\$ 5,990,167</u>	<u>\$ 3,993,822</u>
			(Concluded)

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

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

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

24. NOTES AND ACCOUNTS PAYABLE

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Operating</u>			
Notes payable	\$ 544	\$ 360	\$ 183
Accounts payable	<u>3,939,146</u>	<u>3,965,084</u>	<u>3,553,625</u>
	<u>\$ 3,939,690</u>	<u>\$ 3,965,444</u>	<u>\$ 3,553,808</u>

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

25. OTHER LIABILITIES

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 509,713	\$ 755,412	\$ 468,396
Payables for water and electricity	215,014	147,131	217,799
Payables for purchases of equipment	118,677	237,632	103,558
Payables for fares	171,103	104,684	174,169
Payables for interest	41,142	40,219	25,722
Payables for insurance	25,962	17,516	25,533
Payables for fuel fees	16,786	19,192	18,027
Others	<u>556,462</u>	<u>628,773</u>	<u>699,048</u>
	<u>1,654,859</u>	<u>1,950,559</u>	<u>1,732,252</u>
Other liabilities			
Refund liabilities	<u>44,153</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,699,012</u>	<u>\$ 1,950,559</u>	<u>\$ 1,732,252</u>

26. PROVISIONS

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Current</u>			
Provision for customer returns and rebates (a)	<u>\$ -</u>	<u>\$ 32,205</u>	<u>\$ 22,286</u>
<u>Non-current</u>			
Litigation provision (b)	<u>\$ 136,064</u>	<u>\$ -</u>	<u>\$ -</u>

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

	For the Six Months Ended June 30, 2017
Balance at January 1	\$ 23,041
Additional provision recognized	4,954
Actual occurrence	<u>(5,709)</u>
Balance at June 30	<u>\$ 22,286</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 year in which the related goods are sold.

Since the years of 2018, the provision for customer returns and rebates are recognized as Refund liabilities in accordance with IFRS 15.

b. Litigation provision

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

27. RETIREMENT BENEFIT PLANS

Related retirement benefit expenses of defined benefit plans for the six months ended June 30, 2018 and 2017 were calculated based on the annual retirement cost rate for the respective year ended December 31, 2017 and 2016 and were recognized as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2018	2017	2018	2017
Operating costs	\$ 11,739	\$ 13,727	\$ 23,746	\$ 27,924
Selling and marketing expenses	1,326	1,462	2,627	2,952
General and administrative expenses	2,310	2,966	4,660	5,656
Research and development expenses	472	582	935	1,177
Other gains and losses	<u>80</u>	<u>82</u>	<u>162</u>	<u>194</u>
	<u>\$ 15,927</u>	<u>\$ 18,819</u>	<u>\$ 32,130</u>	<u>\$ 37,903</u>

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.

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.

As of June 30, 2018, December 31, 2017 and June 30, 2017, the amount of deferred income (accounted for as other current liabilities) that had not been amortized was RMB9,688 thousand (NT\$44,599 thousand), RMB11,958 thousand (NT\$54,461 thousand) and RMB12,249 thousand (NT\$55,001 thousand), respectively.

29. EQUITY

	June 30, 2018	December 31, 2017	June 30, 2017
Share capital	\$ 11,887,635	\$ 11,654,544	\$ 11,654,544
Capital surplus	249,575	238,194	234,690
Retained earnings	6,785,790	6,738,561	6,172,640
Other equity items	85,026	(31,286)	3,392
Treasury shares	(475,606)	(475,606)	(475,606)
Non-controlling interests	<u>17,444,320</u>	<u>16,684,012</u>	<u>15,108,149</u>
	<u>\$ 35,976,740</u>	<u>\$ 34,808,419</u>	<u>\$ 32,697,809</u>

a. Share capital

	June 30, 2018	December 31, 2017	June 30, 2017
Number of shares authorized (in thousands)	<u>1,342,602</u>	<u>1,342,602</u>	<u>1,342,602</u>
Shares authorized	<u>\$ 13,426,024</u>	<u>\$ 13,426,024</u>	<u>\$ 13,426,024</u>
Number of shares issued and fully paid (in thousands)	<u>1,165,454</u>	<u>1,165,454</u>	<u>1,142,602</u>
Shares issued	<u>\$ 11,654,544</u>	<u>\$ 11,654,544</u>	<u>\$ 11,426,024</u>
Number of shares dividends to be distributed	<u>23,309</u>	<u>-</u>	<u>22,852</u>
Shares dividends to be distributed	<u>\$ 233,091</u>	<u>\$ -</u>	<u>\$ 228,520</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 shareholders in the regular shareholders' meeting resolved to issue 22,852 thousand ordinary shares as share dividends appropriated from earnings, with a par value of \$10, which increased the share capital issued and fully paid to \$11,654,544 thousand. On June 22, 2017, this transaction was approved by the FSC, and the subscription base date was determined as at August 4, 2017 by the board of directors. The Company finished the change of registration on August 31, 2017.

On June 5, 2018, the Company's shareholders in the 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.

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

d. Other equity items

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

	For the Six Months Ended	
	June 30	
	2018	2017
Balance at January 1	\$ (190,880)	\$ 8,204
Effect of tax rate changes	(1,948)	-

(Continued)

	For the Six Months Ended June 30	
	2018	2017
Recognized during the period		
Exchange differences on translating foreign operations	\$ 91,397	\$ (252,220)
Related income tax	<u>(15,679)</u>	<u>31,505</u>
Balance at June 30	<u>\$ (117,110)</u>	<u>\$ (212,511)</u> (Concluded)
2) Unrealized gain (loss) on available-for-sale financial assets		
Balance at January 1, 2017		\$ 77,535
Recognized during the period		
Unrealized gain on revaluation of available-for-sale financial assets		131,824
Related income tax		131
Reclassification adjustments		
Disposal of available-for-sale financial assets		<u>6,413</u>
Balance at June 30, 2017		<u>\$ 215,903</u>
Balance at January 1, 2018 per IAS 39		\$ 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 Six Months Ended June 30, 2018
Balance at January 1 per IAS 39		\$ -
Adjustment on initial application of IFRS 9		<u>190,426</u>
Balance at January 1 per IFRS 9		190,426
Effect of tax rate changes		(22)
Recognized during the period		
Unrealized gain		
Equity instruments		83,639
Related income tax		(669)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals		<u>(71,238)</u>
Balance at June 30		<u>\$ 202,136</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2018	2017
Balance at January 1 per IAS 39	\$ 16,684,012	\$ 14,292,690
Adjustment on initial application of IFRS 9	44,007	-
Balance at January 1 per IFRS 9	16,728,019	14,292,690
Cash dividends of subsidiaries' shareholders	(615,849)	(807,986)
Share of profit for the period	1,140,735	700,824
Other comprehensive income (loss) for the period		
Effect of tax rate changes	7,785	-
Exchange difference on translating foreign operations	76,442	(232,296)
Income tax relating to exchange difference on translating foreign operations	(7,519)	17,884
Unrealized gain on available-for-sale financial assets	-	59,334
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	-	(674)
Income tax relating to unrealized loss on available-for-sale financial assets	-	274
Unrealized gain on financial assets at FVTOCI	113,364	-
Income tax relating to unrealized gain on financial assets at FVTOCI	(1,403)	-
Adjustments relating to changes accounted for using the equity method	1,042	22,873
Non-controlling interests arising from acquisition of subsidiaries	-	1,053,211
Changes in non-controlling interests	1,704	2,015
Balance at June 30	<u>\$ 17,444,320</u>	<u>\$ 15,108,149</u>

f. Treasury shares

Purpose of Buy-back	Number of Shares at January 1 (In Thousands of Shares)	Increase During the Period	Decrease During the Period	Number of Shares at June 30 (In Thousands of Shares)
For the six months ended <u>June 30, 2018</u>				
Shares held by subsidiaries	<u>114,182</u>	-	-	<u>114,182</u>
For the six months ended <u>June 30, 2017</u>				
Shares held by subsidiaries	<u>111,943</u>	-	-	<u>111,943</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>June 30, 2018</u>			
Asia Polymer Corporation ("APC")	99,368	\$ 1,377,381	\$ 1,376,251
Taita Chemical Company, Limited ("TTC")	14,814	<u>81,875</u>	<u>205,169</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,581,420</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>
<u>June 30, 2017</u>			
Asia Polymer Corporation ("APC")	97,420	\$ 1,377,381	\$ 1,461,299
Taita Chemical Company, Limited ("TTC")	14,523	<u>81,875</u>	<u>217,847</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,679,146</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 June 30, 2018. The carrying amount of investments accounted for using the equity method was reduced, and the unrealized gain (loss) on financial assets at FVTOCI resulted in a loss of \$44,846 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 and June 30, 2017. The carrying amount of investments accounted for using the equity method was reduced, and the unrealized gain (loss) on available-for-sale financial assets resulted in losses of \$140,670 thousand and \$77,008 thousand, respectively.

30. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Products sales revenue				
Plastic materials	\$ 14,899,211	\$ 13,221,022	\$ 28,861,588	\$ 26,428,291
Electronic materials	621,607	593,506	1,197,011	1,140,350
Others	<u>141,515</u>	<u>147,681</u>	<u>273,880</u>	<u>296,137</u>
	<u>\$ 15,662,333</u>	<u>\$ 13,962,209</u>	<u>\$ 30,332,479</u>	<u>\$ 27,864,778</u>

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

31. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Owners of the Company	\$ 278,270	\$ 225,968	\$ 525,982	\$ 521,335
Non-controlling interests	<u>569,425</u>	<u>279,779</u>	<u>1,138,126</u>	<u>701,491</u>
	<u>\$ 847,695</u>	<u>\$ 505,747</u>	<u>\$ 1,664,108</u>	<u>\$ 1,222,826</u>

Net profit from continuing operations includes the following:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest income				
Bank deposits	\$ 26,111	\$ 21,534	\$ 47,680	\$ 44,598
Financial assets at FVTPL	14,319	19,549	15,098	20,306
Financial assets at amortized cost	5,927	-	6,005	-
Debt investments with no active market	-	528	-	865
Others	<u>384</u>	<u>733</u>	<u>614</u>	<u>1,072</u>
	46,741	42,344	69,397	66,841
Dividend income	38,559	71,492	38,559	71,492
Rental income	13,155	12,667	18,123	22,102
Grant income	24,786	27,940	27,777	28,432
Others	<u>12,042</u>	<u>63,326</u>	<u>104,224</u>	<u>99,701</u>
	<u>\$ 135,283</u>	<u>\$ 217,769</u>	<u>\$ 258,080</u>	<u>\$ 288,568</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Gain on disposal of biological assets	\$ -	\$ -	\$ 13,735	\$ -
Gain on disposal of land use rights	262,617	-	262,617	-
Gain on disposal of property, plant and equipment	2,981	987	5,479	4,428

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Loss on disposal of property, plant and equipment	\$ (9,037)	\$ (1,420)	\$ (9,651)	\$ (1,983)
Net gain (loss) on disposal of financial instruments	15,122	(25,237)	18,298	7,724
Net foreign exchange gains (losses)	70,597	76,513	66,216	(150,986)
Net loss on financial assets at FVTPL	(50,072)	(11,894)	(8,867)	(31,002)
Net gain (loss) on financial liabilities at FVTPL	6,287	(9,554)	(3,354)	(32,360)
Net loss on claims	(119,576)	-	(77,525)	-
Impairment losses (recognized) reversed on non-financial assets	(2,245)	690	(4,305)	(1,781)
Other gains and losses	<u>12,820</u>	<u>(32,329)</u>	<u>(57,508)</u>	<u>(72,955)</u>
	<u>\$ 189,494</u>	<u>\$ (2,244)</u>	<u>\$ 205,135</u>	<u>\$ (278,915)</u> (Concluded)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest on bank loans	\$ 45,772	\$ 52,119	\$ 91,819	\$ 100,593
Interest on bonds payable	18,733	14,327	37,465	26,009
Other interest expense	26	396	39	523
Less: Capitalized interest (included in construction in progress)	<u>(6,809)</u>	<u>(7,017)</u>	<u>(12,945)</u>	<u>(9,774)</u>
	<u>\$ 57,722</u>	<u>\$ 59,825</u>	<u>\$ 116,378</u>	<u>\$ 117,351</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Capitalized interest	\$ 6,809	\$ 7,017	\$ 12,945	\$ 9,774
Capitalization rate	0.87%-1.48%	0.94%-1.76%	0.87%-1.48%	0.94%-1.76%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Property, plant and equipment	\$ 489,387	\$ 463,308	\$ 971,635	\$ 909,981
Investment properties	2,498	827	3,226	1,683
Intangible assets	9,143	15,408	24,345	32,038
Others	<u>6,681</u>	<u>3,748</u>	<u>15,198</u>	<u>11,655</u>
	<u>\$ 507,709</u>	<u>\$ 483,291</u>	<u>\$ 1,014,404</u>	<u>\$ 955,357</u>
An analysis of depreciation by function				
Operating costs	\$ 462,772	\$ 422,905	\$ 916,414	\$ 841,784
Operating expenses	25,332	38,427	50,956	64,296
Other gains and losses	<u>3,781</u>	<u>2,803</u>	<u>7,491</u>	<u>5,584</u>
	<u>\$ 491,885</u>	<u>\$ 464,135</u>	<u>\$ 974,861</u>	<u>\$ 911,664</u>
An analysis of amortization by function				
Operating costs	\$ 5,563	\$ 6,844	\$ 13,092	\$ 13,686
General and administrative expenses	8,594	3,567	18,646	17,397
Research and development expenses	<u>1,667</u>	<u>8,745</u>	<u>7,805</u>	<u>12,610</u>
	<u>\$ 15,824</u>	<u>\$ 19,156</u>	<u>\$ 39,543</u>	<u>\$ 43,693</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Post-employment benefits (Note 27)				
Defined contribution plans	\$ 35,389	\$ 35,171	\$ 69,989	\$ 64,420
Defined benefit plans	<u>15,927</u>	<u>18,819</u>	<u>32,130</u>	<u>37,903</u>
	51,316	53,990	102,119	102,323
Other employee benefits	<u>1,027,098</u>	<u>1,007,545</u>	<u>2,095,505</u>	<u>1,998,535</u>
Total employee benefits expense	<u>\$ 1,078,414</u>	<u>\$ 1,061,535</u>	<u>\$ 2,197,624</u>	<u>\$ 2,100,858</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 727,253	\$ 691,097	\$ 1,485,943	\$ 1,452,212
Operating expenses	346,897	365,994	702,479	639,349
Non-operating income and expenses	<u>4,264</u>	<u>4,444</u>	<u>9,202</u>	<u>9,297</u>
	<u>\$ 1,078,414</u>	<u>\$ 1,061,535</u>	<u>\$ 2,197,624</u>	<u>\$ 2,100,858</u>

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, which were accrued by the Company's board of directors, were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2018	2017
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.44%	0.57%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Employees' compensation	<u>\$ 3,563</u>	<u>\$ 2,828</u>	<u>\$ 6,260</u>	<u>\$ 6,105</u>
Remuneration of directors	<u>\$ 1,375</u>	<u>\$ 1,740</u>	<u>\$ 2,750</u>	<u>\$ 3,490</u>

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.

The appropriations of employees' compensation and remuneration of directors for 2017 and 2016 as resolved by the board of directors on March 13, 2018 and March 16, 2017, respectively, were as follows:

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

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 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Foreign exchange gains	\$ 169,951	\$ 136,189	\$ 297,781	\$ 205,096
Foreign exchange losses	<u>(99,354)</u>	<u>(59,676)</u>	<u>(231,565)</u>	<u>(356,082)</u>
	<u>\$ 70,597</u>	<u>\$ 76,513</u>	<u>\$ 66,216</u>	<u>\$ (150,986)</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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Current tax				
In respect of the current period	\$ 230,622	\$ 105,771	\$ 380,078	\$ 312,495
Adjustments for prior years	<u>9,912</u>	<u>(5,015)</u>	<u>3,558</u>	<u>(5,015)</u>
	<u>240,534</u>	<u>100,756</u>	<u>383,636</u>	<u>307,480</u>
Deferred tax				
In respect of the current period	102,998	91,798	195,791	95,312
Adjustments for prior years	(17,140)	2,362	(14,044)	(4,840)
Tax rates changes	<u>19,951</u>	<u>-</u>	<u>(34,960)</u>	<u>-</u>
	<u>105,809</u>	<u>94,160</u>	<u>146,787</u>	<u>90,472</u>
Income tax expense recognized in profit or loss	<u>\$ 346,343</u>	<u>\$ 194,916</u>	<u>\$ 530,423</u>	<u>\$ 397,952</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The effect of the change in the tax rate on deferred tax income to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
<u>Deferred tax</u>				
Effect of tax rate changes	\$ (216)	\$ -	\$ (15,279)	\$ -
In respect of the current period				
Translation of foreign operations	2,994	21,860	23,198	(49,389)
Fair value changes of available-for-sale financial assets	-	(154)	-	(405)
Fair value changes of financial assets at FVTOCI	<u>(129)</u>	<u>-</u>	<u>2,072</u>	<u>-</u>
Total income tax recognized in other comprehensive income	<u>\$ 2,649</u>	<u>\$ 21,706</u>	<u>\$ 9,991</u>	<u>\$ (49,794)</u>

c. Income tax assessments

The income tax returns of ACME, APC, APCI, CGPC, CGPCPOL, TVCM, UPIIC, CGTD, INOMA, TMC, UM, TUVK, TUVK, USIO and CLT through 2016 have been assessed by the tax authorities. The income tax returns of the Company, TTC, USIIC and SPC through 2015 have been assessed by the tax authorities.

33. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Basic and diluted earnings per share				
From continuing operations and discontinued operations	\$ 0.26	\$ 0.21	\$ 0.49	\$ 0.49
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 0.26</u>	<u>\$ 0.21</u>	<u>\$ 0.49</u>	<u>\$ 0.49</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 six months ended June 30, 2017 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017
Basic and diluted earnings per share				
From continuing operations and discontinued operations	\$ 0.21	\$ 0.50	\$ 0.21	\$ 0.49
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 0.21</u>	<u>\$ 0.50</u>	<u>\$ 0.21</u>	<u>\$ 0.49</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 Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Profit for the period attributable to owners of the Company (earnings used in the computation of basic and diluted earnings per share)	\$ 279,769	\$ 224,998	\$ 527,430	\$ 520,964
Add: Loss (gain) for the period from discounted operations used in the computation of basic earnings per share from discounted operations	<u>(1,499)</u>	<u>970</u>	<u>(1,448)</u>	<u>371</u>
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 278,270</u>	<u>\$ 225,968</u>	<u>\$ 525,982</u>	<u>\$ 521,335</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,072,298	1,072,298	1,072,298	1,072,298
Effect of potentially dilutive ordinary shares: Employees' compensation issued to employees	<u>442</u>	<u>394</u>	<u>758</u>	<u>725</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,072,740</u>	<u>1,072,692</u>	<u>1,073,056</u>	<u>1,073,023</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 six months ended June 30, 2018 and 2017. Information on employee share options which were issued is as follows:

	For the Six Months Ended June 30			
	2018		2017	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1 and June 30	<u>563</u>	\$8.2	<u>675</u>	\$10.0
Options exercisable, end of period	<u>563</u>	8.2	<u>675</u>	10.0

USIO did not have a new employee share option plan for the six months ended June 30, 2018 and 2017. Information on employee share options which were issued is as follows:

	For the Six Months Ended June 30			
	2018		2017	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1	194	\$12.1	295	\$12.1
Options expired	<u>(27)</u>	12.1	<u>(72)</u>	12.1
Balance at June 30	<u>167</u>	12.1	<u>223</u>	12.1
Options exercisable, end of period	<u>167</u>	12.1	<u>223</u>	12.1

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 in 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, Hengtai 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 a 50% interest in 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 the “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 re-signed 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 the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the Joint Venture increased from 31.75% to 66.4% (qualifying as having control) after the capital increase. Dynamic Ever Investments Limited invested in Gulei Company 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 the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the Joint Venture was 67.9% after the capital increase. Dynamic Ever Investments Limited reinvested in Gulei Company RMB576,200 thousand on August 1, 2017.

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 acquisitions 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 acquirees since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	From January 13, 2017 to June 30, 2017
Income	<u>\$ 2,018</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 June 30, 2018, December 31, 2017 and June 30, 2017, the Group's refundable deposits paid resulting from operating lease agreements were \$8,596 thousand, \$8,646 thousand and \$7,229 thousand, respectively.

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

	June 30, 2018	December 31, 2017	June 30, 2017
Not later than 1 year	\$ 32,644	\$ 33,475	\$ 29,618
Later than 1 year and not later than 5 years	<u>44,497</u>	<u>59,575</u>	<u>23,601</u>
	<u>\$ 77,141</u>	<u>\$ 93,050</u>	<u>\$ 53,219</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 June 30, 2018, December 31, 2017 and June 30, 2017, the Group's guarantee deposits received resulting from operating lease agreements were \$11,407 thousand, \$11,304 thousand and \$13,292 thousand, respectively.

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

	June 30, 2018	December 31, 2017	June 30, 2017
Not later than 1 year	\$ 22,602	\$ 19,844	\$ 22,965
Later than 1 year and not later than 5 years	<u>28,128</u>	<u>30,598</u>	<u>40,158</u>
	<u>\$ 50,730</u>	<u>\$ 50,442</u>	<u>\$ 63,123</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 reporting date.

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 reliably measured.

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

1) Fair value hierarchy

June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 8,268	\$ -	\$ 8,268
Domestic listed shares and over-the-counter shares	215,988	-	-	215,988
Mutual funds	2,947,129	-	-	2,947,129
Beneficiary certificates	2,047,532	-	-	2,047,532
Foreign listed shares	<u>907</u>	<u>-</u>	<u>-</u>	<u>907</u>
	<u>\$ 5,211,556</u>	<u>\$ 8,268</u>	<u>\$ -</u>	<u>\$ 5,219,824</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 1,912,269	\$ -	\$ -	\$ 1,912,269
Domestic emerging market shares	-	-	10,896	10,896
Domestic unlisted shares	-	-	608,856	608,856
Foreign listed shares and over-the-counter shares	8,127	-	-	8,127
Foreign unlisted shares	-	-	175,503	175,503
	<u>\$ 1,920,396</u>	<u>\$ -</u>	<u>\$ 795,255</u>	<u>\$ 2,715,651</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 17,335</u>	<u>\$ -</u>	<u>\$ 17,335</u>

(Concluded)

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	-	-	7,589	7,589
	<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>

June 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 4,067	\$ -	\$ 4,067
Non-derivative financial assets held for trading	<u>7,239,809</u>	<u>-</u>	<u>-</u>	<u>7,239,809</u>
	<u>\$ 7,239,809</u>	<u>\$ 4,067</u>	<u>\$ -</u>	<u>\$ 7,243,876</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	\$ 2,301,060	\$ -	\$ -	\$ 2,301,060
Foreign listed shares and over-the-counter shares	14,701	-	-	14,701
Domestic emerging market shares	-	-	6,462	6,462
	<u>\$ 2,315,761</u>	<u>\$ -</u>	<u>\$ 6,462</u>	<u>\$ 2,322,223</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 24,170</u>	<u>\$ -</u>	<u>\$ 24,170</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 Six Months Ended June 30, 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)	19,395
Return of capital	<u>(4,029)</u>
Balance at June 30	<u>\$ 795,255</u>

	For the Six Months Ended June 30, 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>243</u>
Balance at June 30	<u>\$ 6,462</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 results close to that of the market state and reviews such results periodically to ensure that they are reasonable. The fair values of domestic unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of its observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by \$7,953 thousand.

c. Categories of financial instruments

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets</u>			
Financial assets at FVTPL			
Held for trading	\$ -	\$ 5,315,894	\$ 7,243,876
Financial assets mandatory classified as at FVTPL	5,219,824	-	-
Loans and receivables			
Cash and cash equivalents	-	8,473,862	9,256,626
Debt investments with no active market	-	737,942	911,869
Notes receivable	-	1,118,070	979,787
Accounts receivable	-	6,950,029	5,964,366
Other receivables (including related parties)	-	344,305	309,387
Refundable deposits	-	140,530	145,516
Available-for-sale financial assets (including financial assets measured at cost)	-	2,753,689	3,120,435
Financial assets measured at amortized cost			
Cash and cash equivalents	9,564,637	-	-
Pledged time deposits	715,028	-	-
Notes receivable	1,086,344	-	-
Accounts receivable	7,061,951	-	-
Other receivables (including related parties)	269,393	-	-
Refundable deposits	143,799	-	-
Financial assets at FVTOCI - equity instrument investments	2,956,343	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	17,335	7,883	24,170
Financial liabilities measured at amortized cost			
Short-term borrowings	3,898,406	3,752,268	7,066,026
Short-term bills payable	1,838,463	1,684,506	1,454,635
Notes payable and accounts payable	3,939,690	3,965,444	3,553,808
Dividends payable	875,169	21,537	1,176,433
Other payables (including related parties)	1,654,859	1,950,559	1,732,252
Current portion of long-term borrowings	904,400	799,600	1,190,400
Bonds payable	5,991,382	5,990,167	3,993,822
Long-term borrowings	6,873,123	6,903,148	6,177,600
Guarantee deposits received	16,114	13,039	11,204

d. Financial risk management objectives and policies

The Group's risk control 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 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 trade foreign exchange forward contracts for speculative purposes.

The carrying amounts at the end of the reporting period of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 43 and of the derivatives which expose the Group to foreign currency risk are set out in Note 7.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (for US dollar denominated items). When the Group's functional currency against the US dollar appreciates/depreciates by 3%, the Group's profit before tax for the six months ended June 30, 2018 will decrease/increase \$89,669 thousand; the profit before tax for the six months ended June 30, 2017 will decrease/increase \$52,253 thousand.

Because this sensitivity analysis is based on the computation of foreign currency exposure at the 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 amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Fair value interest rate risk			
Financial assets	\$ 7,979,644	\$ 7,153,928	\$ 7,842,781
Financial liabilities	11,798,017	11,364,719	10,547,558
Cash flow interest rate risk			
Financial assets	1,985,465	1,889,029	1,875,871
Financial liabilities	7,707,757	7,764,970	9,334,925

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 rates. 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 six months ended June 30, 2018 and 2017 would have decreased/increased by \$14,306 thousand and \$18,648 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 six months ended June 30, 2018 would have increased/decreased by \$260,578 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2018 would have increased/decreased by \$135,783 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 six months ended June 30, 2017 would have increased/decreased by \$361,990 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the six months ended June 30, 2017 would have increased/decreased by \$116,111 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 receivables 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. As of the 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 sheets.

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.

June 30, 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		\$ 6,469,718	\$ -	\$ -
Floating interest rate liabilities	0.50-4.35	2,717,757	4,990,000	-
Fixed interest rate liabilities	0.40-1.90	<u>3,923,435</u>	<u>7,874,582</u>	-
		<u>\$ 13,110,910</u>	<u>\$ 12,864,582</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>

June 30, 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		\$ 6,462,493	\$ -	\$ -
Floating interest rate liabilities	0.60-4.35	4,634,925	4,700,000	-
Fixed interest rate liabilities	0.40-1.57	<u>4,176,136</u>	<u>3,376,625</u>	<u>2,994,797</u>
		<u>\$ 15,273,554</u>	<u>\$ 8,076,625</u>	<u>\$ 2,994,797</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.

June 30, 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	\$ 508,799	\$ 1,459,921	\$ 18,695
Outflows	<u>(512,512)</u>	<u>(1,467,944)</u>	<u>(19,708)</u>
	<u>\$ (3,713)</u>	<u>\$ (8,023)</u>	<u>\$ (1,013)</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>

June 30, 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	\$ 1,323,503	\$ 931,269	\$ -
Outflows	<u>(1,325,932)</u>	<u>(880,442)</u>	<u>-</u>
	<u>\$ (2,429)</u>	<u>\$ (50,827)</u>	<u>\$ -</u>

c) Financing facilities

The Group relies on bank loans as a significant source of liquidity. The unused amounts of bank loan facilities were as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Bank loan facilities			
Amount unused	<u>\$ 23,882,347</u>	<u>\$ 23,835,609</u>	<u>\$ 18,059,048</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 (a subsidiary and included in the consolidated financial statements since January 13, 2017)
Fujian Gulei Petrochemical Co., Ltd.	Joint venture
USI Education Foundation	Other related party

b. Donations expense (classified as general and administrative expenses)

<u>Related Party Category/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2018	2017	2018	2017
Other related party				
USI Education Foundation	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 6,500</u>	<u>\$ 5,000</u>

c. Management services income (classified as other income)

<u>Related Party Category/Name</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2018	2017	2018	2017
Joint venture	<u>\$ 6,105</u>	<u>\$ -</u>	<u>\$ 13,230</u>	<u>\$ -</u>

d. Other receivables

<u>Related Party Category/Name</u>	June 30, 2018	December 31, 2017	June 30, 2017
Joint venture	<u>\$ 11,938</u>	<u>\$ 14,642</u>	<u>\$ -</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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Short-term employee benefits	\$ 11,484	\$ 12,751	\$ 21,856	\$ 23,781
Post-employment benefits	<u>81</u>	<u>162</u>	<u>162</u>	<u>324</u>
	<u>\$ 11,565</u>	<u>\$ 12,913</u>	<u>\$ 22,018</u>	<u>\$ 24,105</u>

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

40. ASSETS PLEDGED AS COLLATERAL

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

	June 30, 2018	December 31, 2017	June 30, 2017
Pledged time deposits (classified as financial assets measured at amortized cost)	\$ 715,028	\$ -	\$ -
Pledged time deposits (classified as debt investments with no active market)	-	737,943	732,253
Equity shares	1,790,375	1,998,724	2,378,000
Property, plant and equipment	4,442,981	4,537,237	5,097,926
Investment properties, net	108,178	108,178	108,178
Land use rights (classified as long-term prepayments for leases)	75,116	37,809	256,933
Refundable deposits (classified as other non-current assets)	<u>40,326</u>	<u>521,455</u>	<u>39,938</u>
	<u>\$ 7,172,004</u>	<u>\$ 7,941,346</u>	<u>\$ 8,613,228</u>

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- As of June 30, 2018, December 31, 2017 and June 30, 2017, the Group's unused letters of credit amounted to \$3,184,328 thousand, \$4,002,441 thousand and \$3,749,425 thousand, respectively.
- 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 to appealed against the judgment.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,028 thousand, interest included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan. 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 July 2018, the provisionally attached property was worth \$148,596 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 victims, 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 63 seriously injured victim's families.

As of July 31, 2018, the families of the victims and seriously injured victims had written letters or filed civil (and criminal) procedures against CGTD, LCY Chemical Corp. and CPC Corporation, Taiwan for compensation. Along with the above-mentioned compensation, the accumulated amount of compensation is \$3,975,578 thousand. Some related civil cases with a total amount of compensation of \$1,146,623 thousand were granted their first instance judgment as of June 22, 2018, and the proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp and CGTD is 4:3:3. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about \$384,545 thousand, among which \$380,502 thousand was deducted by the portion which the Kaohsiung City Government should afford and among which \$191,464 thousand was estimated to be the portion of compensation that CGTD should afford according to the judgment of the first instance. CGTD appealed against the judgment. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of \$136,064 thousand based on its fault liability in the first instance judgment. The actual payment of CGTD depends on the judgment of the civil procedures of the remaining civil cases.

42. SIGNIFICANT CONTRACTS

- a. TVCM along with Formosa Plastics Corporation, Sabic Asia Pacific PTE. Ltd., Mitsubishi Corp., Mitsui Corp., Tricon Energy Ltd. and Marubeni Corp. signed dichloromethane purchase agreements in which the purchase prices are calculated by the buyers and sellers in accordance with a pricing formula.

b. Significant operating contracts

CGTD is commissioned to operate the storage and transportation of any item 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 the individually commissioned companies.

<u>Commissioned Company</u>	<u>Operating 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 relevant contract 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

	<u>June 30, 2018</u>				
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 162,083	30.46	(USD:NTD)	\$ 4,923,772	\$ 4,923,772
USD	8,182	6.62	(USD:RMB)	54,099	56,958
USD	3,160	4.19	(USD:MYR)	12,657	12,657
RMB	224,774	4.60	(RMB:NTD)	1,035,979	1,035,979
JPY	76,906	0.28	(JPY:NTD)	21,180	21,180
AUD	748	22.50	(AUD:NTD)	16,830	16,830
EUR	441	35.40	(EUR:NTD)	15,601	15,601
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	1,158,224	0.15	(RMB:USD)	175,048	5,331,969

(Continued)

June 30, 2018					
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency liabilities</u>					
Monetary items					
USD	\$ 59,977	30.46	(USD:NTD)	\$ 1,826,937	\$ 1,826,937
USD	26,822	6.62	(USD:RMB)	177,473	177,473
RMB	95,158	4.60	(RMB:NTD)	438,072	438,072
					(Concluded)

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

<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

June 30, 2017					
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 132,746	30.42	(USD:NTD)	\$ 4,038,113	\$ 4,038,113
USD	6,969	6.77	(USD:RMB)	47,213	212,008
USD	4,017	4.47	(USD:MYR)	17,967	122,199
RMB	141,984	4.49	(RMB:NTD)	637,565	637,565
RMB	101,906	0.15	(RMB:USD)	15,043	457,605
AUD	909	23.29	(AUD:NTD)	21,226	21,226
					(Continued)

	June 30, 2017				
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	\$ 573,562	0.15	(RMB:USD)	\$ 84,666	\$ 2,575,541
Prepaid investments					
RMB	39,882	0.15	(RMB:USD)	6,399	194,643
<u>Foreign currency liabilities</u>					
Monetary items					
USD	56,477	30.42	(USD:NTD)	1,718,040	1,718,040
USD	28,626	6.77	(USD:RMB)	193,923	870,796
USD	1,371	4.47	(USD:MYR)	6,134	41,721
RMB	25,683	4.49	(RMB:NTD)	115,328	115,328
RMB	12,737	0.15	(RMB:USD)	1,880	57,196
EUR	1,004	34.72	(EUR:NTD)	34,871	34,871
					(Concluded)

Realized and unrealized net foreign exchange gains (losses) for the three months ended June 30, 2018 and 2017 were \$70,597 thousand and \$76,513 thousand, respectively, and for the six months ended June 30, 2018 and 2017 were \$66,216 thousand and \$(150,986) 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 investments 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. (Notes 7 and 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) The following information on 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 their 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 about allocated resources and assessed segment information which focuses 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 Six Months Ended June 30, 2018						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 5,859,282	\$ 7,822,558	\$ 10,788,137	\$ 1,197,011	\$ 2,961,396	\$ 2,530,600	\$ 31,158,984
Interest income	10,256	8,485	8,493	7,826	11,626	22,711	69,397
Interest expense	(25,284)	(5,234)	(26,183)	(11,946)	(20,800)	(26,931)	(116,378)
Depreciation and amortization	(218,148)	(261,731)	(96,828)	(110,431)	(145,776)	(187,998)	(1,020,912)
Reportable segment profit before tax	617,012	1,216,350	504,376	256,082	183,834	371,866	3,149,520
Reportable segment tax expense	(89,582)	(218,463)	(122,172)	(31,217)	(22,516)	(46,473)	(530,423)
Reportable segment net profit	527,430	997,887	382,204	224,865	161,318	325,393	2,619,097

For the Six Months Ended June 30, 2017							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 5,606,882	\$ 7,314,603	\$ 9,137,300	\$ 1,161,819	\$ 3,097,143	\$ 2,349,707	\$ 28,667,454
Interest income	13,964	9,147	7,856	3,571	9,812	22,491	66,841
Interest expense	(18,853)	(7,498)	(24,167)	(15,917)	(21,015)	(29,901)	(117,351)
Depreciation and amortization	(189,309)	(220,847)	(92,908)	(129,378)	(146,325)	(182,829)	(961,596)
Reportable segment profit (loss) before tax	600,895	836,192	48,125	(19,793)	382,890	422,920	2,271,229
Reportable segment tax expense	(79,931)	(157,187)	(21,803)	(29,445)	(58,136)	(51,450)	(397,952)
Reportable segment net profit (loss)	520,964	679,005	26,322	(49,238)	324,754	371,470	1,873,277

b. Reportable segment income and other major adjusted of items

1) Segment income and operating results

	For the Six Months Ended June 30	
	2018	2017
Reportable segment net profit before tax	\$ 2,777,654	\$ 1,848,309
Reportable segment tax expense	(483,950)	(346,502)
Reportable segment profit after tax	2,293,704	1,501,807
Other non-reportable segment profit	325,393	371,470
Less: Profit between segments	(954,989)	(650,451)
Profit from continuing operations	1,664,108	1,222,826
Profit or loss from discontinued operations	4,057	(1,038)
Net profit after tax	<u>\$ 1,668,165</u>	<u>\$ 1,221,788</u>

2) Other significant items' reconciliation

For the Six Months Ended June 30, 2018								
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 10,256	\$ 8,485	\$ 8,493	\$ 7,826	\$ 11,626	\$ 22,711	\$ -	\$ 69,397
Interest expense	(25,284)	(5,234)	(26,183)	(11,946)	(20,800)	(26,931)	-	(116,378)
Depreciation and amortization	(218,148)	(261,731)	(96,828)	(110,431)	(145,776)	(187,998)	444	(1,020,468)

For the Six Months Ended June 30, 2017								
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 13,964	\$ 9,147	\$ 7,856	\$ 3,571	\$ 9,812	\$ 22,491	\$ -	\$ 66,841
Interest expense	(18,853)	(7,498)	(24,167)	(15,917)	(21,015)	(29,901)	-	(117,351)
Depreciation and amortization	(189,309)	(220,847)	(92,908)	(129,378)	(146,325)	(182,829)	444	(961,152)

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.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

FINANCING PROVIDED TO OTHERS**FOR THE SIX MONTHS ENDED JUNE 30, 2018****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 4)	Actual Borrowing Amount (Notes 2 and 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 (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Acme Electronics Corporation	Golden Amber Enterprises Ltd.	Other receivables - related parties	Yes	\$ 21,322 (US\$ 700 thousand)	\$ 21,322 (US\$ 700 thousand)	\$ 21,322 (US\$ 700 thousand)	3.24814	2	\$ -	Business turnover	\$ -	-	-	\$ 592,120	\$ 592,120
		ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	203,910 (US\$ 7,000 thousand)	152,300 (US\$ 5,000 thousand)	152,300 (US\$ 5,000 thousand)	2.15678- 3.36156	2	-	Business turnover	-	-	-	592,120	592,120
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	224,122 (RMB 48,000 thousand)	220,973 (RMB 48,000 thousand)	51,782 (US\$ 1,700 thousand)	2.34861- 4.785	2	-	Business turnover	-	-	-	592,120	592,120

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 June 30, 2018.

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

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 June 30, 2018.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation (SPC))

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 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 (Note 3)	Actual Borrowing Amount (Notes 3 and 4)	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	A.S. Holding (UK) Limited	Long-term receivables - related parties	Yes	\$ 9,104	\$ 9,104	\$ 9,104	-	1	\$ -	-	\$ -	-	-	\$ 178,542	\$ 357,084
		Swanson Plastics (India) Private Limited	Long-term receivables - related parties	Yes	85,425	37,249	37,249	-	1	334	-	-	-	-	178,542	357,084
		Swanson International Ltd.	Other receivables - related parties	Yes	94,578	94,578	94,578	-	2	-	Business turnover	-	-	-	178,542	357,084
		Swanson Plastics (Nantong) Co., Ltd.	Long-term receivables - related parties	Yes	125,815	125,815	125,815	-	1	-	-	-	-	-	178,542	357,084
2	Swanson Plastic (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	84,062	82,865	82,865	4.35	2	-	Business turnover	-	-	-	932,532	932,532
3	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Nantong) Co., Ltd.	Other receivables -related parties	Yes	46,701	46,036	46,036	4.35	2	-	Business turnover	-	-	-	532,694	532,694
		Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	107,412	105,883	105,883	4.35	2	-	Business turnover	-	-	-	532,694	532,694
3	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	110,897	110,897	110,897	-	1	-	-	-	-	-	321,753	321,753
		PT Swanson Plastics Indonesia	Other receivables - related parties	Yes	77,217	77,217	77,217	-	1	-	-	-	-	-	321,753	321,753

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 foreign currency amount is calculated using the spot exchange rate of June 30, 2018.

Note 4: The ending balance of the consolidated financial statements is already written-off.

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

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 121,840 (US\$ 4,000 thousand)	\$ 121,840	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 355,751	\$ 355,751

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 June 30, 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 June 30, 2018.

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 June 30, 2018.

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

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount (Notes 4 and 5)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	\$ 920,720 (RMB 200,000 thousand)	\$ 460,360 (RMB 100,000 thousand)	\$ 276,216 (RMB 60,000 thousand)	5.22	2	\$ -	Business turnover	\$ -	-	\$ -	\$ 2,080,747	\$ 2,080,747

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 June 30, 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 (Zhongsan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As June 30, 2018, the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. is RMB451,985 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 June 30, 2018.

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

USI CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 10,466,592	\$ 3,900,000	\$ 3,850,000	\$ 1,543,000	None	22.07	\$ 10,466,592	Yes	No	No
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	10,466,592	324,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	324,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	133,463	None	1.86	10,466,592	Yes	No	No
		Forum Pacific Trading Ltd.	Subsidiary which Chong Loong Co. directly held more than 50% of ordinary shares	10,466,592	152,300 (US\$ 5,000 thousand)	152,300 (US\$ 5,000 thousand)	-	None	0.87	10,466,592	Yes	No	No
		Usig (Shanghai) Co., Ltd.	Parent company and subsidiary totally held more than 50% of ordinary shares	10,466,592	487,671 (RMB 53,000 thousand) (US\$ 8,000 thousand)	243,991 (RMB 53,000 thousand)	-	None	1.40	10,466,592	Yes	No	Yes

Note: Both total endorsements/guarantees provided amounts and the amount of endorsements/guarantees for an individual entity shall not exceed 60% of the Company's net value. The maximum amount of endorsement/guarantees was calculated based on net value as of June 30, 2018.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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.	\$ 2,960,600	\$ 365,520 (US\$ 12,000 thousand)	\$ 365,520 (US\$ 12,000 thousand)	\$ 304,600 (US\$ 10,000 thousand)	None	24.69	\$ 2,960,600	No	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of Golden Amber Enterprises Limited	2,960,600	304,600 (US\$ 10,000 thousand)	304,600 (US\$ 10,000 thousand)	-	None	20.58	2,960,600	No	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME Electronics (Cayman) Corp.	2,960,600	121,840 (US\$ 4,000 thousand)	121,840 (US\$ 4,000 thousand)	-	None	8.23	2,960,600	No	No	No

Note 1: The ratio is calculated using the ending balance of equity of the endorser/guarantor as of June 30, 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 June 30, 2018.

Note 3: The foreign currency amount is calculated based on the spot exchange rate of June 30, 2018.

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SPC))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	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	6,199,885	\$ 2,253,004	\$ 2,253,004	\$ 654,890	\$ -	90.85	6,199,885	No	No	No
		Swanson Plastics (Singapore) Private Limited	Subsidiary	6,199,885	87,585	84,892	-	-	3.42	6,199,885	No	No	No
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsiidiary	6,199,885	36,552	36,552	-	-	1.47	6,199,885	No	No	No
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsiidiary	6,199,885	121,840	121,840	57,688	-	4.91	6,199,885	No	No	Yes
		Swanson Technologies Corporation	Subsidiary	6,199,885	108,736	108,736	93,000	-	4.38	6,199,885	No	No	No
		Swanson Plastics (Tianjin) Co., Ltd.	Sub-subsiidiary	6,199,885	60,920	60,920	-	-	2.46	6,199,885	No	No	Yes
		PT. Swanson Plastics Indonesia	Sub-subsiidiary	6,199,885	60,920	60,920	-	-	2.46	6,199,885	No	No	No
						<u>\$ 2,726,864</u>							

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

Note 2: The foreign currency amount is calculated based on the spot exchange rate of June 30, 2018.

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

**ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE SIX MONTHS ENDED JUNE 30, 2018**
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 8,020,820	\$ 3,304,600	\$ 3,304,600	\$ 515,230	None	41.20	\$ 8,020,820	No	No	No

Note 1: The ratio is calculated using the ending balance of equity of CGPC as of June 30, 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 one hundred percent (100%) of CGPC's net worth.

Note 3: The foreign currency amount is calculated based on the spot exchange rate of June 30, 2018.

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd. (TTC))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taita Chemical Company, Ltd.	Taita (BVI) Holding Co., Ltd.	Subsidiary which directly held 100% ordinary shares	\$ 6,382,934	\$ 1,605,180 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 1,605,180 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 749,925 (US\$ 24,620 thousand)	\$ -	37.72	\$ 6,382,934	No	No	No
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by TTC	6,382,934	244,372 (US\$ 5,000 thousand) (RMB 20,000 thousand)	244,372 (US\$ 5,000 thousand) (RMB 20,000 thousand)	-	-	5.74	6,382,934	No	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares directly owned by TTC	6,382,934	304,600 (US\$ 10,000 thousand)	152,300 (US\$ 5,000 thousand)	152,300 (US\$ 5,000 thousand)	-	3.58	6,382,934	No	No	Yes

Note 1: The amount is calculated at the spot exchange rate of June 30, 2018.

Note 2: 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)

JUNE 30, 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	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Corporation	<u>Shares</u>							
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	8,514,006	\$ 109,831	0.21	\$ 109,831	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,180,656	740,816	1.99	740,816	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	18,200,000	217,126	11.90	217,126	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	310,000	3,441	0.45	3,441	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,750	-	26,750	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	19,500	-	19,500	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	180,000	5,922	-	5,922	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	2,314	-	2,314	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250,000	17,900	-	17,900	
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	110,000	-	-	-	
	<u>Beneficiary certificates (REIT)</u>							
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	3,000,000	44,190	-	44,190	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	8,000,000	101,440	-	101,440	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	68,208	-	68,208	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	36,650	-	36,650	
	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,080,051	50,069	-	50,069	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,102,303	32,040	-	32,040	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,583,696	\$ 147,625	-	\$ 147,625	
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss - current	654,774	7,808	-	7,808	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,709,891	45,116	-	45,116	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,534,068	50,012	-	50,012	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,378	50,156	-	50,156	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,360,419	100,222	-	100,222	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	15,799,007	212,895	-	212,895	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	429,056	5,000	-	5,000	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,515,224	140,437	-	140,437	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,390,170	45,948	-	45,948	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,260,602	117,929	-	117,929	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,482,826	71,172	-	71,172	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,857,576	50,015	-	50,015	
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	19,356,952	335,843	3.74	335,843	
	China General Plastics Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	3,784,347	108,989	0.77	108,989	
	Taita Chemical Company, Ltd.	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	376,000	5,941	0.11	5,941	
Swanlake Traders Ltd.	<u>Shares</u> SOHOWare, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,150,000	-	1.05	-	Note 2
	TGF Linux Communications Inc.	-	Financial assets at fair value through profit or loss - 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	4,209 (US\$ 138 thousand)	0.70	4,209	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USIFE Investment Co., Ltd.	<u>Shares</u>							
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - current	1,266,061	\$ 16,332	0.01	\$ 16,332	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,266,061	16,332	0.01	16,332	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - non-current	3,150,655	196,286	0.66	196,286	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	11,876,111	6,084	0.37	6,084	
	Dah Chung Bills Finance Corporation	-	Financial assets at fair value through other comprehensive income - non-current	470,914	7,874	0.10	7,874	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	207,403	3,318	0.14	3,318	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	165,279	1,035	0.25	1,035	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,234	133	0.05	133	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	7,903	1.03	7,903	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,215,798	51,842	2.36	51,842	
	Boldworks Inc.	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	
	TGF Linux Communication, Inc.	-	Financial assets at fair value through profit or loss - non-current	200,000	-	-	-	
	!Hey Inc.	-	Financial assets at fair value through profit or loss - non-current	557,661	-	-	-	
	SOHWARE, Inc. Ordinary	-	Financial assets at fair value through profit or loss - non-current	9,000,000	-	8.19	-	
	SOHWARE, Inc. Preferred A	-	Financial assets at fair value through profit or loss - non-current	4,950,000	-	4.51	-	
	SOHWARE, Inc. Preferred D	-	Financial assets at fair value through profit or loss - non-current	7,725,000	-	7.03	-	
	SOHWARE, Inc. Convertible	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	426,298	12,277	0.09	12,277	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,474,588	25,584	0.28	25,584	
	Taita Chemical Company, Ltd.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,132,098	17,887	0.35	17,887	
Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	54,000	1,777	0.01	1,777		
Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,350	0.00	5,350		
Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	6,500	0.01	6,500		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	2,465,005	\$ 24,897	0.24	\$ 24,897	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50,000	3,580	0.00	3,580	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	11,325	0.27	11,325	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	908	0.00	908	
	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,239,968	33,804	0.00	33,804	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,870,081	30,374	0.00	30,374	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	2,149,137	30,923	0.00	30,923	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	63,900	0.00	63,900	
	<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	10,995	0.00	10,995	
Taiwan United Venture Capital Corp.	<u>Beneficiary certificates</u>							
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	4,244,556	61,073	-	61,073	
	<u>Shares</u>							
	Innovation & Infinity Global Corp.	-	Financial assets at fair value through profit or loss - non-current	720,804	-	0.73	-	
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	90,000	-	0.58	-	
	Intergrafx, Inc.	-	Financial assets at fair value through profit or loss - non-current	167,000	-	1.20	-	
	SOHWARE, Inc.	-	Financial assets at fair value through profit or loss - non-current	750,000	-	0.68	-	
	TGF Linux Communications Inc.	-	Financial assets at fair value through profit or loss - non-current	600,000	-	4.26	-	
	B4 Composites, Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	4.00	-	
	IWICS, Inc.	-	Financial assets at fair value through profit or loss - non-current	500,000	-	0.40	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Shares</u> Neo Solar Power Corp.	-	Financial assets at fair value through other comprehensive income - current	4,593,286	\$ 46,392	0.45	\$ 46,392	
	Mitac Holdings Corp.	-	Financial assets at fair value through other comprehensive income - current	1,392,422	46,020	0.17	46,020	
	Chitec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	374,418	10,896	1.37	10,896	
	Leadwell Cnc Machines Mfg., Corp.	-	Financial assets at fair value through other comprehensive income - non-current	419,753	10,326	0.68	10,326	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	518,898	2,978	1.18	2,978	
	Orgchem Technology, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	594,594	10,257	1.04	10,257	
	Hexawave, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	770,000	4,720	1.08	4,720	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	7,903	1.03	7,903	
	Uranus Chemicals Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	10,294	260	0.03	260	
	<u>Preference shares</u> NeuroSky, Inc. Preferred A	-	Financial assets at fair value through other comprehensive income - non-current	10,000,000	9,900	1.54	9,900	
	NeuroSky, Inc. Preferred B	-	Financial assets at fair value through other comprehensive income - non-current	12,595,523	21,790	1.94	21,790	
	NeuroSky, Inc. Preferred C	-	Financial assets at fair value through other comprehensive income - non-current	4,532,823	7,842	0.70	7,842	
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	1,320	-	1,320	
	<u>Shares</u> SOHOWare, Inc. Preferred B2	-	Financial assets at fair value through profit or loss - non-current	5,277,560	-	4.80	-	Note 2
	SOHOWare, 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	1,414,101	19,055	-	19,055	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,616,732	21,786	-	21,786	
	Taishin Lucky Money Market Fund	-	Financial assets at fair value through profit or loss - current	180,994	2,006	-	2,006	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Optronics Corporation	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,381,407	\$ 35,148	-	\$ 35,148	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,483,573	35,146	-	35,146	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,190,740	16,045	-	16,045	
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	590,280	8,000	-	8,000	

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: The amount is all already recognized as impairment losses.

Note 3: As of June 30, 2018, the Group evaluated the fair value of equity instruments as \$0.

(Concluded)

USI CORPORATION AND SUBSIDIARIES

(China General Plastics Corporation (CGPC))

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

JUNE 30, 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	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	<u>Closed-end fund beneficiary certificates</u>							
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	5,000,000	\$ 63,400	-	\$ 63,400	Note 1
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	59,411	-	59,411	Note 1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	44,190	-	44,190	Note 1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	36,650	-	36,650	Note 1
	<u>Open-end fund beneficiary certificates</u>							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,374,629	99,375	-	99,375	Note 1
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,946,443	73,006	-	73,006	Note 1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,710,217	50,285	-	50,285	Note 1
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,188,217	43,123	-	43,123	Note 1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,491,388	40,045	-	40,045	Note 1
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,105,595	34,095	-	34,095	Note 1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,848,167	30,018	-	30,018	Note 1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,252,840	15,002	-	15,002	Note 1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	989,756	14,006	-	14,006	Note 1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	257,433	3,000	-	3,000	Note 1
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	9,100,000	108,563	5.95	108,563	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
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	10,167,240	\$ 150,060	-	\$ 150,060	Note 1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,501,414	83,024	-	83,024	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,254,550	80,083	-	80,083	Note 1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,908,473	80,054	-	80,054	Note 1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,201,566	70,092	-	70,092	Note 1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,848,632	70,032	-	70,032	Note 1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,538,245	50,072	-	50,072	Note 1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,693,717	50,062	-	50,062	Note 1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,081,056	50,043	-	50,043	Note 1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,174,885	50,027	-	50,027	Note 1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,076,336	50,009	-	50,009	Note 1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,003,707	50,008	-	50,008	Note 1
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,240,042	50,007	-	50,007	Note 1
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	961,107	15,023	-	15,023	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	113,656	1,995	0.02	1,995
CGPC Polymer Corporation	<u>Open-end fund beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,660,933	142,588	-	142,588	Note 1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,303,399	84,052	-	84,052	Note 1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,827,829	65,056	-	65,056	Note 1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,175,749	50,001	-	50,001	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	525,533	8,009	-	8,009	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC (BVI) Holding Co., Ltd.	Shares							
	Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	\$ -	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: The total amount was already recognized as an impairment loss.

(Concluded)

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
JUNE 30, 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	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Company, Ltd.	<u>Ordinary shares</u> USI Corporation	Parent company	Financial assets at fair value through other comprehensive income - non-current	14,813,629	\$ 205,169	1.27	\$ 205,169	Note 1
	Harbinger Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	51,500	442	0.15	442	Notes 4 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	68,208	-	68,208	Note 1
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	36,650	-	36,650	Note 1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,000,000	58,920	-	58,920	Note 1
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,600,000	83,688	-	83,688	Note 1
	<u>Beneficiary certificates</u> Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,952,774	48,000	-	48,000	Note 2
Taita (BVI) Holding Co., Ltd.	<u>Shares</u> Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	127,980	3,353 (US\$ 110 thousand)	2.22	3,353 (US\$ 110 thousand)	Note 3
	Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.72	-	Note 4
	SOHOWare, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Note 4

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as on June 30, 2018.

Note 2: Fair value was based on the carrying amount as on June 30, 2018.

Note 3: The carrying amount was zero as of June 30, 2018 due to the impairment loss recognized over the years.

Note 4: 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 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.

USI CORPORATION AND SUBSIDIARIES

(Asia Polymer Corporation (APC))

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

JUNE 30, 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	June 30, 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	\$ 1,062	1.20	\$ 1,062	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	769,516	8,742	1.67	8,742	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	18,200,000	217,126	11.90	217,126	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	99,368,307	1,376,251	8.53	1,376,251	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,496,107	707,410	1.90	707,410	
	AU Optronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	124,079	0.10	124,079	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,117,946	131,948	0.41	131,948	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	2,314	0.02	2,314	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	19,500	0.04	19,500	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	186,000	6,120	0.02	6,120	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,750	0.01	26,750	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250,000	17,900	0.01	17,900	
	<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	68,222	-	68,222	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	36,650	-	36,650	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	29,460	-	29,460	
Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	63,400	-	63,400		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	<u>Beneficiary certificates</u>							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	17,236,006	\$ 254,390	-	\$ 254,390	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,089,187	50,218	-	50,218	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,160	-	50,160	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,410,492	40,132	-	40,132	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,181,814	110,252	-	110,252	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,476,051	49,191	-	49,191	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,715,649	50,359	-	50,359	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,939,979	50,005	-	50,005	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,417	50,156	-	50,156	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,220,109	90,245	-	90,245	
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	656,862	10,011	-	10,011	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,183,785	50,097	-	50,097	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,205,321	14,046	-	14,046	
	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	256,140	6,708	4.45	6,708	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	8,127	0.49	8,127	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,519,701	65,649	2.95	65,649	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	4,209	0.55	4,209	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	1
TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	1	
SOHWARE, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	1	
Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC Investment Corporation	<u>Ordinary shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	43,930	\$ 608	-	\$ 608	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	6,500	0.01	6,500	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	50,000	1,645	0.01	1,645	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,350	-	5,350	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50,000	3,580	-	3,580	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	462,602	6,981	-	6,981	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,804	-	24,804	
	<u>Ordinary shares</u> Neo Solar Power Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,131,920	11,432	0.11	11,432	

Note 1: The carrying amount was zero as of June 30, 2018 due to the impairment loss recognized in prior years.

Note 2: Refer to Table 6-5 and Table 7-5 for information about subsidiaries and associates.

(Concluded)

USI CORPORATION AND SUBSIDIARIES
 (China General Terminal & Distribution Co.)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)
JUNE 30, 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	June 30, 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	4,616,599	\$ 80,098	0.89	\$ 80,098	Note 2
	China General Plastics Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	2,490,089	71,715	0.51	71,715	Note 1
	Taita Chemical Company, Ltd.	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	1,877,484	29,664	0.57	29,664	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	11,839	-	11,839	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 SIX MONTHS ENDED JUNE 30, 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
USI Corporation	<u>Beneficiary certificates</u>													
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	20,628,163	\$ 311,000	20,628,163	\$ 311,118	\$ 311,000	\$ 118	-	\$ -
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,861,923	153,700	26,167,250	408,600	36,029,173	562,610	562,300	310	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,582,049	67,385	27,487,496	405,300	22,554,321	332,569	332,285	284	9,515,224	140,400

Note: The amount as of June 30, 2018 was calculated at the original investment cost.

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 SIX MONTHS ENDED JUNE 30, 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> Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,378,417	\$ 21,500	21,777,481	\$ 340,000	23,155,898	\$ 361,598	\$ 361,500	\$ 98	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,368,930	315,000	16,422,487	242,066	242,000	66	4,946,443	73,000
Taiwan VCM Corporation	<u>Beneficiary certificates</u> Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,200,022	50,000	23,488,075	280,000	27,688,097	330,052	330,000	52	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,346,302	300,000	10,179,062	150,031	150,000	31	10,167,240	150,000
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	18,799,539	277,082	277,000	82	9,660,933	142,500

Note: The amount as of June 30, 2018 was calculated at the original investment cost.

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 SIX MONTHS ENDED JUNE 30, 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	Asia Polymer Corporation	Subsidiary	Purchase	\$ 324,331	6.56	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	\$ 147,066	13.18	Note

Note: The ending balance of the consolidated financial statements is already written-off.

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 SIX MONTHS ENDED JUNE 30, 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)	\$ 233,722	53	55 days	\$ -	-	\$ (197,123)	75	Note 2
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Sale (includes processing fees)	(233,722)	47	55 days	-	-	197,123	60	Note 2
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME Electronics (Cayman) Corp.	Sale	(109,191)	19	55 days	-	-	54,661	18	Note 2
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME Electronics (Cayman) Corp.	Purchase	109,191	74	55 days	-	-	(54,661)	83	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: The ending balance of the consolidated financial statements is already written-off.

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 SIX MONTHS ENDED JUNE 30, 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	\$ 2,201,732	73	45 days	No major difference	No major difference	Trade payables to related parties	\$ (781,231)	(77)	Note
	CGPC America Corporation	Subsidiary	Sales	(193,362)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties	109,536	11	Note
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(2,201,732)	(44)	45 days	No major difference	No major difference	Trade receivables from related parties	781,231	47	Note
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(2,197,506)	(44)	45 days	No major difference	No major difference	Trade receivables from related parties	788,120	48	Note
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	2,197,506	96	45 days	No major difference	No major difference	Trade payables to related parties	(788,120)	(97)	Note
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	193,362	80	90 days	No major difference	No major difference	Trade payables to related parties	(109,536)	(96)	Note

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

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited)

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 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, Ltd.	Taita Chemical (Zhongsan) Co., Ltd.	Sub-subsidiary	Sales	\$ (823,923) (US\$ (28,063) thousand)	(10.64)	30 days	No significant difference	No significant difference	Accounts receivables from related parties	\$ 386,424 (US\$ 12,686 thousand)	18.68	Note

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 SIX MONTHS ENDED JUNE 30, 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	\$ (324,332)	(10.95)	60 days	No significant difference	No significant difference	Accounts receivable - related parties \$150,340	22.62	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(283)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties -	-	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	54,187	2.29	30 days	No significant difference	No significant difference	Accounts payable - related parties 24,248	7.18	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	57,255	2.42	30 days	No significant difference	No significant difference	Accounts payable - related parties 31,115	9.21	

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

JUNE 30, 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
					Amount	Actions Taken		
USI Corporation	Asia Polymer Corporation	Subsidiary of the Company	Other receivables - related parties \$ 237,118	-	\$ -	-	\$ 234,121	Note 1

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

Note 2: The subsequent period is from July 1, 2108 to August 10, 2018.

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

JUNE 30, 2018

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

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Accounts receivable - related parties \$ 197,123	2.63	\$ -	-	\$ 23,672	Note 1
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Subsidiary of ACME	Other receivables - related parties 154,312	-	-	-	-	Note 1

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

Note 2: 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

JUNE 30, 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 \$ 150,340	4.64	\$ -	-	\$ 81,592	Note 1
	USI Corporation	Parent company	Other receivables from related parties 30,015	-	-	-	204	Note 1

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

Note 2: The subsequent period is from July 1, 2018 to August 9, 2018.

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SWANSON))

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 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 (Nantong) Co., Ltd.	Have the same parent company	Long-term receivables - related parties \$ 125,815 (US\$ 4,130,507)	-	\$ -	-	\$ -	\$ -
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 150,975 (US\$ 4,956,516)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Long-term receivables - related parties 37,249 (US\$ 1,222,875)	-	-	-	-	-
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 302,486 (US\$ 9,930,599)	-	-	-	64,353,023 (US\$ 2,112,706)	-
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Accounts receivable - related parties 136,797 (US\$ 4,491,043)	-	-	-	-	-
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Accounts receivables - related parties 105,883 (RMB 23,000,000)	-	-	-	-	-
Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Accounts receivables - related parties 111,809 (RMB 24,287,217)	-	-	-	-	-
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Other receivables - related parties 126,974 (US\$ 4,168,533)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Other receivables - related parties 110,897 (US\$ 3,640,750)	-	-	-	-	-

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

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

Note 3: The subsequent period refers to the period from July 1, 2018 to August 10, 2018.

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
JUNE 30, 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>\$ 109,536</u>	3.40	\$ -	-	\$ 36,860	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties <u>\$ 781,231</u>	5.90	-	-	417,607	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties <u>\$ 788,120</u>	5.81	-	-	437,123	Note 1

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

Note 2: The subsequent period is from July 1, 2018 to July 27, 2018.

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
JUNE 30, 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
					Amount	Actions Taken		
Taita Chemical Company, Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Accounts receivable \$ 386,424 (US\$ 12,686 thousand) (Note 1)	-	\$ -	-	\$ 346,243 (US\$ 3,000 thousand) (RMB 56,376 thousand)	\$ -
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Accounts receivable 81,090 (US\$ 2,662 thousand) (Note 1)	-	-	-	38 (US\$ 1 thousand)	-
			Other receivables 164,713 (US\$ 5,408 thousand) (Note 1)	-	-	-	-	-
Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 280,559 (RMB 60,944 thousand) (Note 2)	-	-	-	-	-

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

Note 2: The total amount of other receivables of Taita Chemical (Zhongshan) 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 August 9, 2018.

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

USI CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 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	87,250,000	100.00	\$ 810,211	\$ (4,544)	\$ (4,544)	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment	728,439	728,439	30,000,000	100.00	1,339,699	39,530	39,530	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment	63,482	63,482	159,999	100.00	130,992	(1,087)	(1,087)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product and service industry")	3,490,255	3,490,255	462,758,000	100.00	5,571,080	418,917	407,564	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	203,816	(3,230)	(2,261)	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	40,233	6,869	6,864	Subsidiary
	Swanson Plastics Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	171,210	171,210	60,792,524	40.58	996,610	10,743	4,359	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	384,296	103,254	27,875	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	93.20	59,593	(12,689)	(11,824)	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	(2,039)	445	445	Subsidiary (Note 1)
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	150,540	150,540	5,000,000	100.00	131,421	2,786	2,786	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	6,276	(4,408)	(1,340)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	2,407,735	2,407,735	77,346,000	62.57	2,415,293	20,328	12,719	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	206,599	68,521	(34,840)	Subsidiary
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	3,765,343 (US\$ 123,616 thousand)	3,765,343 (US\$ 123,616 thousand)	(Note 3)	67.89	3,860,172 (US\$ 126,729 thousand)	29,941 (US\$ 1,010 thousand)		Sub-subsubsidiary
Ever Victory Global Limited	Dynamic Ever Investments Limited	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investment	5,539,973 (US\$ 181,877 thousand)	5,539,973 (US\$ 181,877 thousand)	(Note 3)	100.00	5,659,736 (US\$ 185,809 thousand)	30,256 (US\$ 1,021 thousand)		Sub-subsubsidiary
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	1,749,212	1,749,212	120,159,750	36.67	1,773,540	382,204		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	167,598,922	32.35	3,663,547	161,318		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	119,060,262	24.20	2,070,655	924,202		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	142,743	103,254		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	(10,590)	(7,958)		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	15,499	957		Sub-subsubsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 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	\$ 3,095	\$ (4,408)		Subsidiary
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	6,701 (US\$ 220 thousand)	6,701 (US\$ 220 thousand)	220,000	100.00	33,445	(1,068) (US\$ (36) thousand)		Sub-subsi-dary
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	107,753 (US\$ 3,538 thousand)	107,753 (US\$ 3,538 thousand)	5,609,231	11.23	158,692 (US\$ 5,210 thousand)	252,262 (US\$ 8,466 thousand)		Sub-subsi-dary

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

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

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 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	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 724,522	\$ 252,262 (US\$ 8,466 thousand)	\$ 127,968 (US\$ 4,294 thousand)	Note 1
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	638,676 (US\$ 19,800 thousand)	638,676 (US\$ 19,800 thousand)	19,800,000	100.00	826,301	25,542	25,542	Note 1
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	486	(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	138,134	(68,521)	(23,296)	
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment	US\$ 11,891 thousand	US\$ 11,891 thousand	39,600,000	100.00	US\$ 19,584 thousand	US\$ 511 thousand (MYR 2,089 thousand)	US\$ 511 thousand (MYR 2,089 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 5,500 thousand	MYR 5,500 thousand	5,500,000	100.00	MYR 47,842 thousand	MYR 2,134 thousand	MYR 2,134 thousand	Note 1

Note 1: The carrying amount and share of profits (loss) in the consolidated financial statements are already written-off.

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

Note 3: Information on investments in mainland China is provided in Table 7-1.

USI CORPORATION AND SUBSIDIARIES
 (Swanson Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 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	16 Pandan Road Singapore 60926	Production and marketing of plastic products	\$ 808,506	\$ 808,506	36,863	100.00	\$ 1,892,718	\$ 12,171	\$ 12,171	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	100.00	118,934	(198)	(198)	
	Swanson International Ltd.	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment	454,134	454,134	14,541	100.00	1,395,744	35,659	35,659	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment	4,850	4,850	1,600	100.00	466	(235)	(235)	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	70.00	(49,421)	(7,958)	(5,571)	
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Nggoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Nggoro Kab. Mojokerto	Production and marketing of plastic products	5,486	5,486	180	1.00	4,006	(12,466)	(125)	Note 1
	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	200,835 (US\$ 6,593,398)	200,835 (US\$ 6,593,398)	20,000	100.00	668,470 (US\$ 21,945,843)	63,110 (RMB 8,732,001)	63,110 (US\$ 2,138,288)	
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	227,257 (US\$ 7,460,850)	105,417 (US\$ 3,460,850)	42,970	100.00	163,769 (US\$ 5,376,542)	(20,240) (INR (45,386,199))	(20,240) (US\$ (682,076))	
Swanson International Ltd.	PT. Swanson Plastics Indonesia	Nggoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Nggoro Kab. Mojokerto	Production and marketing of plastic products	542,797 (US\$ 17,820,000)	542,797 (US\$ 17,820,000)	17,820	99.00	396,613 (US\$ 13,020,797)	(12,466) (IDR 5,666,400,558)	(12,341) (US\$ (416,193))	Note 1
	A.S. Holdings (UK) Limited	United Kingdom	Investment	216,086 (US\$ 7,094,082)	216,086 (US\$ 7,094,082)	-	100.00	522,281 (US\$ 17,146,457)	1,172 (US\$ 39,741)	1,172 (US\$ 39,741)	Notes 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 June 30, 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 SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				June 30, 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	\$ 2,930,994	\$ 2,930,994	196,198,860	87.22	\$ 2,864,677	\$ 608,207	\$ 477,364	Subsidiary (Note)
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of PVC resin	800,000	800,000	56,478,291	100.00	998,218	152,670	152,670	Subsidiary (Note)
	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	356,880	4,687	4,687	Subsidiary (Note)
	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	17,079,108	33.33	237,493	(88,209)	(29,403)	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	202,992	(1,475)	(1,475)	Subsidiary (Note)
	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	74,997	779	779	Subsidiary (Note)
	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	25,771	103,254	1,798	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	2,063	(4,408)	(441)	Investment accounted for using the equity method

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

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Limited)

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 1,880,539 (US\$ 61,738 thousand)	\$ 1,880,539 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,563,391 (US\$ 51,326 thousand)	\$ 108,015 (US\$ 3,648 thousand)	\$ 108,015 (US\$ 3,648 thousand)	Subsidiary (Notes 1 and 3)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	9,751,224	1.98	158,969	924,202	18,317	Investment accounted for using the equity method (Note 1)
	China General Terminal & Distribution Corporation	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	17,079,107	33.33	237,493	(88,209)	(29,403)	Investment accounted for using the equity method (Note 2)
	Acme Electronics Corporation	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.44	36,069	103,254	2,516	Investment accounted for using the equity method (Note 1)
	Thintec Materials Corporation	Taiwan	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,063	(4,408)	(441)	Investment accounted for using the equity method (Note 2)
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Cayman Islands	Reinvestment	51,783 (US\$ 1,700 thousand)	51,783 (US\$ 1,700 thousand)	2,695,619	5.39	76,262 (US\$ 2,504 thousand)	252,262 (US\$ 8,466 thousand)		Investment accounted for using the equity method (Note 1)

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

Note 2: The amount of the investee was based on non-reviewed financial statements.

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

Note 4: Investments in mainland China are included in Table 8-4.

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

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 419,581 (US\$ 13,774,806)	\$ 419,581 (US\$ 13,774,806)	11,342,594	100.00	\$ 501,802	\$ 48,400	\$ 48,400	Subsidiary (Note)
	APC Investment Corporation	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	102,688	(1,903)	(1,903)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment	85,288 (US\$ 2,800,000)	85,288 (US\$ 2,800,000)	2,800,000	70.00	126,524	3,498	2,449	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	39,700,480	8.07	647,217	924,202	74,576	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	17,079,107	33.33	237,493	(88,209)	(29,403)	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	11,909,495	7.95	196,215	10,743	854	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	49,145	103,254	3,428	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	24,244	(3,231)	(269)	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	6,276	(4,408)	(1,341)	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	37,391	(68,521)	(6,305)	Investment accounted for using the equity method
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	1,409,384 (US\$ 46,270,000)	1,409,384 (US\$ 46,270,000)	46,270,000	37.43	1,444,879	20,328	7,609	Investment accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	159,760 (US\$ 5,244,903)	159,760 (US\$ 5,244,903)	8,316,450	16.64	235,282	252,262	-	Investment accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment	36,552 (US\$ 1,200,000)	36,552 (US\$ 1,200,000)	1,200,000	30.00	54,224	3,498	-	Investment accounted for using the equity method (Note)
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	15,292	103,254	-	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	(10,590)	(7,958)	-	Investment accounted for using the equity method

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

USI CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 7)	Carrying Amount as of June 30, 2018 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 935,884 (US\$ 30,725,000)	Note 1	\$ 85,822 (US\$ 2,817,528)	\$ -	\$ -	\$ 85,822 (US\$ 2,817,528)	\$ 247,809 (US\$ 8,315,560)	11.23	\$ 27,817 (US\$ 933,428)	\$ 108,915 (US\$ 3,575,675)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	152,300 (US\$ 5,000,000)	Note 2	152,300 (US\$ 5,000,000)	-	-	152,300 (US\$ 5,000,000)	2,786 (US\$ 94,938)	100.00	2,786 (US\$ 94,938)	131,421 (US\$ 4,314,535)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	10,610,377 (RMB2,304,800,000)	Note 3	2,198,410 (US\$ 72,173,674)	-	-	2,198,410 (US\$ 72,173,674)	68,211 (US\$ 2,300,667)	21.24	14,488 (US\$ 488,662)	2,265,020 (US\$ 74,360,482)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,694,147 (US\$88,448,702)	\$8,101,431 (US\$265,969,510) (Note 5)	\$ - (Note 4)

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

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

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

Note 4: As the Company has obtained the certificate of 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 the balance of ACME Electronics (Kunshan) Co., Ltd. which was calculated based on financial statements which were reviewed by the CPA of the ROC parent company, the balances for other subsidiaries were calculated based on financial statements which were not reviewed by the auditors.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 6)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2018 (Note 6)	Net Income (Loss) of the Investee (Note 7)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4, 5 and 7)	Carrying Amount as of June 30, 2018 (Notes 4 and 8)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 30,725 thousand	Note 1	\$ 374,188 (US\$ 11,144 thousand)	\$ -	\$ -	\$ 374,188 (US\$ 11,144 thousand)	\$ 247,811 (RMB 53,031 thousand)	51.27	\$ 127,052 (RMB 27,189 thousand)	\$ 497,467 (RMB 108,060 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 19,200 thousand	Note 1	619,676 (US\$ 19,200 thousand)	-	-	619,676 (US\$ 19,200 thousand)	27,018 (RMB 5,809 thousand)	100.00	27,018 (RMB 5,809 thousand)	853,043 (RMB 185,299 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$924,278 (US\$30,344 thousand) (Notes 3 and 8)	\$1,115,841 (US\$36,633 thousand) (Notes 3 and 8)	\$ - (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: All the transactions were written off when preparing the consolidated financial statements.

Note 5: ACME's recognized investment gain (loss) is calculated based on financial statements which were reviewed by the CPA of the ROC parent company.

Note 6: The calculation was based on the exchange rate on the original investment date.

Note 7: The calculation was based on the average exchange rate for the six months ended June 30, 2018.

Note 8: The calculation was based on the spot exchange rate of June 30, 2018.

USI CORPORATION AND SUBSIDIARIES
 (Swanson Plastics Corporation)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of June 30, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 121,840 (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	\$ (4,940) (RMB 1,050,693)	100	\$ (4,940) (Note 1)	\$ 10,653 (Note 1)	\$ -
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	404,813 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	34,486 (US\$ 1,170,936)	100	34,486 (US\$ 1,170,936)	966,832 (US\$ 31,741,029)	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of production and sales of PE release film and other release products	277,186 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	1,172 (US\$ 39,741)	100	1,172 (US\$ 39,741)	533,856 (US\$ 17,526,453)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	265,002 (US\$ 8,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(24,682) (US\$ (835,498))	100	(24,682) (US\$ (835,498))	234,370 7,694,370	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$701,500	\$1,065,615 US\$34,984,062	\$ - (Note 4)

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

Note 2: Paid in capital and upper limit on the amount investment stipulated by Industrial Development Bureau, MOEA was calculated based on the spot exchange rate of June 30, 2018.

Note 3: Swanson Plastics Corporation disposed of Swanson Plastics (Nantong) Corp. as agreed in the meeting of the board of directors held in April 2016. Swanson Plastics (Nantong) Corp. has not completed the liquidation process as of June 30, 2018.

Note 4: According to the certificate of qualification 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 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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2018 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of June 30, 2018 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 609,200 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 609,200 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 609,200 (US\$ 20,000 thousand)	\$ 4,033 (US\$ 135 thousand)	100.00	\$ 4,033 (US\$ 135 thousand)	\$ 268,562 (US\$ 8,817 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	45,690 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	45,690 (US\$ 1,500 thousand)	-	-	45,690 (US\$ 1,500 thousand)	24 (US\$ 1 thousand)	100.00	24 (US\$ 1 thousand)	14,343 (US\$ 471 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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
\$824,918 (US\$27,082 thousand)	\$1,044,626 (US\$34,295 thousand)	\$- (Note 2)

Note 1: The calculation was based on the spot exchange rate of June 30, 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 \$20,835 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$27,353 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$121,840 thousand (US\$4,000 thousand).

Note 4: The board of directors of CGPC passed a resolution to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of June 30, 2018, the dissolution procedures have not yet been completed.

Note 5: 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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2018	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Note 5)	Carrying Amount as of June 30, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,408,775 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,309,780 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,309,780 (US\$ 43,000 thousand)	\$ 143,263 (US\$ 4,842 thousand)	100.00	\$ 143,263 (US\$ 4,842 thousand) (Note 6)	\$ 2,080,747 (US\$ 68,311 thousand) (Note 6)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	833,081 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	791,960 (US\$ 26,000 thousand)	-	-	791,960 (US\$ 26,000 thousand)	(37,362) (US\$ (1,261) thousand)	100.00	(37,362) (US\$ (1,261) thousand) (Note 6)	153,896 (US\$ 5,052 thousand) (Note 6)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	935,884 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	41,243 (US\$ 1,354 thousand)	-	-	41,243 (US\$ 1,354 thousand)	(4,948) (US\$ (169) thousand)	5.39	(267) (US\$ (9) thousand)	43,142 (US\$ 1,416 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,142,983 (US\$70,354 thousand)	\$2,309,395 (US\$75,817 thousand) (Note 3)	\$2,553,173 (Note 4)

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2018	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 935,884 (US\$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	\$ 127,243 (US\$ 4,177,369)	\$ -	\$ -	\$ 127,243 (US\$ 4,177,369)	B 247,810	16.64	\$ 41,242	\$ 161,482	\$ -
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	76,150 (US\$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	92,464 (US\$ 3,035,601)	-	-	92,464 (US\$ 3,035,601)	C 5,338	100.00	5,338	106,281	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	10,610,377 (RMB 2,304,800,000)	(2) Dynamic Ever Investments Limited	1,315,135 (US\$ 43,175,806)	-	-	1,315,135 (US\$ 43,175,806)	C 68,211	12.71	8,667	1,354,968	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,681,663 (US\$55,208,912) (Note 4)	\$4,915,684 (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 calculation was based on the exchange rate as at June 30, 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 SIX MONTHS ENDED JUNE 30, 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	\$ 97,321	No significant difference	0.32
		Swanson Plastics Corporation	a	Sales revenue	46,436	No significant difference	0.15
		Forever Young Company Ltd.	a	Sales revenue	45,813	No significant difference	0.15
		USI Trading (Shanghai) Co., Ltd.	a	Sales revenue	57,157	No significant difference	0.19
		Chong Loong Trading Co., Ltd.	a	Purchases	12,121	No significant difference	0.04
		Asia Polymer Corporation	a	Purchases	324,331	No significant difference	1.07
		Swanson Plastics Corporation	a	Purchases	33,073	No significant difference	0.11
		Swanson Plastics Corporation	a	Accounts receivable	16,685	No significant difference	0.03
		Forever Young Company Ltd.	a	Accounts receivable	18,718	No significant difference	0.03
		USI Far East (HK) Co., Ltd.	a	Accounts receivable	24,443	No significant difference	0.04
		USI Trading (Shanghai) Co., Ltd.	a	Accounts receivable	31,115	No significant difference	0.05
		Asia Polymer Corporation	a	Other receivables	237,119	No significant difference	0.36
		Taiwan VCM Corporation	a	Other receivables	89,159	No significant difference	0.13
		Asia Polymer Corporation	a	Other payable	147,066	No significant difference	0.22
		China General Terminal & Distribution Corporation	a	Purchase cost	18,125	No significant difference	0.06
		USI Management Consulting Corporation	a	Management services expense	40,768	No significant difference	0.13
		Asia Polymer Corporation	a	Dividends payable	29,810	No significant difference	0.05
Swanson Plastics Corporation	a	Dividends receivable	18,238	No significant difference	0.03		
1	Asia Polymer Corporation	USI Corporation	b	Sales revenue	324,332	No significant difference	1.07
		Swanson Plastics Corporation	c	Sales revenue	25,315	No significant difference	0.08
		Forever Young Company Ltd.	c	Sales revenue	18,212	No significant difference	0.06
		USI Far East (HK) Co., Ltd.	c	Sales revenue	15,082	No significant difference	0.05
		Swanson Plastics Corporation	c	Purchases	17,332	No significant difference	0.06
		USI Far East (HK) Co., Ltd.	c	Purchases	15,082	No significant difference	0.05
		Union Polymer Int'l Investment Corp.	c	Dividends payable	37,391	No significant difference	0.06
2	China General Plastics Corporation (CGPC)	China General Terminal & Distribution Corporation	c	Purchase cost	42,614	No significant difference	0.14
		Asia Polymer Corporation	c	Dividends payable	59,551	No significant difference	0.09
		Taita Chemical Company, Limited	c	Dividends payable	14,627	No significant difference	0.02
		Union Polymer Int'l Investment Corp.	c	Dividends payable	184,267	No significant difference	0.28
3	Taita Chemical Company, Limited	USIG (Shanghai) Co., Ltd.	c	Purchase	41,976	No significant difference	0.06
		USI Management Consulting Corporation	c	Management services expense	28,301	No significant difference	0.09

(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)		
4	Acme Electronics Corp.	Acme Electronics (Kunshan) Co., Ltd.	c	Sales revenue	\$ 109,191	No significant difference	0.36		
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	60,879	No significant difference	0.20		
		ACME Ferrite Products Sdn. Bhd.	c	Sales revenue	11,802	No significant difference	0.04		
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	26,296	No significant difference	0.09		
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Processing cost (classified as cost of goods sold)	231,955	No significant difference	0.76		
		Acme Electronics (Kunshan) Co., Ltd.	c	Accounts receivable	54,661	No significant difference	0.18		
		Acme Electronics (Kunshan) Co., Ltd.	c	Other receivables	58,829	No significant difference	0.19		
		ACME Electronics (Cayman) Corp.	c	Other receivables	154,312	No significant difference	0.51		
		Golden Amber Enterprises Limited	c	Other receivables	21,983	No significant difference	0.07		
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Notes and accounts payable	197,123	No significant difference	0.65		
		Acme Electronics (Kunshan) Co., Ltd.	c	Notes and accounts payable	15,826	No significant difference	0.05		
		5	China General Terminal & Distribution Corporation	China General Plastics Corporation (CGPC)	c	Sales revenue	42,614	No significant difference	0.14
		6	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	c	Other receivables	10,465	No significant difference	0.03
		7	Taita Chemical (Zhong Shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	c	Other receivables	280,559	No significant difference	0.92
8	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	26,525	No significant difference	0.09		
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Accounts receivable	12,475	No significant difference	0.04		
		ACME Ferrite Products Sdn. Bhd.	c	Sales revenue	18,382	No significant difference	0.06		
		ACME Ferrite Products Sdn. Bhd.	c	Cost of goods sold	10,806	No significant difference	0.04		
9	Swanson Plastics Corporation	USI Corporation	b	Sales revenue	33,074	No significant difference	0.11		
		USI Corporation	b	Cost of goods sold	17,332	No significant difference	0.06		
		USI Corporation	b	Accounts payable	16,405	No significant difference	0.05		
		Asia Polymer Corporation	c	Cost of goods sold	25,315	No significant difference	0.08		
		Asia Polymer Corporation	c	Sales revenue	16,685	No significant difference	0.05		
		Forever Young Company Limited	c	Accounts receivable	18,647	No significant difference	0.06		
		Forever Young Company Limited	c	Sales revenue	32,893	No significant difference	0.11		
		Forever Young Company Limited	c	Management services expense	10,571	No significant difference	0.03		
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	10,709	No significant difference	0.04		
		10	Forever Young Company Limited	Swanson Plastics (India) Private Ltd.	c	Accounts receivable	183,376	No significant difference	0.60
Swanson Plastics (India) Private Ltd.	c			Sales revenue	23,754	No significant difference	0.08		
Swanson Plastics (Kunshan) Co., Ltd.	c			Accounts receivable	302,487	No significant difference	0.46		
Swanson Plastics (Kunshan) Co., Ltd.	c			Sales revenue	185,759	No significant difference	0.28		
Swanson Plastics (Malaysia) Sdn. Bhd.	c			Accounts receivable	76,890	No significant difference	0.12		
Swanson Plastics (Malaysia) Sdn. Bhd.	c			Accounts payable	29,366	No significant difference	0.04		
Swanson Plastics (Malaysia) Sdn. Bhd.	c			Cost of goods sold	144,923	No significant difference	0.22		
Swanson Plastics (Malaysia) Sdn. Bhd.	c			Sales revenue	285,575	No significant difference	0.43		
Swanson Plastics (Nantong) Co., Ltd.	c			Accounts receivable	125,815	No significant difference	0.19		
Swanson International Ltd.	c			Accounts receivable	126,428	No significant difference	0.19		
Swanson International Ltd.	c			Sales revenue	62,999	No significant difference	0.10		
Swanson International Ltd.	c			Accounts receivable	94,578	No significant difference	0.14		

(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	API-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd. Swanson Plastics (Nantong) Co., Ltd.	c c	Accounts receivable	\$ 108,398	No significant difference	0.16
				Accounts receivable	47,393	No significant difference	0.07
12	Swanson Plastics (Kunshan) Corp.	Swanson Plastics (Tianjin) Co., Ltd. Swanson Plastics (Tianjin) Co., Ltd. Swanson Plastics (Nantong) Co., Ltd. API-Swanson (Kunshan) Co., Ltd. API-Swanson (Kunshan) Co., Ltd.	c c c c c	Cost of goods sold	21,383	No significant difference	0.03
				Accounts receivable	111,809	No significant difference	0.17
				Accounts payable	71,798	No significant difference	0.11
				Accounts receivable	17,798	No significant difference	0.03
				Sales revenue	43,913	No significant difference	0.07
13	Swanson Plastics (Singapore) Pte., Ltd.	Swanson Plastics (Malaysia) Sdn. Bhd. Swanson Plastics (Malaysia) Sdn. Bhd. Swanson Plastics (India) Private Ltd. Swanson International Ltd.	c c c c	Cost of goods sold	145,533	No significant difference	0.22
				Accounts payable	29,124	No significant difference	0.04
				Accounts receivable	110,897	No significant difference	0.17
				Accounts receivable	126,974	No significant difference	0.19

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 of total consolidated assets; and (2) income or loss: The ratio was calculated based on the midterm accumulated amounts of total consolidated sales revenue.

(Concluded)