

USI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 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 September 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the nine 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 September 30, 2018 and 2017, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$20,911,950 thousand and NT\$15,843,021 thousand, respectively, representing 30.45% and 25.02%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$3,734,368 thousand and NT\$3,727,565 thousand, respectively, representing 11.66% and 12.82%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, the amounts of combined comprehensive income (loss) of these subsidiaries and share of profit (loss) of joint ventures accounted for using the equity method were NT\$(351,642) thousand, NT\$143,697 thousand, NT\$(342,833) thousand and NT\$(33,808) thousand, respectively, representing 1,010.87%, 17.98%, (17.24%) and (1.90%), respectively, of the consolidated total comprehensive income. The additional disclosures in the consolidated financial statements related to 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 September 30, 2018 and 2017, its consolidated financial performance for the three months ended September 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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

November 13, 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)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 12,284,181	18	\$ 8,473,862	13	\$ 7,886,192	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4 and 7)	4,350,814	6	5,315,894	8	5,588,583	9
Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 3, 4 and 8)	197,809	-	-	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 10)	-	-	214,502	-	207,408	-
Financial assets measured at amortized cost - current (Notes 3, 4, 9 and 40)	423,808	1	-	-	-	-
Debt investments with no active market - current (Notes 3, 4, 11 and 40)	-	-	426,369	1	400,173	1
Notes receivable, net (Notes 3, 4 and 12)	1,189,072	2	1,118,070	2	1,007,814	2
Accounts receivable, net (Notes 3, 4 and 12)	6,587,464	10	6,950,029	11	6,301,818	10
Other receivables (Notes 3, 4, 12 and 39)	373,916	1	344,305	-	369,200	1
Current tax assets (Notes 4 and 32)	20,938	-	784	-	5,651	-
Inventories (Note 13)	8,566,356	12	6,857,754	11	6,643,657	11
Prepayments (Note 21)	894,010	1	772,093	1	857,729	1
Other current assets	205,758	-	10,766	-	269,923	-
Total current assets	<u>35,094,126</u>	<u>51</u>	<u>30,484,428</u>	<u>47</u>	<u>29,538,148</u>	<u>47</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	2,711,524	4	-	-	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 10)	-	-	1,863,067	3	1,946,553	3
Financial assets measured at amortized cost - non-current (Notes 3, 4, 9, 40 and 41)	311,711	-	-	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 15)	-	-	676,120	1	749,917	1
Debt investments with no active market - non-current (Notes 3, 4, 11, 40 and 41)	-	-	311,573	1	311,527	1
Investments accounted for using the equity method (Note 17)	5,138,594	8	5,241,747	8	5,259,473	8
Property, plant and equipment (Notes 18 and 40)	23,430,993	34	23,758,495	37	23,480,144	37
Investment properties (Notes 19 and 40)	182,789	-	182,216	-	298,315	-
Goodwill (Note 20)	269,026	-	269,026	-	269,026	-
Other intangible assets (Note 20)	65,835	-	93,349	-	107,424	-
Biological assets - non-current	-	-	22,798	-	22,688	-
Deferred tax assets (Notes 4 and 32)	635,946	1	632,062	1	607,886	1
Long-term prepayments for leases (Notes 21 and 40)	474,774	1	525,845	1	374,325	1
Other non-current assets (Notes 36 and 40)	366,192	1	333,125	1	353,321	1
Total non-current assets	<u>33,587,384</u>	<u>49</u>	<u>33,909,423</u>	<u>53</u>	<u>33,780,599</u>	<u>53</u>
TOTAL	<u>\$ 68,681,510</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>	<u>\$ 63,318,747</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 40)	\$ 3,786,434	6	\$ 3,752,268	6	\$ 5,503,467	9
Short-term bills payable (Note 22)	3,597,115	5	1,684,506	3	2,119,161	3
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,107	-	7,883	-	5,059	-
Notes and accounts payable (Note 24)	4,249,907	6	3,965,444	6	3,438,569	6
Other payables (Note 25)	1,834,063	3	1,972,096	3	1,830,073	3
Current tax liabilities (Notes 4 and 32)	269,098	-	370,062	1	208,830	-
Provisions - current (Note 26)	-	-	32,205	-	25,258	-
Current portion of long-term borrowings (Notes 22 and 40)	541,800	1	799,600	1	670,400	1
Refund liabilities - current (Note 25)	34,976	-	-	-	-	-
Other current liabilities	408,620	1	279,230	-	466,248	1
Total current liabilities	<u>14,724,120</u>	<u>22</u>	<u>12,863,294</u>	<u>20</u>	<u>14,267,065</u>	<u>23</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 23)	5,991,993	9	5,990,167	9	3,994,203	6
Long-term borrowings (Notes 22 and 40)	8,013,136	12	6,903,148	11	6,945,000	11
Provisions - non-current (Notes 5, 26 and 41)	136,064	-	-	-	-	-
Deferred tax liabilities (Notes 4 and 32)	1,410,990	2	1,329,710	2	1,384,703	2
Net defined benefit liabilities - non-current (Notes 4 and 27)	1,685,425	2	2,419,897	4	2,401,065	4
Other non-current liabilities (Notes 28 and 36)	70,968	-	79,216	-	80,514	-
Total non-current liabilities	<u>17,308,576</u>	<u>25</u>	<u>16,722,138</u>	<u>26</u>	<u>14,805,485</u>	<u>23</u>
Total liabilities	<u>32,032,696</u>	<u>47</u>	<u>29,585,432</u>	<u>46</u>	<u>29,072,550</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 10, 16, 17, 29, 32, 35 and 38)						
Share capital						
Ordinary shares	11,887,635	17	11,654,544	18	11,654,544	19
Capital surplus	258,605	1	238,194	-	234,752	-
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	3,606,263	5	3,548,804	6	3,341,835	5
Total retained earnings	6,907,149	10	6,738,561	11	6,531,592	10
Other equity	(123,463)	-	(31,286)	-	3,032	-
Treasury shares	(475,606)	(1)	(475,606)	(1)	(475,606)	(1)
Total equity attributable to owners of the Company	18,454,320	27	18,124,407	28	17,948,314	28
NON-CONTROLLING INTERESTS	<u>18,194,494</u>	<u>26</u>	<u>16,684,012</u>	<u>26</u>	<u>16,297,883</u>	<u>26</u>
Total equity	<u>36,648,814</u>	<u>53</u>	<u>34,808,419</u>	<u>54</u>	<u>34,246,197</u>	<u>54</u>
TOTAL	<u>\$ 68,681,510</u>	<u>100</u>	<u>\$ 64,393,851</u>	<u>100</u>	<u>\$ 63,318,747</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)								
Sales	\$ 15,316,003	100	\$ 15,001,698	100	\$ 45,648,482	100	\$ 42,866,476	100
COST OF GOODS SOLD (Notes 13, 18, 20, 27 and 31)	<u>14,101,042</u>	<u>92</u>	<u>13,251,675</u>	<u>89</u>	<u>40,719,474</u>	<u>89</u>	<u>37,559,179</u>	<u>88</u>
GROSS PROFIT	<u>1,214,961</u>	<u>8</u>	<u>1,750,023</u>	<u>11</u>	<u>4,929,008</u>	<u>11</u>	<u>5,307,297</u>	<u>12</u>
OPERATING EXPENSES (Notes 12, 18, 20, 27, 31 and 39)								
Selling and marketing expenses	490,344	3	479,124	3	1,495,419	3	1,455,242	3
General and administrative expenses	281,687	2	352,707	2	977,494	2	1,003,767	2
Research and development expenses	<u>110,641</u>	<u>1</u>	<u>101,510</u>	<u>1</u>	<u>310,217</u>	<u>1</u>	<u>291,487</u>	<u>1</u>
Total operating expenses	<u>882,672</u>	<u>6</u>	<u>933,341</u>	<u>6</u>	<u>2,783,130</u>	<u>6</u>	<u>2,750,496</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>332,289</u>	<u>2</u>	<u>816,682</u>	<u>5</u>	<u>2,145,878</u>	<u>5</u>	<u>2,556,801</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 9, 11, 31 and 39)	243,648	2	189,547	1	501,728	1	478,115	1
Other gains and losses (Notes 10, 21, 27 and 31)	(66,479)	(1)	31,753	-	138,656	-	(247,162)	(1)
Finance costs (Notes 22, 23 and 31)	(64,309)	-	(59,308)	-	(180,687)	-	(176,659)	-
Share of profit (loss) of joint ventures accounted for using the equity method (Note 17)	<u>(794)</u>	<u>-</u>	<u>17,224</u>	<u>-</u>	<u>33,311</u>	<u>-</u>	<u>5,581</u>	<u>-</u>
Total non-operating income and expenses	<u>112,066</u>	<u>1</u>	<u>179,216</u>	<u>1</u>	<u>493,008</u>	<u>1</u>	<u>59,875</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	444,355	3	995,898	6	2,638,886	6	2,616,676	6
INCOME TAX EXPENSE (Notes 4 and 32)	<u>91,817</u>	<u>1</u>	<u>181,003</u>	<u>1</u>	<u>622,240</u>	<u>2</u>	<u>578,955</u>	<u>1</u>
NET PROFIT FROM CONTINUING OPERATIONS	352,538	2	814,895	5	2,016,646	4	2,037,721	5
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 14)	<u>2,298</u>	<u>-</u>	<u>291</u>	<u>-</u>	<u>6,355</u>	<u>-</u>	<u>(747)</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>354,836</u>	<u>2</u>	<u>815,186</u>	<u>5</u>	<u>2,023,001</u>	<u>4</u>	<u>2,036,974</u>	<u>5</u>

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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 September 30				For the Nine Months Ended September 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)	\$ 5,302	-	\$ -	-	\$ 202,305	1	\$ -	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>1,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,208</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)	(464,760)	(3)	113,880	1	(296,921)	(1)	(370,636)	(1)
Unrealized gain (loss) on available-for-sale financial assets (Note 29)	-	-	(112,824)	(1)	-	-	84,073	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 29 and 32)	<u>68,637</u>	<u>1</u>	<u>(17,068)</u>	<u>-</u>	<u>39,942</u>	<u>-</u>	<u>32,726</u>	<u>-</u>
	<u>(396,123)</u>	<u>(2)</u>	<u>(16,012)</u>	<u>-</u>	<u>(256,979)</u>	<u>(1)</u>	<u>(253,837)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(389,622)</u>	<u>(2)</u>	<u>(16,012)</u>	<u>-</u>	<u>(34,771)</u>	<u>-</u>	<u>(253,837)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (34,786)</u>	<u>-</u>	<u>\$ 799,174</u>	<u>5</u>	<u>\$ 1,988,230</u>	<u>4</u>	<u>\$ 1,783,137</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 113,765	1	\$ 359,128	2	\$ 641,195	1	\$ 880,092	2
Non-controlling interests	<u>241,071</u>	<u>1</u>	<u>456,058</u>	<u>3</u>	<u>1,381,806</u>	<u>3</u>	<u>1,156,882</u>	<u>3</u>
	<u>\$ 354,836</u>	<u>2</u>	<u>\$ 815,186</u>	<u>5</u>	<u>\$ 2,023,001</u>	<u>4</u>	<u>\$ 2,036,974</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (86,647)	-	\$ 358,768	2	\$ 606,965	1	\$ 797,385	2
Non-controlling interests	<u>51,861</u>	<u>-</u>	<u>440,406</u>	<u>3</u>	<u>1,381,265</u>	<u>3</u>	<u>985,752</u>	<u>2</u>
	<u>\$ (34,786)</u>	<u>-</u>	<u>\$ 799,174</u>	<u>5</u>	<u>\$ 1,988,230</u>	<u>4</u>	<u>\$ 1,783,137</u>	<u>4</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 September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 33)								
From continuing and discontinued operations								
Basic	<u>\$ 0.11</u>		<u>\$ 0.33</u>		<u>\$ 0.60</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 0.11</u>		<u>\$ 0.33</u>		<u>\$ 0.60</u>		<u>\$ 0.82</u>	
From continuing operations								
Basic	<u>\$ 0.11</u>		<u>\$ 0.33</u>		<u>\$ 0.60</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 0.11</u>		<u>\$ 0.33</u>		<u>\$ 0.60</u>		<u>\$ 0.82</u>	

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

(With Deloitte & Touche auditors' review report dated November 13, 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												Non-controlling Interests (Notes 3, 29 and 35)	Total Equity
	Capital Surplus				Retained Earnings			Other Equity						
	Share Capital Ordinary Shares (Note 29)	Treasury Share Transactions (Note 29)	Share of Changes in 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)	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 3, 4, 8, 29, 32 and 38)	Treasury Shares (Note 29)	Total		
BALANCE AT JANUARY 1, 2017	\$ 11,426,024	\$ 204,289	\$ 129	\$ 11,717	\$ 2,695,673	\$ 411,010	\$ 3,367,821	\$ 8,204	\$ 77,535	\$ -	\$ (475,606)	\$ 17,726,796	\$ 14,292,690	\$ 32,019,486
Appropriation of 2016 earnings														
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 nine months ended September 30, 2017	-	-	-	-	-	-	880,092	-	-	-	-	880,092	1,156,882	2,036,974
Other comprehensive income (loss) for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	-	(182,523)	99,816	-	-	(82,707)	(171,130)	(253,837)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	-	880,092	(182,523)	99,816	-	-	797,385	985,752	1,783,137
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	196	-	-	-	(23,183)	-	-	-	-	(22,987)	22,987	-
Changes in capital surplus from distributing cash dividends to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	-	18,421	-	18,421
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,804,440	1,804,440
BALANCE AT SEPTEMBER 30, 2017	<u>\$ 11,654,544</u>	<u>\$ 222,710</u>	<u>\$ 325</u>	<u>\$ 11,717</u>	<u>\$ 2,814,630</u>	<u>\$ 375,127</u>	<u>\$ 3,341,835</u>	<u>\$ (174,319)</u>	<u>\$ 177,351</u>	<u>\$ -</u>	<u>\$ (475,606)</u>	<u>\$ 17,948,314</u>	<u>\$ 16,297,883</u>	<u>\$ 34,246,197</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														
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 nine months ended September 30, 2018	-	-	-	-	-	-	641,195	-	-	-	-	641,195	1,381,806	2,023,001
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	9,946	(113,164)	-	68,988	-	(34,230)	(541)	(34,771)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	-	651,141	(113,164)	-	68,988	-	606,965	1,381,265	1,988,230
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	9,138	-	-	-	-	-	-	-	-	9,138	(4,536)	4,602
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	78,833	-	-	(78,833)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	705,595	705,595
BALANCE AT SEPTEMBER 30, 2018	<u>\$ 11,887,635</u>	<u>\$ 233,983</u>	<u>\$ 10,134</u>	<u>\$ 14,488</u>	<u>\$ 2,925,759</u>	<u>\$ 375,127</u>	<u>\$ 3,606,263</u>	<u>\$ (304,044)</u>	<u>\$ -</u>	<u>\$ 180,581</u>	<u>\$ (475,606)</u>	<u>\$ 18,454,320</u>	<u>\$ 18,194,494</u>	<u>\$ 36,648,814</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2018)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 2,638,886	\$ 2,616,676
Income (loss) before income tax from discontinued operations	<u>6,355</u>	<u>(747)</u>
Income before income tax	2,645,241	2,615,929
Adjustments for:		
Depreciation expenses	1,474,016	1,383,399
Amortization expenses	46,995	62,987
Expected credit loss	2,956	-
Impairment loss recognized on accounts receivable	-	20,242
Net (gain) loss on fair value changes of financial assets and liabilities as at FVTPL	(34,059)	141,851
Finance costs	200,394	193,012
Interest income	(108,174)	(84,400)
Dividend income	(185,709)	(184,893)
Share of profit of joint ventures accounted for using the equity method	(33,311)	(5,581)
Gain on disposal of property, plant and equipment	(8,509)	(12,881)
Gain on disposal of land use rights	(262,617)	-
Gain on disposal of investment	-	(57,725)
Inventory write-downs recognized	82,007	71,346
Impairment loss recognized (reversed) on non-financial assets	(13,423)	874
Amortization of long-term prepayments for leases	12,182	14,688
Recognition of refund liabilities	11,824	-
Recognition of provisions	136,064	9,270
Gain on disposal of biological assets	(13,735)	-
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	993,363	866,864
Increase in notes receivable	(71,001)	(98,789)
Decrease (increase) in accounts receivable	359,608	(181,015)
Increase in other receivables	(71,473)	(81,034)
(Increase) decrease in inventories	(1,790,609)	49,740
Increase in prepayments	(108,494)	(152,493)
Increase in other current assets	(194,992)	(255,087)
Decrease in notes payable	(68)	(60)
Increase (decrease) in accounts payable	284,531	(142,407)
Decrease in other payables	(26,132)	(35,781)
Decrease in refund liabilities	(9,053)	-
Decrease in provisions	-	(7,053)
Decrease in net defined benefit liabilities	(734,472)	(586,057)
Increase in other current liabilities	<u>129,390</u>	<u>192,564</u>
Cash generated from operations	2,712,740	3,737,510
Interest received	109,728	55,847

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
Interest paid	\$ (177,834)	\$ (187,659)
Income tax paid	<u>(565,809)</u>	<u>(515,793)</u>
Net cash generated from operating activities	<u>2,078,825</u>	<u>3,089,905</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at FVTOCI	(9,826)	-
Proceeds from sale of financial assets at FVTOCI	103,230	-
Reduction of capital by returning cash of financial assets at FVTOCI	44,648	-
Proceeds from sale of available-for-sale financial assets	-	76,687
Decrease in debt investments with no active market	-	29,741
Proceeds from sale of financial assets measured at amortized cost	2,423	-
Reduction of capital by returning cash of financial assets measured at cost	-	47,993
Acquisition of investments accounted for using the equity method	-	(5,150,364)
Net cash inflow on acquisition of subsidiaries	-	999,132
Payments for property, plant and equipment	(1,306,673)	(2,546,435)
Proceeds from disposal of property, plant and equipment	154,943	35,796
Increase in refundable deposits	(3,217)	(1,873)
Payments for other intangible assets	(4,365)	(6,145)
Increase in other non-current assets	(45,364)	(74,377)
Decrease in biological assets	-	446
Increase in long-term prepayments for leases	(5,562)	-
Proceeds from disposal of land use rights	291,368	-
Dividends received	185,709	184,893
Proceeds from disposal of biological assets	<u>36,866</u>	<u>-</u>
Net cash used in investing activities	<u>(555,820)</u>	<u>(6,404,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	34,166	554,299
Increase (decrease) in short-term bills payable	1,912,609	(352,907)
Proceeds from long-term borrowings	11,430,000	6,587,200
Repayments of long-term borrowings	(10,577,812)	(6,905,000)
Increase (decrease) in guarantee deposits received	3,716	(1,454)
Decrease in other non-current liabilities	(11,964)	(2,570)
Decrease in dividends payable	(349,636)	(571,301)
Change in non-controlling interests	705,595	751,229
Dividends paid to non-controlling interests	<u>(615,849)</u>	<u>(807,986)</u>
Net cash generated from (used in) financing activities	<u>2,530,825</u>	<u>(748,490)</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	2017
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HOLD IN FOREIGN CURRENCIES	\$ (243,511)	\$ 24,980
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,810,319	(4,038,111)
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>\$ 12,284,181</u>	<u>\$ 7,886,192</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2018)

(Concluded)

USI CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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 November 13, 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)
Amortized cost	-	2,753,689	96,180	2,849,869	21,341	30,832	44,007	
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

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

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 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, in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

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

investment properties, are recognized as expenses on a straight-line basis. 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 with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at their carrying amounts as if IFRS 16 had been applied since the commencement date but discounted using the aforementioned incremental borrowing rate. The 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 that the application of other standards and interpretations will have on the Group's consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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, incomes 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.

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 debt instruments and equity instruments at FVTOCI.

i) Financial assets at FVTPL

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

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

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

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

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

iii) Investments in equity instruments at FVTOCI

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

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

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

2017

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such financial assets. Fair value is determined in the manner described in Note 38.

ii) Available-for-sale financial assets

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

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

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

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

iii) Loans and receivables

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

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

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

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

2017

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

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

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

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

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

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

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

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

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

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

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

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.

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 with reference to the principal outstanding and at the applicable effective interest rate.

3) Employee benefits retirement benefits

Pension costs for an interim period are 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

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand and petty cash	\$ 137,561	\$ 111,586	\$ 199,447
Checking accounts and demand deposits	2,248,154	1,984,425	1,920,404
Cash equivalents			
Time deposits	9,454,283	6,305,341	5,693,388
Repurchase agreements collateralized by bonds	<u>444,183</u>	<u>72,510</u>	<u>72,953</u>
	<u>\$ 12,284,181</u>	<u>\$ 8,473,862</u>	<u>\$ 7,886,192</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:

	September 30, 2018	December 31, 2017	September 30, 2017
Bank deposits	0.22%-6.75%	0.01%-3.96%	0.10%-7.25%
Repurchase agreements collateralized by bonds	0.40%-2.90%	0.61%-1.20%	0.21%-1.20%

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

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets held for trading</u>			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 4,189	\$ 3,243
Non-derivative financial assets			
Domestic listed shares and over-the-counter shares	-	256,891	179,483
Mutual funds	-	3,064,633	4,566,962
Beneficiary securities	-	1,989,110	837,588
Overseas listed shares	-	1,071	1,307
	<u>-</u>	<u>5,311,705</u>	<u>5,585,340</u>
<u>Financial assets mandatorily at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	9,105	-	-
Non-derivative financial assets			
Domestic listed shares and over-the-counter shares	205,745	-	-
Mutual funds	3,193,471	-	-
Beneficiary securities	941,673	-	-
Overseas listed shares	820	-	-
	<u>4,341,709</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,350,814</u>	<u>\$ 5,315,894</u>	<u>\$ 5,588,583</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ 2,107	\$ 7,883	\$ 5,059

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>September 30, 2018</u>			
Sell	RMB/NTD	2018.10.04-2018.12.21	RMB147,000/NTD654,720
Sell	USD/MYR	2018.12.28-2019.02.28	USD900/MYR3,683
Sell	USD/NTD	2018.10.02-2018.12.21	USD26,240/NTD802,483
Sell	EUR/MYR	2018.11.29-2018.12.28	EUR127/MYR615
Buy	NTD/USD	2018.10.02-2018.11.22	NTD285,679/USD9,320

(Continued)

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

September 30, 2017

Sell	RMB/NTD	2017.10.06-2017.12.27	RMB127,200/USD575,370
Sell	USD/MYR	2017.10.31-2017.11.30	USD170/MYR725
Sell	USD/NTD	2017.10.06-2017.12.26	USD33,140/NTD999,760
Buy	NTD/USD	2017.10.05-2017.11.02	NTD227,597/USD7,217
Sell	EUR/MYR	2017.10.31-2017.12.29	EUR221/MYR1,108
Sell	AUD/USD	2017.10.25-2017.11.27	AUD400/USD320

(Concluded)

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

	September 30, 2018
<u>Current</u>	
Investments in equity instruments at FVTOCI	
Domestic investments	
Listed shares and over-the-counter shares	<u>\$ 197,809</u>
<u>Non-current</u>	
Investments in equity instruments at FVTOCI	
Domestic investments	
Listed shares and over-the-counter shares	\$ 1,854,830
Emerging market shares	15,337
Unlisted shares	<u>662,125</u>
	<u>2,532,292</u>
Overseas investments	
Listed shares and over-the-counter shares	6,683
Unlisted shares	<u>172,549</u>
	<u>179,232</u>
	<u>\$ 2,711,524</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at cost under IAS 39. 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 nine months ended September 30, 2018, and the Group transferred a gain of \$71,238 thousand from other equity to retained earnings.

The Group sold 249 thousand shares of Wafer Works Corporation during the nine months ended September 30, 2018, and the Group transferred a total gain of \$10,331 thousand from other equity to retained earnings in the amount of \$7,595 thousand and to non-controlling interests in the amount of \$2,736 thousand, respectively.

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

The investees KHL IB Venture Capital Co., Ltd. and Riselink Venture Capital announced a reduction of capital by returning cash in August 2018, and the Group received \$37,310 thousand and \$3,309 thousand according to its ownership percentage, respectively.

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

	September 30, 2018
<u>Current</u>	
Pledged time deposits	<u>\$ 423,808</u>
<u>Non-current</u>	
Pledged time deposits	<u>\$ 311,711</u>

As of September 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 pledged as collateral for long-term borrowings.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	September 30, 2017
Domestic listed shares and over-the-counter shares	\$ 2,052,768	\$ 2,119,721
Overseas listed shares and over-the-counter shares	17,212	26,808
Domestic emerging market shares	<u>7,589</u>	<u>7,432</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,153,961</u>
Current	\$ 214,502	\$ 207,408
Non-current	<u>1,863,067</u>	<u>1,946,553</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,153,961</u>

The Group sold 1,045 thousand shares of Vanguard International Semiconductor Corporation during the nine months ended September 30, 2017, and the gain on the disposal of the investment was \$39,563 thousand.

The Group sold 1,000 thousand shares of AU Optronics Corporation during the nine months ended September 30, 2017, and the loss on the disposal of the investment was \$30,053 thousand.

The Group sold 3,206 thousand shares of Wafer Works Corporation during the nine months ended September 30, 2017, and the gain on the disposal of the investment was \$35,696 thousand.

The Group sold 141 thousand shares of Coremax Corporation during the nine months ended September 30, 2017, and the gain on the disposal of the investment was \$12,519 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	September 30, 2017
Restricted deposits	<u>\$ 737,942</u>	<u>\$ 711,700</u>
Current	\$ 426,369	\$ 400,173
Non-current	<u>311,573</u>	<u>311,527</u>
	<u>\$ 737,942</u>	<u>\$ 711,700</u>

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

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Notes receivable (a)</u>			
Operating	\$ 1,189,078	\$ 1,118,077	\$ 1,007,817
Less: Allowance for impairment loss	<u>(6)</u>	<u>(7)</u>	<u>(3)</u>
	<u>\$ 1,189,072</u>	<u>\$ 1,118,070</u>	<u>\$ 1,007,814</u>
<u>Accounts receivable (a)</u>			
At amortized cost			
Gross carrying amount	\$ 6,701,006	\$ 7,063,613	\$ 6,418,258
Less: Allowance for impairment loss	<u>(113,542)</u>	<u>(113,584)</u>	<u>(116,440)</u>
	<u>\$ 6,587,464</u>	<u>\$ 6,950,029</u>	<u>\$ 6,301,818</u>
<u>Other receivables (b)</u>			
Tax refund receivables	\$ 296,040	\$ 221,711	\$ 243,370
Claims receivable	-	54,654	29,222
Securities transaction receivables	-	13,099	-
Others	<u>77,876</u>	<u>54,841</u>	<u>96,608</u>
	<u>\$ 373,916</u>	<u>\$ 344,305</u>	<u>\$ 369,200</u>

a. Notes and accounts receivable

For the nine months ended September 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.

September 30, 2018

Based on the number of days past due

	Up to 60 Days	61-90 Days	Over 90 Days	Total
Gross carrying amount	\$ 3,062,819	\$ 1,886	\$ 58,711	\$ 3,123,416
Loss allowance (lifetime ECLs)	<u>(6,234)</u>	<u>-</u>	<u>(13,966)</u>	<u>(20,200)</u>
Amortized cost	<u>\$ 3,056,585</u>	<u>\$ 1,886</u>	<u>\$ 44,745</u>	<u>\$ 3,103,216</u>

Based on credit quality

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 504,362	\$ 1,166,773	\$ 1,006,230	\$ 2,089,303	\$ 4,766,668
Loss allowance (lifetime ECLs)	<u>(3,616)</u>	<u>(8,409)</u>	<u>(16,527)</u>	<u>(64,796)</u>	<u>(93,348)</u>
Amortized cost	<u>\$ 500,746</u>	<u>\$ 1,158,364</u>	<u>\$ 989,703</u>	<u>\$ 2,024,507</u>	<u>\$ 4,673,320</u>

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

	September 30, 2018
Not past due	\$ 4,576,538
Up to 60 days	117,131
Over 60 days	<u>72,999</u>
	<u>\$ 4,766,668</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 Nine Months Ended September 30, 2018
Balance at January 1, 2018	\$ 113,591
Add: Net remeasurement of loss allowance	2,956
Less: Amounts written off during the period as uncollectible	(2,029)
Foreign exchange translation gains and losses	<u>(970)</u>
Balance at September 30, 2018	<u>\$ 113,548</u>

For the nine months ended September 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 September 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	September 30, 2017
Not overdue	\$ 7,906,939	\$ 7,193,998
Up to 60 days	143,806	65,820
61-90 days	123,407	147,816
Over 90 days	<u>7,538</u>	<u>18,441</u>
	<u>\$ 8,181,690</u>	<u>\$ 7,426,075</u>

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

	December 31, 2017	September 30, 2017
Up to 60 days	\$ 128,462	\$ 65,088
61-90 days	78,448	6,619
Over 90 days	<u>14,333</u>	<u>6,926</u>
	<u>\$ 221,243</u>	<u>\$ 78,633</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	13,764	6,478	20,242
Less: Amounts written off during the period as uncollectible	(1,886)	-	(1,886)
Foreign exchange translation gains and losses	<u>(512)</u>	<u>193</u>	<u>(319)</u>
Balance at September 30, 2017	<u>\$ 74,955</u>	<u>\$ 41,488</u>	<u>\$ 116,443</u>

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

b. Other receivables

Other receivables mainly consisted of tax refund receivables, claims receivable, sale of securities receivable, etc. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date, and an impairment loss was assessed based on the expected credit losses. There were no overdue other receivables with an unrecognized allowance for doubtful accounts in the Group as of September 30, 2018, December 31, 2017 and September 30, 2017.

13. INVENTORIES

	September 30, 2018	December 31, 2017	September 30, 2017
Finished goods	\$ 4,844,665	\$ 4,155,186	\$ 3,705,980
Work in progress	684,646	546,028	580,058
Raw materials	2,417,764	1,833,604	1,971,368
Supplies	229,969	306,265	367,621
Inventory in transit	<u>389,312</u>	<u>16,671</u>	<u>18,630</u>
	<u>\$ 8,566,356</u>	<u>\$ 6,857,754</u>	<u>\$ 6,643,657</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2018 and 2017 was \$14,101,042 thousand and \$13,251,675 thousand, respectively, and for the nine months ended September 30, 2018 and 2017 was \$40,719,474 thousand and \$37,559,179 thousand, respectively.

The cost of goods sold included inventory write-downs of \$53,211 thousand and \$65,037 thousand for the three months ended September 30, 2018 and 2017, respectively, and \$82,007 thousand and \$71,346 thousand for the nine months ended September 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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Administrative expenses	\$ (8,534)	\$ (6,519)	\$ (24,618)	\$ (21,632)
Loss from operations	(8,534)	(6,519)	(24,618)	(21,632)
Non-operating income	<u>10,832</u>	<u>6,810</u>	<u>30,973</u>	<u>20,885</u>
Net profit (loss) from discontinued operations	<u>\$ 2,298</u>	<u>\$ 291</u>	<u>\$ 6,355</u>	<u>\$ (747)</u>

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

	For the Nine Months Ended September 30	
	2018	2017
Net cash generated from operating activities	\$ 11,688	\$ 22,463
Net cash generated from investing activities	998	2,994
Effect of exchange rate changes	<u>(2,048)</u>	<u>(210)</u>
Net cash inflow	<u>\$ 10,638</u>	<u>\$ 25,247</u>

15. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	September 30, 2017
Domestic unlisted shares	\$ 534,333	\$ 569,945
Overseas unlisted shares	<u>141,787</u>	<u>179,972</u>
	<u>\$ 676,120</u>	<u>\$ 749,917</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 676,120</u>	<u>\$ 749,917</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 at its ownership percentage.

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

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			September 30, 2018	December 31, 2017	September 30, 2017	
The Company	USIFE Investment Co., Ltd. ("USII")	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. ("UPIIC")	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>93.2</u>	
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.	China General Plastics Corporation Asia Polymer Corporation Taiwan United Venture Capital Corp.		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>	
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	USIFE Investment Co., Ltd.		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	USIFE Investment Co., Ltd. Asia Polymer Corporation Taita Chemical Company, Ltd. APC Investment 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>	6)
The Company	USI Optronics Corporation ("USIO")	Manufacture and marketing of sapphire crystal	50.9	50.9	50.9	
Acme Electronics Corp.	ACME Electronics (Cayman) 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>	5)
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 (Cayman) Corp.	ACME Electronics (BVI) Corp.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	
	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.	USIFE Investment Co., Ltd. Taiwan VCM Corporation		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>	6)

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			September 30, 2018	December 31, 2017	September 30, 2017	
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 APC (BVI) Holding Co., Ltd.	USI International Corp.	Reinvestment business	70.0 <u>30.0</u>	70.0 <u>30.0</u>	70.0 <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. USIFE Investment Co., Ltd.			0.6 <u>0.4</u>	0.6 <u>0.4</u>	0.6 <u>0.4</u>	
			<u>37.8</u>	<u>37.8</u>	<u>37.8</u>	6)
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. ("TAITA (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	<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>	
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 Taita Chemical Company, Ltd. China General Terminal & Distribution Co. USIFE Investment Co., Ltd.			8.1 2.0 0.5 <u>0.1</u>	8.1 2.0 0.5 <u>0.1</u>	8.1 2.0 0.5 <u>0.1</u>	
			<u>35.7</u>	<u>35.7</u>	<u>35.7</u>	6)
China General Plastics Corporation	Taiwan VCM Corporation ("TVCM")	Manufacture and marketing of vinyl chloride monomer and related petrochemical products	<u>87.2</u>	<u>87.2</u>	<u>87.2</u>	
	CGPC (BVI) Holding Co., Ltd. CGPC America Corporation	Reinvestment business Marketing of PVC two- or three-time processed products	<u>100.0</u> <u>100.0</u>	<u>100.0</u> <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>	2)
	Chung Shan CGPC Polymer Co., Ltd. ("Chung Shan (GPCP)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	2)
China General Plastics Corporation Taita Chemical Company, Ltd. Asia Polymer Corporation	China General Terminal & Distribution Co.	Warehousing of petrochemical raw materials	33.3 33.3 <u>33.4</u>	33.3 33.3 <u>33.4</u>	33.3 33.3 <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. ("TUVM")	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>	
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd. ("ACME Ferrite")	Manufacture and marketing of soft ferrite core	<u>100.0</u>	<u>100.0</u>	<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.			4.5 <u>100.0</u>	4.5 <u>100.0</u>	4.5 <u>100.0</u>	3)
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 <u>100.0</u>	99.0 <u>100.0</u>	99.0 <u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)			Remark
			September 30, 2018	December 31, 2017	September 30, 2017	
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 USIFE Investment Co., Ltd.			15.0 <u>15.0</u>	15.0 <u>15.0</u>	15.0 <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	63.1	62.6	62.6	
Asia Polymer Corporation			<u>36.9</u>	<u>37.4</u>	<u>37.4</u>	
			<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	4)
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment	<u>77.5</u>	<u>67.9</u>	<u>67.9</u>	4) and 6)
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	4)

(Concluded)

- 1) In order to improve its financial structure and to meet the needs of operating capital, INOMA was continually in the research and, developed stage and experiencing subsequent operating losses, on June 26, 2017, the shareholders meeting of INOMA approved a capital reduction project for the make-up of losses in the amount of \$67,500 thousand and cancellation of 6,750 thousand shares, a capital reduction accounting for 53.81% of its paid-in capital. The shareholders meeting also approved the issuance of 4,000 thousand shares. The paid-in capital of INOMA is \$97,950 thousand after the above reduction and issuance of shares. The Group subscribed for the 3,955 thousand shares and owns 93.18% of the outstanding shares. As of September 30, 2018, there has been no significant operating income.
- 2) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors held in October 2011. CGPC (CS) and CGPCP has not completed the liquidation process as of September 30, 2018.
- 3) 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 September 30, 2018.
- 4) The Company and APC invested additional capital of US\$37,572 thousand (around \$1,200,087 thousand) and US\$23,086 thousand (around \$739,424 thousand) in ECGL in January 2017, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The ownership percentage of ECGL in EVGL increased from 31.75% to 66.4% after the capital increase, and ECGL gained control over EVGL so that ECGL identifies EVGL as its subsidiary. As of September 30, 2018, the Company and APC invested capital of US\$176,268 thousand (around \$5,442,336 thousand) and US\$103,240 thousand (around \$3,190,905 thousand) in ECGL, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The total ownership percentage of ECGL in EVGL is 77.5%. For more explanation, refer to Note 35.

- 5) In order to improve its financial structure and cover losses of \$966,795 thousand, USIO performed a capital reduction by cancelling 96,680 thousand shares, accounting for 80.18% of its paid-in capital, on May 24, 2017, as approved in the shareholders' meeting held on April 7, 2017. USIO performed a capital increase of 41,000 thousand shares with a par value of \$10 on June 8, 2017. The Company, APC, and ACME subscribed for 33,000 thousand shares, 5,972 thousand shares, and 2,000 thousand shares, respectively, and the paid-in capital of USIO was \$649,017 thousand.
- 6) This is a subsidiary of a material non-controlling interest.

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		
	September 30, 2018	December 31, 2017	September 30, 2017
	CGPC	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	22.5%	32.1%	32.1%

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 September 30		For the Nine Months Ended September 30		September 30, 2018	December 31, 2017	September 30, 2017
	2018	2017	2018	2017			
CGPC	\$ 157,027	\$ 180,768	\$ 764,686	\$ 595,090	\$ 5,260,100	\$ 4,915,532	\$ 4,692,704
TTC	\$ 1,060	\$ 147,077	\$ 242,960	\$ 163,746	\$ 2,605,026	\$ 2,421,807	\$ 2,269,600
ACME	\$ 8,584	\$ (8,397)	\$ 65,860	\$ (31,894)	\$ 800,212	\$ 751,522	\$ 771,767
APC	\$ 69,153	\$ 101,499	\$ 178,288	\$ 321,202	\$ 6,220,885	\$ 6,147,712	\$ 6,011,086
EVGL	\$ 160	\$ 6,270	\$ 9,773	\$ 6,949	\$ 2,461,058	\$ 1,787,820	\$ 1,797,211

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

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 6,459,308	\$ 5,993,631	\$ 5,584,489
Non-current assets	6,662,723	6,679,590	6,566,272
Current liabilities	(2,099,448)	(1,785,947)	(1,639,416)
Non-current liabilities	(2,311,154)	(2,686,426)	(2,690,153)
Equity	\$ 8,711,429	\$ 8,200,848	\$ 7,821,192

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
Equity attributable to:			
Owners of CGPC	\$ 3,007,780	\$ 2,890,809	\$ 2,756,389
Non-controlling interests of CGPC	5,260,100	4,915,532	4,692,704
Non-controlling interests of CGPC's subsidiaries	<u>443,549</u>	<u>394,507</u>	<u>372,099</u>
	<u>\$ 8,711,429</u>	<u>\$ 8,200,848</u>	<u>\$ 7,821,192</u> (Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue	<u>\$ 3,475,990</u>	<u>\$ 3,613,528</u>	<u>\$ 11,298,548</u>	<u>\$ 10,928,129</u>
Net profit from continuing operations	\$ 245,232	\$ 273,354	\$ 1,243,119	\$ 952,359
Net profit (loss) from discontinued operations	<u>2,298</u>	<u>291</u>	<u>6,355</u>	<u>(747)</u>
Profit for the period	247,530	273,645	1,249,474	951,612
Other comprehensive income (loss) for the period	<u>8,235</u>	<u>7,722</u>	<u>19,926</u>	<u>(19,430)</u>
Total comprehensive income for the period	<u>\$ 255,765</u>	<u>\$ 281,367</u>	<u>\$ 1,269,400</u>	<u>\$ 932,182</u>
Profit attributable to:				
Owners of CGPC	\$ 81,799	\$ 94,166	\$ 398,342	\$ 309,997
Non-controlling interests of CGPC	157,027	180,768	764,686	595,090
Non-controlling interests of CGPC's subsidiaries	<u>8,704</u>	<u>(1,289)</u>	<u>86,446</u>	<u>46,525</u>
	<u>\$ 247,530</u>	<u>\$ 273,645</u>	<u>\$ 1,249,474</u>	<u>\$ 951,612</u>
Total comprehensive income attributable to:				
Owners of CGPC	\$ 68,714	\$ 101,870	\$ 368,142	\$ 323,938
Non-controlling interests of CGPC	178,346	180,768	814,836	561,710
Non-controlling interests of CGPC's subsidiaries	<u>8,705</u>	<u>(1,271)</u>	<u>86,422</u>	<u>46,534</u>
	<u>\$ 255,765</u>	<u>\$ 281,367</u>	<u>\$ 1,269,400</u>	<u>\$ 932,182</u> (Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Net cash inflow (outflow) from:				
Operating activities			\$ 1,488,645	\$ 1,442,594
Investing activities			(398,621)	(811,207)
Financing activities			(820,716)	(1,329,465)
Effects of exchange rate changes			<u>678</u>	<u>(7,997)</u>
Net cash inflow (outflow)			<u>\$ 269,986</u>	<u>\$ (706,075)</u>
Dividends paid to non-controlling interests			<u>\$ 485,231</u>	<u>\$ 533,912</u>

TTC and TTC's subsidiaries

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 6,386,682	\$ 5,313,224	\$ 5,003,616
Non-current assets	3,365,643	3,498,211	3,484,034
Current liabilities	(4,131,523)	(3,132,553)	(3,069,038)
Non-current liabilities	<u>(1,429,404)</u>	<u>(1,773,332)</u>	<u>(1,778,273)</u>
Equity	<u>\$ 4,191,398</u>	<u>\$ 3,905,550</u>	<u>\$ 3,640,339</u>
Equity attributable to:			
Owners of TTC	\$ 1,586,372	\$ 1,483,743	\$ 1,370,739
Non-controlling interests of TTC	<u>2,605,026</u>	<u>2,421,807</u>	<u>2,269,600</u>
	<u>\$ 4,191,398</u>	<u>\$ 3,905,550</u>	<u>\$ 3,640,339</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue	<u>\$ 5,797,437</u>	<u>\$ 5,209,616</u>	<u>\$ 16,585,574</u>	<u>\$ 14,346,916</u>
Profit for the period	\$ 1,455	\$ 232,251	\$ 383,659	\$ 258,573
Other comprehensive (loss) income for the period	<u>(65,346)</u>	<u>37,776</u>	<u>(100,504)</u>	<u>2,648</u>
Total comprehensive (loss) income for the period	<u>\$ (63,891)</u>	<u>\$ 270,027</u>	<u>\$ 283,155</u>	<u>\$ 261,221</u>
Profit attributable to:				
Owners of TTC	\$ 395	\$ 85,174	\$ 140,699	\$ 94,827
Non-controlling interests of TTC	<u>1,060</u>	<u>147,077</u>	<u>242,960</u>	<u>163,746</u>
	<u>\$ 1,455</u>	<u>\$ 232,251</u>	<u>\$ 383,659</u>	<u>\$ 258,573</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Total comprehensive (loss) income attributable to:				
Owners of TTC	\$ (26,385)	\$ 122,950	\$ 102,335	\$ 118,414
Non-controlling interests of TTC	<u>(37,506)</u>	<u>147,077</u>	<u>180,820</u>	<u>142,807</u>
	<u>\$ (63,891)</u>	<u>\$ 270,027</u>	<u>\$ 283,155</u>	<u>\$ 261,221</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (687,675)	\$ (155,539)
Investing activities			(93,555)	(60,842)
Financing activities			1,054,396	(82,075)
Effects of exchange rate changes			<u>10,750</u>	<u>(2,153)</u>
Net cash inflow (outflow)			<u>\$ 283,916</u>	<u>\$ (300,609)</u> (Concluded)

ACME and ACME's subsidiaries

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 1,958,462	\$ 1,741,583	\$ 1,752,548
Non-current assets	1,832,267	1,965,852	1,994,544
Current liabilities	(1,116,754)	(1,172,072)	(1,301,668)
Non-current liabilities	<u>(558,606)</u>	<u>(613,731)</u>	<u>(457,988)</u>
Equity	<u>\$ 2,115,369</u>	<u>\$ 1,921,632</u>	<u>\$ 1,987,436</u>
Equity attributable to:			
Owners of ACME	\$ 650,593	\$ 611,551	\$ 633,174
Non-controlling interests of ACME	800,212	751,522	771,767
Non-controlling interests of ACME's subsidiaries	<u>664,564</u>	<u>558,559</u>	<u>582,495</u>
	<u>\$ 2,115,369</u>	<u>\$ 1,921,632</u>	<u>\$ 1,987,436</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue	<u>\$ 617,012</u>	<u>\$ 608,558</u>	<u>\$ 1,814,023</u>	<u>\$ 1,770,377</u>
Profit (loss) for the period	\$ 16,011	\$ (14,841)	\$ 240,876	\$ (64,079)
Other comprehensive (loss) income for the period	<u>(68,934)</u>	<u>28,007</u>	<u>(47,139)</u>	<u>(18,376)</u>
Total comprehensive (loss) income for the period	<u>\$ (52,923)</u>	<u>\$ 13,166</u>	<u>\$ 193,737</u>	<u>\$ (82,455)</u> (Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Profit (loss) attributable to:				
Owners of ACME	\$ 6,891	\$ (6,741)	\$ 52,869	\$ (25,606)
Non-controlling interests of ACME	8,584	(8,397)	65,860	(31,894)
Non-controlling interests of ACME's subsidiaries	<u>536</u>	<u>297</u>	<u>122,147</u>	<u>(6,579)</u>
	<u>\$ 16,011</u>	<u>\$ (14,841)</u>	<u>\$ 240,876</u>	<u>\$ (64,079)</u>
Total comprehensive (loss) income attributable to:				
Owners of ACME	\$ (13,135)	\$ 1,439	\$ 39,066	\$ (32,135)
Non-controlling interests of ACME	(16,360)	1,792	48,666	(40,026)
Non-controlling interests of ACME's subsidiaries	<u>(23,428)</u>	<u>9,935</u>	<u>106,005</u>	<u>(10,294)</u>
	<u>\$ (52,923)</u>	<u>\$ 13,166</u>	<u>\$ 193,737</u>	<u>\$ (82,455)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 119,559	\$ 132,389
Investing activities			188,484	(184,915)
Financing activities			(108,685)	(76,253)
Effects of exchange rate changes			<u>(27,130)</u>	<u>4,415</u>
Net cash inflow (outflow)			<u>\$ 172,228</u>	<u>\$ (124,364)</u> (Concluded)

APC and APC's subsidiaries

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 3,635,349	\$ 5,136,436	\$ 4,881,822
Non-current assets	11,272,937	9,739,565	9,695,327
Current liabilities	(1,854,725)	(2,338,563)	(2,208,211)
Non-current liabilities	<u>(3,191,086)</u>	<u>(2,720,968)</u>	<u>(2,761,977)</u>
Equity	<u>\$ 9,862,475</u>	<u>\$ 9,816,470</u>	<u>\$ 9,606,961</u>
Equity attributable to:			
Owners of APC	\$ 3,641,590	\$ 3,668,758	\$ 3,595,875
Non-controlling interests of APC	<u>6,220,885</u>	<u>6,147,712</u>	<u>6,011,086</u>
	<u>\$ 9,862,475</u>	<u>\$ 9,816,470</u>	<u>\$ 9,606,961</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue	\$ 1,527,557	\$ 1,710,974	\$ 4,488,953	\$ 4,808,117
Profit for the period	\$ 102,218	\$ 150,030	\$ 263,536	\$ 474,784
Other comprehensive (loss) income for the period	(24,863)	5,256	(167,133)	(63,537)
Total comprehensive income for the period	\$ 77,355	\$ 155,286	\$ 96,403	\$ 411,247
Profit attributable to:				
Owners of APC	\$ 33,065	\$ 48,531	\$ 85,248	\$ 153,582
Non-controlling interests of APC	69,153	101,499	178,288	321,202
	\$ 102,218	\$ 150,030	\$ 263,536	\$ 474,784
Total comprehensive income (loss) attributable to:				
Owners of APC	\$ 35,081	\$ 53,787	\$ (5,704)	\$ 120,215
Non-controlling interests of APC	42,274	101,499	102,107	291,032
	\$ 77,355	\$ 155,286	\$ 96,403	\$ 411,247
Net cash outflow from:				
Operating activities			\$ 349,291	\$ 346,643
Investing activities			(1,648,838)	(1,335,454)
Financing activities			(100,144)	(300,536)
Effects of exchange rate changes			635	(12,960)
Net cash outflow			\$ (1,399,056)	\$ (1,302,307)
Dividends paid to non-controlling interests			\$ 70,103	\$ 204,184

EVGL and EVGL's subsidiaries

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 5,794,337	\$ 338,317	\$ 342,757
Non-current assets	5,138,594	5,241,747	5,259,473
Current liabilities	(7,571)	(11,893)	(4,810)
Equity	\$ 10,925,360	\$ 5,568,171	\$ 5,597,420
Equity attributable to:			
Owners of EVGL	\$ 8,464,302	\$ 3,780,351	\$ 3,800,209
Non-controlling interests of EVGL	2,461,058	1,787,820	1,797,211
	\$ 10,925,360	\$ 5,568,171	\$ 5,597,420

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Profit for the period	\$ 617	\$ 19,530	\$ 30,558	\$ 21,548
Other comprehensive (loss) income for the period	<u>(219,134)</u>	<u>72,444</u>	<u>(155,439)</u>	<u>(68,475)</u>
Total comprehensive (loss) income for the period	<u>\$ (218,517)</u>	<u>\$ 91,974</u>	<u>\$ (124,881)</u>	<u>\$ (46,927)</u>
Profit attributable to:				
Owners of EVGL	\$ 457	\$ 13,260	\$ 20,785	\$ 14,599
Non-controlling interests of EVGL	<u>160</u>	<u>6,270</u>	<u>9,773</u>	<u>6,949</u>
	<u>\$ 617</u>	<u>\$ 19,530</u>	<u>\$ 30,558</u>	<u>\$ 21,548</u>
Total comprehensive (loss) income attributable to:				
Owners of EVGL	\$ (163,417)	\$ 62,002	\$ (99,845)	\$ (30,187)
Non-controlling interests of EVGL	<u>(55,100)</u>	<u>29,972</u>	<u>(25,036)</u>	<u>(16,740)</u>
	<u>\$ (218,517)</u>	<u>\$ 91,974</u>	<u>\$ (124,881)</u>	<u>\$ (46,927)</u>
Net cash inflow from:				
Operating activities			\$ (5,125)	\$ (706)
Investing activities			-	(5,150,364)
Financing activities			5,482,069	5,155,469
Effects of exchange rate changes			<u>(19,014)</u>	<u>34,343</u>
Net cash inflow			<u>\$ 5,457,930</u>	<u>\$ 38,742</u>

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

	September 30, 2018	December 31, 2017	September 30, 2017
Investments in joint ventures			
Associates that are individually material			
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	<u>\$ 5,138,594</u>	<u>\$ 5,241,747</u>	<u>\$ 5,259,473</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 September 30, 2018, December 31, 2017 and September 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.

	September 30, 2018	December 31, 2017	September 30, 2017	
Cash	<u>\$ 2,647,891</u>	<u>\$ 9,870,622</u>	<u>\$ 10,126,537</u>	
Current assets	\$ 6,651,972	\$ 9,871,825	\$ 10,150,547	
Non-current assets	5,653,564	677,992	383,331	
Current liabilities	(2,011,640)	(66,323)	(14,932)	
Non-current liabilities	<u>(16,708)</u>	<u>-</u>	<u>-</u>	
Equity	10,277,188	10,483,494	10,518,946	
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>	<u>50%</u>	
Equity attributable to the Group	<u>\$ 5,138,594</u>	<u>\$ 5,241,747</u>	<u>\$ 5,259,473</u>	
Carrying amount	<u>\$ 5,138,594</u>	<u>\$ 5,241,747</u>	<u>\$ 5,259,473</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Share of net (loss) profit for the period attributable to the Group	<u>\$ (794)</u>	<u>\$ 17,224</u>	<u>\$ 33,311</u>	<u>\$ 5,581</u>

Gulei had no significant operating income for the nine months ended September 30, 2018 and 2017.

For the nine months ended September 30, 2018 and 2017, 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

	September 30, 2018	December 31, 2017	September 30, 2017
Freehold land	\$ 4,726,441	\$ 4,726,441	\$ 4,740,953
Land improvements	10,289	14,721	11,585
Building improvements	4,173,288	4,421,788	4,115,046
Machinery and equipment	10,986,670	11,383,335	11,117,790
Transportation equipment	47,394	45,170	44,741
Other equipment	250,679	269,540	422,429
Construction in progress and equipment under installation	<u>3,236,232</u>	<u>2,897,500</u>	<u>3,027,600</u>
	<u>\$ 23,430,993</u>	<u>\$ 23,758,495</u>	<u>\$ 23,480,144</u>

No impairment assessment was performed for the nine months ended September 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 September 30, 2018, the Company has paid CTCI \$1,732,747 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of September 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

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Completed investment properties</u>			
Land	\$ 90,971	\$ 90,971	\$ 76,459
Buildings	<u>91,818</u>	<u>91,245</u>	<u>221,856</u>
	<u>\$ 182,789</u>	<u>\$ 182,216</u>	<u>\$ 298,315</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 nine months ended September 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 September 30, 2018 and December 31, 2017 and \$736,303 thousand as of September 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. When the nearby land price to go up or down by 10%, the fair value of the investment properties of the Group for the nine months ended September 30, 2018 and the year ended December 31, 2017 would have increased or decreased by \$72,245 thousand, and for the nine months ended September 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

	September 30, 2018	December 31, 2017	September 30, 2017
Goodwill (a)	<u>\$ 269,026</u>	<u>\$ 269,026</u>	<u>\$ 269,026</u>
Other intangible assets (b)			
Technology royalties and patent rights	\$ 17,571	\$ 19,159	\$ 40,100
Computer software	9,040	14,287	18,749
Others	<u>39,224</u>	<u>59,903</u>	<u>48,575</u>
	<u>\$ 65,835</u>	<u>\$ 93,349</u>	<u>\$ 107,424</u>

a. Goodwill

No impairment assessment was performed periodically as there was no indication of impairment on September 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 nine months ended September 30, 2018 and 2017.

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

Technology royalties and patent rights	3 to 7 years
Computer software	1 to 3 years
Others	5 to 7 years

21. PREPAYMENTS FOR LEASES

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets (included in prepayments)	\$ 7,607	\$ 9,973	\$ 8,503
Non-current assets	<u>474,774</u>	<u>525,845</u>	<u>374,325</u>
	<u>\$ 482,381</u>	<u>\$ 535,818</u>	<u>\$ 382,828</u>

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

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

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

22. BORROWINGS

a. Short-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Secured borrowings</u>			
Bank loans	\$ 152,626	\$ 412,768	\$ 376,570
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>3,633,808</u>	<u>3,339,500</u>	<u>5,126,897</u>
	<u>\$ 3,786,434</u>	<u>\$ 3,752,268</u>	<u>\$ 5,503,467</u>
Range of interest rates	0.83%-4.38%	0.83%-4.79%	0.83%-4.79%

b. Short-term bills payable

	September 30, 2018	December 31, 2017	September 30, 2017
Commercial paper	\$ 3,598,000	\$ 1,685,000	\$ 2,120,001
Less: Unamortized discount on bills payable	<u>(885)</u>	<u>(494)</u>	<u>(840)</u>
	<u>\$ 3,597,115</u>	<u>\$ 1,684,506</u>	<u>\$ 2,119,161</u>
Range of interest rates	0.49%-1.25%	0.40%-1.18%	0.40%-1.25%

c. Long-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Secured borrowings	\$ 4,355,000	\$ 4,502,800	\$ 4,215,400
Line of credit borrowings	<u>4,000,000</u>	<u>3,000,000</u>	<u>3,400,000</u>
	<u>8,355,000</u>	<u>7,502,800</u>	<u>7,615,400</u>
Commercial paper	200,000	200,000	-
Unamortized discount on bills payable	<u>(64)</u>	<u>(52)</u>	<u>-</u>
	<u>199,936</u>	<u>199,948</u>	<u>-</u>
	8,554,936	7,702,748	7,615,400
Less: Current portions	<u>(541,800)</u>	<u>(799,600)</u>	<u>(670,400)</u>
	<u>\$ 8,013,136</u>	<u>\$ 6,903,148</u>	<u>\$ 6,945,000</u>
Range of interest rates			
Secured borrowings	0.99%-1.36%	1.04%-1.57%	0.98%-1.57%
Line of credit borrowings	0.99%-1.18%	0.99%-1.31%	0.99%-1.57%
Commercial paper	1.46%	1.348%	-

The Company entered into long-term loan contracts with banks to increase working capital. The contracts became effective from July 2018 to September 2021 with a total credit limit of \$2,800,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, the Company has borrowed \$1,000,000 thousand.

UPIIC entered into long-term financing contracts with banks to increase working capital. The contracts became effective from March 2015 to June 2020 with a total credit limit of \$2,600,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, UPIIC has borrowed \$1,350,000 thousand.

CGPCP entered into long-term financing contracts with banks to increase working capital. The contracts became effective from March 2015 to January 2019 with a total credit limit of \$1,500,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, CGPCP has borrowed \$1,000,000 thousand.

TTC entered into long-term financing contracts with banks to increase working capital. The contract became effective from November 2012 to June 2021 with a total credit limit of \$1,600,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, TTC has borrowed \$1,000,000 thousand.

APC entered into long-term financing contracts with banks to increase working capital. The contracts became effective from October 2015 to March 2021 with a total credit limit of \$3,700,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, APC has borrowed \$2,900,000 thousand.

ACME entered into long-term financing contracts with banks to increase working capital. The contract became effective from September 2013 to September 2022 with a total credit limit of \$600,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, ACME has borrowed \$540,000 thousand.

SPC entered into long-term financing contracts with banks to increase working capital. The contracts became effective from December 2013 to December 2020 with a total credit limit of \$765,000 thousand, which is used cyclically during the validity period. As of September 30, 2018, SPC has borrowed \$765,000 thousand.

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 ratio, bank loan ratio, debt ratio, and interest protection multiples should not be less than the specified percentage. The subsidiaries should provide the improvements to the bank if the requirements were not met. As of September 30, 2018, the subsidiaries did not violate the requirements.

23. BONDS PAYABLE

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured corporate bonds	\$ 6,000,000	\$ 6,000,000	\$ 4,000,000
Less: Discounts on corporate bonds payable	<u>(8,007)</u>	<u>(9,833)</u>	<u>(5,797)</u>
	<u>\$ 5,991,993</u>	<u>\$ 5,990,167</u>	<u>\$ 3,994,203</u>
Range of interest rates			
Unsecured corporate bonds	0.80%-1.90%	0.80%-1.90%	0.80%-1.90%

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

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

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

24. NOTES AND ACCOUNTS PAYABLE

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Operating</u>			
Notes payable	\$ 292	\$ 360	\$ 444
Accounts payable	<u>4,249,615</u>	<u>3,965,084</u>	<u>3,438,125</u>
	<u>\$ 4,249,907</u>	<u>\$ 3,965,444</u>	<u>\$ 3,438,569</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

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 715,275	\$ 795,514	\$ 706,704
Payables for water and electricity	211,861	147,131	213,371
Payables for purchases of equipment	124,598	237,632	116,411
Payables for fares	147,181	104,684	145,552
Payables for interests	59,146	40,219	38,954
Payables for dividends	26,920	21,537	27,044
Payables for insurance	26,637	17,516	26,509
Payables for fuel fees	11,573	19,192	15,266
Others	<u>510,872</u>	<u>588,671</u>	<u>540,262</u>
	1,834,063	1,972,096	1,830,073
Other liabilities			
Refund liabilities (Note 26)	<u>34,976</u>	-	-
	<u>\$ 1,869,039</u>	<u>\$ 1,972,096</u>	<u>\$ 1,830,073</u>

26. PROVISIONS

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Current</u>			
Provision for customer returns and rebates (a)	<u>\$ -</u>	<u>\$ 32,205</u>	<u>\$ 25,258</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 Nine Months Ended September 30, 2017
Balance at January 1	\$ 23,041
Additional provision recognized	9,270
Actual occurrence	<u>(7,053)</u>
Balance at September 30	<u>\$ 25,258</u>

a. Provision for customer returns and rebates

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

b. Litigation provision

Litigation provision is a result of the first-instance judgment and reconciliation of the Kaohsiung gas explosion case on July 31, 2014 for which cash outflows may be recognized in the near future. 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 nine months ended September 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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Operating costs	\$ 11,999	\$ 14,545	\$ 35,745	\$ 42,469
Selling and marketing expenses	1,468	1,614	4,095	4,566
General and administrative expenses	1,825	2,106	6,485	7,762
Research and development expenses	567	589	1,502	1,766
Other gains and losses	<u>88</u>	<u>98</u>	<u>250</u>	<u>292</u>
	<u>\$ 15,947</u>	<u>\$ 18,952</u>	<u>\$ 48,077</u>	<u>\$ 56,855</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. As stated in Note 21, Acme Electronics (Kunshan) Co., Ltd. also derecognized RMB1,983 thousand of deferred revenue related to the land use rights.

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

As of September 30, 2018, December 31, 2017 and September 30, 2017, the amount of deferred revenue (accounted for as other current liabilities) that had not been amortized was RMB9,555 thousand (NT\$42,399 thousand), RMB11,958 thousand (NT\$54,461 thousand) and RMB12,103 thousand (NT\$55,183 thousand), respectively.

29. EQUITY

	September 30, 2018	December 31, 2017	September 30, 2017
Share capital	\$ 11,887,635	\$ 11,654,544	\$ 11,654,544
Capital surplus	258,605	238,194	234,752
Retained earnings	6,907,149	6,738,561	6,531,592
Other equity items	(123,463)	(31,286)	3,032
Treasury shares	(475,606)	(475,606)	(475,606)
Non-controlling interests	<u>18,194,494</u>	<u>16,684,012</u>	<u>16,297,883</u>
	<u>\$ 36,648,814</u>	<u>\$ 34,808,419</u>	<u>\$ 34,246,197</u>

a. Share capital

	September 30, 2018	December 31, 2017	September 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>1,188,763</u>	<u>1,165,454</u>	<u>1,165,454</u>
Shares issued	<u>\$ 11,887,635</u>	<u>\$ 11,654,544</u>	<u>\$ 11,654,544</u>

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

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

On June 5, 2018, the Company's regular shareholders' meeting resolved to issue 23,309 thousand ordinary shares as share dividends appropriated from earnings, with a par value of \$10, which increased the share capital issued and fully paid to \$11,887,635 thousand. On July 6, 2018, this transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors. The alteration of the registered amount of capital of the Company was completed on August 29, 2018.

b. Capital surplus

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

c. Retained earnings and dividends policy

In accordance with the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 31(f).

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

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

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

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

d. Other equity items

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

	For the Nine Months Ended September 30	
	2018	2017
Balance at January 1	\$ (190,880)	\$ 8,204
Effect of tax rate changes	(1,948)	-
Recognized during the period		
Exchange differences on translating foreign operations	(134,824)	(206,310)
Related income tax	<u>23,608</u>	<u>23,787</u>
Balance at September 30	<u>\$ (304,044)</u>	<u>\$ (174,319)</u>

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

Balance at January 1, 2017	\$ 77,535
Recognized during the period	
Unrealized gain on revaluation of available-for-sale financial assets	57,484
Related income tax	(254)
Reclassification adjustments	
Disposal of available-for-sale financial assets	<u>42,586</u>
Balance at September 30, 2017	<u>\$ 177,351</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 Nine Months Ended September 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	69,446
Related income tax	(436)
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposals	<u>(78,833)</u>
Balance at September 30	<u>\$ 180,581</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2018	2017
Balance at January 1 per IAS 39	\$ 16,684,012	\$ 14,292,690
Adjustment on initial application of IFRS 9	<u>44,007</u>	<u>-</u>
Balance at January 1 per IFRS 9	16,728,019	14,292,690
Cash dividends of subsidiaries' shareholders	(615,849)	(807,986)
Share in profit for the period	1,381,806	1,156,882
Other comprehensive income (loss) for the period		
Effect of tax rate changes	7,785	-
Exchange difference on translating foreign operations	(162,097)	(164,326)
Income tax relating to exchange difference on translating foreign operations	21,831	9,724
Unrealized gain on available-for-sale financial assets	-	(31,136)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	-	15,139
Income tax relating to unrealized gain on available-for-sale financial assets	-	(531)
Unrealized gain on financial assets at FVTOCI	132,859	-
Income tax relating to unrealized gain on financial assets at FVTOCI	(919)	-
Adjustments relating to changes accounted for using the equity method	(4,536)	22,987
Non-controlling interests arising from acquisition of subsidiaries	-	1,053,211
Changes in non-controlling interests	<u>705,595</u>	<u>751,229</u>
Balance at September 30	<u>\$ 18,194,494</u>	<u>\$ 16,297,883</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 September 30 (In Thousands of Shares)
<u>For the nine months ended September 30, 2018</u>				
Shares held by subsidiaries	<u>114,182</u>	<u>2,284</u>	<u>-</u>	<u>116,466</u>
<u>For the nine months ended September 30, 2017</u>				
Shares held by subsidiaries	<u>111,943</u>	<u>2,239</u>	<u>-</u>	<u>114,182</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>September 30, 2018</u>			
Asia Polymer Corporation ("APC")	101,356	\$ 1,377,381	\$ 1,418,979
Taita Chemical Company, Limited ("TTC")	15,110	<u>81,875</u>	<u>211,539</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,630,518</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>September 30, 2017</u>			
Asia Polymer Corporation ("APC")	99,368	\$ 1,377,381	\$ 1,480,588
Taita Chemical Company, Limited ("TTC")	14,814	<u>81,875</u>	<u>220,723</u>
		<u>\$ 1,459,256</u>	<u>\$ 1,701,311</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 September 30, 2018. The carrying amount of investments accounted for using the equity method and the unrealized gain on financial assets at FVTOCI were reduced by \$61,005 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 September 30, 2017. As of December 31, 2017 and September 30, 2017, the carrying amount of investments accounted for using the equity method and the unrealized gain on available-for-sale financial assets were reduced by \$140,670 thousand and \$84,303 thousand, respectively.

30. REVENUE

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Products sales revenue				
Plastic materials	\$ 14,563,002	\$ 14,251,708	\$ 43,424,590	\$ 40,679,999
Electronic materials	617,012	630,027	1,814,023	1,770,377
Others	<u>135,989</u>	<u>119,963</u>	<u>409,869</u>	<u>416,100</u>
	<u>\$ 15,316,003</u>	<u>\$ 15,001,698</u>	<u>\$ 45,648,482</u>	<u>\$ 42,866,476</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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Owners of the Company	\$ 112,949	\$ 359,024	\$ 638,931	\$ 880,359
Non-controlling interests	<u>239,589</u>	<u>455,871</u>	<u>1,377,715</u>	<u>1,157,362</u>
	<u>\$ 352,538</u>	<u>\$ 814,895</u>	<u>\$ 2,016,646</u>	<u>\$ 2,037,721</u>

Net profit from continuing operations includes the following:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Interest income				
Bank deposits	\$ 37,484	\$ 16,393	\$ 85,164	\$ 60,991
Financial assets at FVTPL	180	232	20,738	20,538
Financial assets at amortized cost	457	-	1,002	-
Debt investments with no active market	-	463	-	765
Others	<u>656</u>	<u>471</u>	<u>1,270</u>	<u>2,106</u>
	38,777	17,559	108,174	84,400
Dividend income	147,150	113,401	185,709	184,893
Rental income	19,870	17,081	37,993	39,183
Grant income	2,974	462	30,751	28,894
Others	<u>34,877</u>	<u>41,044</u>	<u>139,101</u>	<u>140,745</u>
	<u>\$ 243,648</u>	<u>\$ 189,547</u>	<u>\$ 501,728</u>	<u>\$ 478,115</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Gain on disposal of biological assets	\$ -	\$ -	\$ 13,735	\$ -
Gain on disposal of land use rights	-	-	262,617	-
Gain on disposal of property, plant and equipment	13,518	10,067	18,997	14,495
Loss on disposal of property, plant and equipment	(837)	(3,226)	(10,488)	(5,209)
Net gain on disposal of financial instruments	11,321	84,454	29,619	92,178
Net foreign exchange gains (losses)	(117,371)	44,671	(51,155)	(106,315)
Net gain (loss) on financial assets at FVTPL	81,960	(87,094)	73,093	(118,096)
Net gain (loss) on financial liabilities at FVTPL	(35,680)	8,605	(39,034)	(23,755)
Net loss on claims	(3,678)	-	(81,203)	-
Impairment losses recognized (reversed) on non-financial assets	17,728	907	13,423	(874)
Other gains and losses	<u>(33,440)</u>	<u>(26,631)</u>	<u>(90,948)</u>	<u>(99,586)</u>
	<u>\$ (66,479)</u>	<u>\$ 31,753</u>	<u>\$ 138,656</u>	<u>\$ (247,162)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Interest on bank loans	\$ 51,118	\$ 52,745	\$ 142,937	\$ 153,338
Interest on bonds payable	18,736	13,006	56,201	39,015
Other interest expense	1,217	136	1,256	659
Less: Capitalized interest (included in construction in progress)	<u>(6,762)</u>	<u>(6,579)</u>	<u>(19,707)</u>	<u>(16,353)</u>
	<u>\$ 64,309</u>	<u>\$ 59,308</u>	<u>\$ 180,687</u>	<u>\$ 176,659</u>

Information about capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Capitalized interest	\$ 6,762	\$ 6,579	\$ 19,707	\$ 16,353
Capitalization rate	0.85%-1.25%	0.94%-1.76%	0.85%-1.48%	0.94%-1.76%

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Property, plant and equipment	\$ 489,794	\$ 462,162	\$ 1,462,821	\$ 1,372,143
Investment properties	352	818	2,186	2,501
Intangible assets	7,469	15,100	31,814	47,138
Others	<u>4,628</u>	<u>4,803</u>	<u>15,181</u>	<u>15,849</u>
	<u>\$ 502,243</u>	<u>\$ 482,883</u>	<u>\$ 1,512,002</u>	<u>\$ 1,437,631</u>
An analysis of depreciation by function				
Operating costs	\$ 463,031	\$ 434,276	\$ 1,379,445	\$ 1,276,060
Operating expenses	23,219	25,794	74,175	90,090
Other gains and losses	<u>3,896</u>	<u>2,910</u>	<u>11,387</u>	<u>8,494</u>
	<u>\$ 490,146</u>	<u>\$ 462,980</u>	<u>\$ 1,465,007</u>	<u>\$ 1,374,644</u>
An analysis of amortization by function				
Operating costs	\$ 9,029	\$ 10,214	\$ 22,121	\$ 23,900
General and administrative expenses	1,401	3,383	15,402	20,171
Research and development expenses	<u>1,667</u>	<u>6,306</u>	<u>9,472</u>	<u>18,916</u>
	<u>\$ 12,097</u>	<u>\$ 19,903</u>	<u>\$ 46,995</u>	<u>\$ 62,987</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Post-employment benefits (Note 27)				
Defined contribution plans	\$ 36,528	\$ 41,347	\$ 106,517	\$ 105,767
Defined benefit plans	<u>15,947</u>	<u>18,952</u>	<u>48,077</u>	<u>56,855</u>
	52,475	60,299	154,594	162,622
Other employee benefits	<u>986,399</u>	<u>1,135,867</u>	<u>3,081,904</u>	<u>3,134,402</u>
Total employee benefits expense	<u>\$ 1,038,874</u>	<u>\$ 1,196,166</u>	<u>\$ 3,236,498</u>	<u>\$ 3,297,024</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 734,546	\$ 831,863	\$ 2,220,489	\$ 2,284,075
Operating expenses	299,953	359,737	1,002,432	999,086
Non-operating income and expenses	<u>4,375</u>	<u>4,566</u>	<u>13,577</u>	<u>13,863</u>
	<u>\$ 1,038,874</u>	<u>\$ 1,196,166</u>	<u>\$ 3,236,498</u>	<u>\$ 3,297,024</u>

f. Employees' compensation and remuneration of directors

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

Accrual rate

	For the Nine Months Ended September 30	
	2018	2017
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.56%	0.53%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Employees' compensation	<u>\$ 1,075</u>	<u>\$ 3,760</u>	<u>\$ 7,335</u>	<u>\$ 9,865</u>
Remuneration of directors	<u>\$ 1,375</u>	<u>\$ 1,750</u>	<u>\$ 4,125</u>	<u>\$ 5,240</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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Foreign exchange gains	\$ 28,779	\$ 136,258	\$ 326,560	\$ 341,354
Foreign exchange losses	<u>(146,150)</u>	<u>(91,587)</u>	<u>(377,715)</u>	<u>(447,669)</u>
	<u>\$ (117,371)</u>	<u>\$ 44,671</u>	<u>\$ (51,155)</u>	<u>\$ (106,315)</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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Current tax				
In respect of the current period	\$ 89,831	\$ 102,419	\$ 487,579	\$ 414,914
Adjustments for prior years	<u>(2,783)</u>	<u>6,548</u>	<u>775</u>	<u>1,533</u>
	<u>87,048</u>	<u>108,967</u>	<u>488,354</u>	<u>416,447</u>
Deferred tax				
In respect of the current period	14,658	63,330	192,633	158,642
Adjustments for prior years	972	8,706	5,752	3,866
Tax rates changes	<u>(10,861)</u>	<u>-</u>	<u>(64,499)</u>	<u>-</u>
	<u>4,769</u>	<u>72,036</u>	<u>133,886</u>	<u>162,508</u>
Income tax expense recognized in profit or loss	<u>\$ 91,817</u>	<u>\$ 181,003</u>	<u>\$ 622,240</u>	<u>\$ 578,955</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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
<u>Deferred tax</u>				
Effect of tax rate changes	\$ (482)	\$ -	\$ (15,761)	\$ -
In respect of the current period				
Translation of foreign operations	(68,637)	15,878	(45,439)	(33,511)
Fair value changes of available-for-sale financial assets	-	1,190	-	785
Fair value changes of financial assets at FVTOCI	<u>(717)</u>	<u>-</u>	<u>1,355</u>	<u>-</u>
Total income tax recognized in other comprehensive income	<u>\$ (69,836)</u>	<u>\$ 17,068</u>	<u>\$ (59,845)</u>	<u>\$ (32,726)</u>

c. Income tax assessments

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

33. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Basic and diluted earnings per share				
From continuing operations and discontinued operations	\$ 0.11	\$ 0.33	\$ 0.60	\$ 0.82
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 0.11</u>	<u>\$ 0.33</u>	<u>\$ 0.60</u>	<u>\$ 0.82</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 nine months ended September 30, 2017 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2017	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2017
Basic and diluted earnings per share				
From continuing operations and discontinued operations	\$ 0.34	\$ 0.84	\$ 0.33	\$ 0.82
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
From continuing operations	<u>\$ 0.34</u>	<u>\$ 0.84</u>	<u>\$ 0.33</u>	<u>\$ 0.82</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 September 30		For the Nine Months Ended September 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)	\$ 113,765	\$ 359,128	\$ 641,195	\$ 880,092
Add: Loss (gain) for the period from discounted operations used in the computation of basic earnings per share from discounted operations	<u>(820)</u>	<u>(104)</u>	<u>(2,269)</u>	<u>267</u>
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 112,945</u>	<u>\$ 359,024</u>	<u>\$ 638,926</u>	<u>\$ 880,359</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 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>524</u>	<u>662</u>	<u>733</u>	<u>881</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,072,822</u>	<u>1,072,960</u>	<u>1,073,031</u>	<u>1,073,179</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 nine months ended September 30, 2018 and 2017. Information on employee share options which were issued is as follows:

	For the Nine Months Ended September 30			
	2018		2017	
	Number of Options	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
Balance at January 1 and September 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 nine months ended September 30, 2018 and 2017. Information on employee share options which were issued is as follows:

	For the Nine Months Ended September 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 September 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, Chenenergy 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.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$98,922 thousand (approximately \$3,034,601 thousand) and US\$56,970 thousand (approximately \$1,747,780 thousand), respectively, in August 2018. Via Ever Conquest Global Limited, the Company and APC increased the capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding ratio of the Joint Venture was 77.5% after the capital increase. As of November 13, 2018, Dynamic Ever Investments Limited has not yet reinvested in Gulei Company.

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 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 September 30, 2017
Income	<u>\$ 21,548</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 September 30, 2018, December 31, 2017 and September 30, 2017, the Group's refundable deposits paid resulting from operating lease agreements were \$8,584 thousand, \$8,646 thousand and \$8,634 thousand, respectively.

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

	September 30, 2018	December 31, 2017	September 30, 2017
Not later than 1 year	\$ 32,549	\$ 33,475	\$ 33,831
Later than 1 year and not later than 5 years	<u>37,036</u>	<u>59,575</u>	<u>64,003</u>
	<u>\$ 69,585</u>	<u>\$ 93,050</u>	<u>\$ 97,834</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 September 30, 2018, December 31, 2017 and September 30, 2017, the Group's guarantee deposits received resulting from operating lease agreements were \$11,413 thousand, \$11,304 thousand and \$11,310 thousand, respectively.

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

	September 30, 2018	December 31, 2017	September 30, 2017
Not later than 1 year	\$ 20,507	\$ 19,844	\$ 23,081
Later than 1 year and not later than 5 years	<u>23,012</u>	<u>30,598</u>	<u>35,378</u>
	<u>\$ 43,519</u>	<u>\$ 50,442</u>	<u>\$ 58,459</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

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 9,105	\$ -	\$ 9,105
Domestic listed shares and over-the-counter shares	205,745	-	-	205,745
Mutual funds	3,193,471	-	-	3,193,471
Beneficiary certificates	941,673	-	-	941,673
Foreign listed shares	<u>820</u>	<u>-</u>	<u>-</u>	<u>820</u>
	<u>\$ 4,341,709</u>	<u>\$ 9,105</u>	<u>\$ -</u>	<u>\$ 4,350,814</u>
Financial assets at FVTOCI				
Equity instrument investments				
Domestic listed shares and over-the-counter shares	\$ 2,052,639	\$ -	\$ -	\$ 2,052,639
Domestic emerging market shares	-	-	15,337	15,337
Domestic unlisted shares	-	-	662,125	662,125
Foreign listed shares and over-the-counter shares	6,683	-	-	6,683
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>172,549</u>	<u>172,549</u>
	<u>\$ 2,059,322</u>	<u>\$ -</u>	<u>\$ 850,011</u>	<u>\$ 2,909,333</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ -</u>	<u>\$ 2,107</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 4,189	\$ -	\$ 4,189
Non-derivative financial assets held for trading	<u>5,311,705</u>	<u>-</u>	<u>-</u>	<u>5,311,705</u>
	<u>\$ 5,311,705</u>	<u>\$ 4,189</u>	<u>\$ -</u>	<u>\$ 5,315,894</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	\$ 2,052,768	\$ -	\$ -	\$ 2,052,768
Foreign listed shares and over-the-counter shares	17,212	-	-	17,212
Domestic emerging market shares	<u>-</u>	<u>-</u>	<u>7,589</u>	<u>7,589</u>
	<u>\$ 2,069,980</u>	<u>\$ -</u>	<u>\$ 7,589</u>	<u>\$ 2,077,569</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 7,883</u>	<u>\$ -</u>	<u>\$ 7,883</u>

September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 3,243	\$ -	\$ 3,243
Non-derivative financial assets held for trading	<u>5,585,340</u>	<u>-</u>	<u>-</u>	<u>5,585,340</u>
	<u>\$ 5,585,340</u>	<u>\$ 3,243</u>	<u>\$ -</u>	<u>\$ 5,588,583</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	\$ 2,119,721	\$ -	\$ -	\$ 2,119,721
Foreign listed shares and over-the-counter shares	26,808	-	-	26,808
Domestic emerging market shares	<u>-</u>	<u>-</u>	<u>7,432</u>	<u>7,432</u>
	<u>\$ 2,146,529</u>	<u>\$ -</u>	<u>\$ 7,432</u>	<u>\$ 2,153,961</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 5,059</u>	<u>\$ -</u>	<u>\$ 5,059</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 Nine Months Ended September 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)	114,770
Return of capital	<u>(44,648)</u>
Balance at September 30	<u>\$ 850,011</u>
	For the Nine Months Ended September 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>1,213</u>
Balance at September 30	<u>\$ 7,432</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 and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of its observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by \$8,500 thousand.

c. Categories of financial instruments

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets</u>			
Financial assets at FVTPL			
Held for trading	\$ -	\$ 5,315,894	\$ 5,588,583
Financial assets mandatory classified as at FVTPL	4,350,814	-	-
Loans and receivables			
Cash and cash equivalents	-	8,473,862	7,886,192
Debt investments with no active market	-	737,942	711,700
Notes receivable	-	1,118,070	1,007,814
Accounts receivable	-	6,950,029	6,301,818
Other receivables (including related parties)	-	344,305	369,200
Refundable deposits	-	140,530	142,425
Available-for-sale financial assets (including financial assets measured at cost)	-	2,753,689	2,903,878
Financial assets measured at amortized cost			
Cash and cash equivalents	12,284,181	-	-
Pledged time deposits	735,519	-	-
Notes receivable	1,189,072	-	-
Accounts receivable	6,587,464	-	-
Other receivables (including related parties)	373,916	-	-
Refundable deposits	143,809	-	-
Financial assets at FVTOCI - equity instrument investments	2,909,333	-	-

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	\$ 2,107	\$ 7,883	\$ 5,059
Financial liabilities measured at amortized cost			
Short-term borrowings	3,786,434	3,752,268	5,503,467
Short-term bills payable	3,597,115	1,684,506	2,119,161
Notes payable and accounts payable	4,249,907	3,965,444	3,438,569
Other payables (including related parties)	1,834,063	1,972,096	1,830,073
Current portion of long-term borrowings	541,800	799,600	670,400
Bonds payable	5,991,993	5,990,167	3,994,203
Long-term borrowings	8,013,136	6,903,148	6,945,000
Guarantee deposits received	16,646	13,039	24,785
			(Concluded)

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 nine months ended September 30, 2018 will decrease/increase \$70,276 thousand; the profit before tax for the nine months ended September 30, 2017 will decrease/increase \$71,557 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:

	September 30, 2018	December 31, 2017	September 30, 2017
Fair value interest rate risk			
Financial assets	\$ 10,580,662	\$ 7,153,928	\$ 6,547,333
Financial liabilities	13,280,220	11,364,719	9,726,392
Cash flow interest rate risk			
Financial assets			
Financial liabilities	2,130,379	1,889,029	1,628,742
	8,650,258	7,764,970	9,505,839

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 nine months ended September 30, 2018 and 2017 would have decreased/increased by \$24,450 thousand and \$29,539 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 nine months ended September 30, 2018 would have increased/decreased by \$217,085 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2018 would have increased/decreased by \$145,467 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 nine months ended September 30, 2017 would have increased/decreased by \$279,267 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the nine months ended September 30, 2017 would have increased/decreased by \$107,698 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.

September 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		\$ 6,083,970	\$ -	\$ -
Floating interest rate liabilities	0.83-2.93	3,470,258	5,180,000	-
Fixed interest rate liabilities	0.75-1.90	<u>4,595,027</u>	<u>8,685,193</u>	<u>-</u>
		<u>\$ 14,149,255</u>	<u>\$ 13,865,193</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>

September 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		\$ 5,268,642	\$ -	\$ -
Floating interest rate liabilities	0.50-4.35	5,125,839	4,380,000	-
Fixed interest rate liabilities	0.40-1.90	<u>3,667,188</u>	<u>3,064,116</u>	<u>2,995,088</u>
		<u>\$ 14,061,669</u>	<u>\$ 7,444,116</u>	<u>\$ 2,995,088</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.

September 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	\$ 576,735	\$ 1,169,327	\$ 26,146
Outflows	<u>(575,015)</u>	<u>(1,168,422)</u>	<u>(27,473)</u>
	<u>\$ 1,720</u>	<u>\$ 905</u>	<u>\$ (1,327)</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>

September 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	\$ 202,637	\$ 1,596,190	\$ -
Outflows	<u>(203,667)</u>	<u>(1,601,481)</u>	<u>-</u>
	<u>\$ (1,030)</u>	<u>\$ (5,291)</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:

	September 30, 2018	December 31, 2017	September 30, 2017
Bank loan facilities			
Amount unused	<u>\$ 22,034,231</u>	<u>\$ 23,835,609</u>	<u>\$ 20,636,757</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)

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Other related party				
USI Education Foundation	\$ <u>1,000</u>	\$ <u>-</u>	\$ <u>7,500</u>	\$ <u>5,000</u>

c. Management services income (classified as other income)

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Joint venture	\$ <u>5,096</u>	\$ <u>7,991</u>	\$ <u>18,326</u>	\$ <u>7,991</u>

d. Other receivables

Related Party Category/Name	September 30, 2018	December 31, 2017	September 30, 2017
Joint venture	\$ <u>4,910</u>	\$ <u>14,642</u>	\$ <u>7,917</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 September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Short-term employee benefits	\$ 9,002	\$ 8,355	\$ 30,858	\$ 32,136
Post-employment benefits	<u>81</u>	<u>135</u>	<u>243</u>	<u>459</u>
	\$ <u>9,083</u>	\$ <u>8,490</u>	\$ <u>31,101</u>	\$ <u>32,595</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:

	September 30, 2018	December 31, 2017	September 30, 2017
Pledged time deposits (classified as financial assets measured at amortized cost)	\$ 735,519	\$ -	\$ -
Pledged time deposits (classified as debt investments with no active market)	-	737,943	711,700

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
Equity shares	\$ 1,637,625	\$ 1,998,724	\$ 2,132,950
Property, plant and equipment	3,578,927	4,537,237	4,588,237
Investment properties, net	108,178	108,178	108,178
Land use rights (classified as long-term prepayments for leases)	71,901	37,809	82,216
Refundable deposits (classified as other non-current assets)	<u>53,283</u>	<u>521,455</u>	<u>52,767</u>
	<u>\$ 6,185,433</u>	<u>\$ 7,941,346</u>	<u>\$ 7,676,048</u> (Concluded)

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group's unused letters of credit amounted to \$4,116,941 thousand, \$4,002,441 thousand and \$5,435,165 thousand, respectively.
- b. The following is regarding the subsidiary, CGTD, who was commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014 and the first instance judgment of the criminal procedures, which was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees in appealing against the judgment.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$227,074 thousand, interest included, to the Kaohsiung City Government as collateral for the losses caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. At the end of October 2018, the provisionally attached properties were worth \$138,263 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 64 seriously injured victim's families.

As of October 31, 2018, the families of the victims and seriously injured victims have filed civil (including supplementary civil action) lawsuits against CGTD, LCY Chemical Corp. and CPC Corporation, Taiwan for compensation. Along with the above-mentioned compensation, the accumulated amount of compensation is \$3,948,890 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately \$1,188,976 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$391,408 thousand. To elaborate, \$4,711 thousand was not deducted by the portion which the Kaohsiung City Government should afford, and \$6,194 thousand that CGTD was exempted from also was not deducted. In addition, \$191,665 thousand was estimated to be the portion of compensation that CGTD should afford at the moment according to the first-instance judgment. To reduce the lawsuit costs, LCY Chemical Corp and CGTD proposed to settle in small claims or simple judgments with the plaintiffs and compensated them according to the amount announced in the first-instance judgment. Among the cases that were already settled and completed, CGTD's settlement reached \$1,946 thousand. Some small claims and simple judgments are still under negotiation. CGTD has appealed in other civil judgments and entered into the second-instance trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of \$136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual payment of CGTD depends on the future judgments of the civil 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

September 30, 2018					
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 148,246	30.53	(USD:NTD)	\$ 4,525,196	\$ 4,525,196
USD	7,648	6.88	(USD:RMB)	52,613	233,460
USD	3,049	4.30	(USD:MYR)	13,110	93,065
RMB	242,037	4.44	(RMB:NTD)	1,073,992	1,073,992
AUD	893	22.04	(AUD:NTD)	19,683	19,683
EUR	640	35.48	(EUR:NTD)	22,736	22,736
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	1,158,048	0.15	(RMB:USD)	168,341	5,138,594
<u>Foreign currency liabilities</u>					
Monetary items					
USD	47,986	30.53	(USD:NTD)	1,464,737	1,464,737
USD	34,216	6.88	(USD:RMB)	235,377	1,044,440
RMB	48,807	4.44	(RMB:NTD)	216,571	216,571
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

(Continued)

December 31, 2017					
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<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
					(Concluded)

September 30, 2017					
	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>					
Monetary items					
USD	\$ 126,645	30.26	(USD:NTD)	\$ 3,832,268	\$ 3,832,268
USD	6,164	6.64	(USD:RMB)	40,906	186,507
USD	3,075	4.39	(USD:MYR)	13,500	93,044
RMB	149,440	4.56	(RMB:NTD)	681,353	681,353
RMB	74,663	0.15	(RMB:USD)	11,250	340,419
EUR	345	35.75	(EUR:NTD)	12,343	12,343
AUD	819	23.71	(AUD:NTD)	19,423	19,423
Non-monetary items					
Joint ventures accounted for using the equity method					
RMB	1,153,556	0.15	(RMB:USD)	173,809	5,259,473

<u>Foreign currency liabilities</u>					
Monetary items					
USD	33,978	30.26	(USD:NTD)	1,028,183	1,028,183
USD	21,709	6.64	(USD:RMB)	144,078	656,904
USD	1,371	4.39	(USD:MYR)	6,022	41,501
RMB	32,183	4.56	(RMB:NTD)	146,737	146,737
RMB	10,592	0.15	(RMB:USD)	1,596	48,547
GBP	125	40.56	(GBP:NTD)	5,090	5,090

Realized and unrealized net foreign exchange gains (losses) for the three months ended September 30, 2018 and 2017 were \$(117,371) thousand and \$44,671 thousand, respectively, and for the nine months ended September 30, 2018 and 2017 were \$(51,155) thousand and \$(106,315) 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 Nine Months Ended September 30, 2018						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 8,807,937	\$ 11,298,548	\$ 16,585,574	\$ 1,814,023	\$ 4,488,953	\$ 3,923,494	\$ 46,918,529
Interest income	14,033	11,251	9,765	11,420	15,024	46,681	108,174
Interest expense	(41,503)	(7,733)	(41,133)	(18,239)	(31,284)	(40,795)	(180,687)
Depreciation and amortization	(324,063)	(392,561)	(147,228)	(161,635)	(219,398)	(276,793)	(1,521,678)
Reportable segment profit before tax	722,019	1,527,297	520,625	273,207	287,689	442,326	3,773,163
Reportable segment tax expense	(80,824)	(284,178)	(136,966)	(32,331)	(24,153)	(63,788)	(622,240)
Reportable segment net profit	641,195	1,243,119	383,659	240,876	263,536	378,538	3,150,923

	For the Nine Months Ended September 30, 2017						
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 8,560,609	\$ 10,928,130	\$ 14,346,916	\$ 1,770,377	\$ 4,808,117	\$ 3,680,226	\$ 44,094,375
Interest income	17,601	10,557	9,587	4,406	12,305	29,944	84,400
Interest expense	(28,010)	(10,252)	(37,306)	(20,837)	(33,518)	(46,736)	(176,659)
Depreciation and amortization	(292,685)	(336,348)	(139,168)	(182,353)	(218,679)	(277,820)	(1,447,053)
Reportable segment profit (loss) before tax	971,418	1,143,889	353,460	(21,924)	551,281	718,491	3,716,615
Reportable segment tax expense	(91,326)	(191,530)	(94,887)	(42,155)	(76,497)	(82,560)	(578,955)
Reportable segment net profit (loss)	880,092	952,359	258,573	(64,079)	474,784	635,931	3,137,660

b. Reportable segment income and other major adjusted of items

1) Segment income and operating results

	For the Nine Months Ended September 30	
	2018	2017
Reportable segment net profit before tax	\$ 3,330,837	\$ 2,998,124
Reportable segment tax expense	<u>(558,452)</u>	<u>(496,395)</u>
Reportable segment profit after tax	2,772,385	2,501,729
Other non-reportable segment profit	378,538	635,931
Less: Profit between segments	<u>(1,134,277)</u>	<u>(1,099,939)</u>
Profit from continuing operations	2,016,646	2,037,721
Profit or loss from discontinued operations	<u>6,355</u>	<u>(747)</u>
Net profit after tax	<u>\$ 2,023,001</u>	<u>\$ 2,036,974</u>

2) Other significant items' reconciliation

	For the Nine Months Ended September 30, 2018							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 14,033	\$ 11,251	\$ 9,765	\$ 11,420	\$ 15,024	\$ 46,681	\$ -	\$ 108,174
Interest expense	(41,503)	(7,733)	(41,133)	(18,239)	(31,284)	(40,795)	-	(180,687)
Depreciation and amortization	(324,063)	(392,561)	(147,228)	(161,635)	(219,398)	(276,793)	667	(1,521,011)

	For the Nine Months Ended September 30, 2017							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 17,601	\$ 10,557	\$ 9,587	\$ 4,406	\$ 12,305	\$ 29,944	\$ -	\$ 84,400
Interest expense	(28,010)	(10,252)	(37,306)	(20,837)	(33,518)	(46,736)	-	(176,659)
Depreciation and amortization	(292,685)	(336,348)	(139,168)	(182,353)	(218,679)	(277,820)	667	(1,446,386)

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 NINE MONTHS ENDED SEPTEMBER 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	ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	\$ 215,005 (US\$ 7,000 thousand)	\$ 213,675 (US\$ 7,000 thousand)	\$ 152,625 (US\$ 5,000 thousand)	2.15678-3.36156	2	\$ -	Business turnover	\$ -	-	-	\$ 580,322	\$ 580,322
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	224,122 (RMB 48,000 thousand)	88,746 (RMB 20,000 thousand)	-	2.34861-4.785	2	-	Business turnover	-	-	-	580,322	580,322
		Golden Amber Enterprises Ltd.	Other receivables - related parties	Yes	21,501 (US\$ 700 thousand)	21,368 (US\$ 700 thousand)	21,368 (US\$ 700 thousand)	3.24814	2	-	Business turnover	-	-	-	580,322	580,322

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 September 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 September 30, 2018.

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

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 9,180	\$ 9,124	\$ 9,124	-	1	\$ -	-	\$ -	-	-	\$ 178,923	\$ 357,846
		Swanson Plastics (India) Private Limited	Long-term receivables - related parties	Yes	85,425	2,338	2,338	-	1	1,013	-	-	-	-	178,923	357,846
		Swanson International Ltd.	Other receivables - related parties	Yes	95,370	94,780	94,780	-	2	-	Business turnover	-	-	-	178,923	357,846
		Swanson Plastics (Nantong) Co., Ltd.	Long-term receivables - related parties	Yes	126,869	126,084	126,084	-	1	-	-	-	-	-	178,923	357,846
2	Swanson Plastic (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	84,062	35,498	35,498	4.35	2	-	Business turnover	-	-	-	898,846	898,846
3	ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Nantong) Co., Ltd.	Other receivables -related parties	Yes	46,701	-	-	-	2	-	Business turnover	-	-	-	513,451	513,451
		Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	146,431	146,431	146,431	4.35	2	-	Business turnover	-	-	-	513,451	513,451
4	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	111,826	111,134	111,134	-	1	-	-	-	-	-	322,440	322,440
		PT Swanson Plastics Indonesia	Other receivables - related parties	Yes	77,217	70,851	70,851	-	1	-	-	-	-	-	322,440	322,440

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 September 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 122,100 (US\$ 4,000 thousand)	\$ -	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 356,510	\$ 356,510

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 September 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 the most recent audit.

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

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

Note 4: The amount is calculated using the spot exchange rate of September 30, 2018.

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

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 (Zhong shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	\$ 887,460 (RMB 200,000 thousand)	\$ 443,730 (RMB 100,000 thousand)	\$ 266,238 (RMB 60,000 thousand)	5.22	2	\$ -	Business turnover	\$ -	-	\$ -	\$ 2,065,057	\$ 2,065,057

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 September 30, 2018, TTC didn't loan funds to anyone.

Note 2: The total amount of lending to a company for funding for a short-term period shall not exceed 40% of the audited net worth of Taita Chemical (Zhong shan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As September 30, 2018, the audited net worth of Taita Chemical (Zhong shan) Co., Ltd. is RMB465,387 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 September 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 11,072,592	\$ 3,900,000	\$ 3,850,000	\$ 1,479,000	None	20.86	\$ 11,072,592	Yes	No	No
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	11,072,592	325,250 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	325,250 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	140,406	None	1.76	11,072,592	Yes	No	No
		Forum Pacific Trading Ltd.	Subsidiary which Chong Loong Co. directly held more than 50% of ordinary shares	11,072,592	152,625 (US\$ 5,000 thousand)	-	-	None	-	11,072,592	Yes	No	No
		Usig (Shanghai) Co., Ltd.	Parent company and subsidiary totally held more than 50% of ordinary shares	11,072,592	479,377 (RMB 53,000 thousand) (US\$ 8,000 thousand)	-	-	None	-	11,072,592	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 September 30, 2018.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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.	\$ 2,901,610	\$ 368,580 (US\$ 12,000 thousand)	\$ 366,300 (US\$ 12,000 thousand)	\$ 183,150 (US\$ 6,000 thousand)	None	25.25	\$ 2,901,610	No	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of Golden Amber Enterprises Limited	2,901,610	306,050 (US\$ 10,000 thousand)	152,625 (US\$ 5,000 thousand)	-	None	10.52	2,901,610	No	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME Electronics (Cayman) Corp.	2,901,610	122,860 (US\$ 4,000 thousand)	122,100 (US\$ 4,000 thousand)	-	None	8.42	2,901,610	No	No	No

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

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

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SPC))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 2,262,777	\$ 2,104,760	\$ 488,400	\$ -	84.87	\$ 6,199,885	No	No	No
		Swanson Plastics (Singapore) Private Limited	Subsidiary	6,199,885	87,585	85,073	-	-	3.43	6,199,885	No	No	No
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsiidiary	6,199,885	36,858	36,630	-	-	1.48	6,199,885	No	No	No
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsiidiary	6,199,885	122,860	122,100	-	-	4.92	6,199,885	No	No	Yes
		Swanson Technologies Corporation	Subsidiary	6,199,885	109,144	108,840	93,000	-	4.39	6,199,885	No	No	No
		Swanson Plastics (Tianjin) Co., Ltd.	Sub-subsiidiary	6,199,885	61,430	61,050	-	-	2.46	6,199,885	No	No	Yes
		PT. Swanson Plastics Indonesia	Sub-subsiidiary	6,199,885	61,430	<u>61,050</u>	43,680	-	2.46	6,199,885	No	No	No
						<u>\$ 2,579,503</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 September 30, 2018.

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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 8,267,880	\$ 3,305,250	\$ 3,205,250	\$ 515,263	None	38.77	\$ 8,267,880	No	No	No

Note 1: The ratio is calculated using the ending balance of equity of CGPC as of September 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 September 30, 2018.

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Ltd. (TTC))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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 (Note 1)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taita Chemical Company, Ltd.	Taita (BVI) Holding Co., Ltd.	Subsidiary which directly held 100% ordinary shares	\$ 6,287,097	\$ 1,607,325 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 1,607,325 (US\$ 33,000 thousand) (NT\$ 600,000 thousand)	\$ 754,578 (US\$ 24,720 thousand)	\$ -	38.35	\$ 6,287,097	No	No	No
		Taita Chemical (Zhong shan) Co., Ltd.	100% voting shares directly owned by TTC	6,287,097	241,371 (US\$ 5,000 thousand) (RMB 20,000 thousand)	221,865 (RMB 50,000 thousand)	-	-	5.29	6,287,097	No	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares directly owned by TTC	6,287,097	457,875 (US\$ 15,000 thousand)	457,875 (US\$ 15,000 thousand)	152,625 (US\$ 5,000 thousand)	-	10.92	6,287,097	No	No	Yes

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

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

USI CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES AND AFFILIATED COMPANIES)

SEPTEMBER 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	September 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	0.09	\$ 109,831	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	15,180,656	745,370	1.99	745,370	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	18,200,000	240,090	10.83	240,090	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	310,000	3,391	0.45	3,391	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,575,000	20,160	-	20,160	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,600	-	26,600	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	2,406	-	2,406	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250,000	18,625	-	18,625	
	Teratech Corp.	-	Financial assets at fair value through profit or loss - non-current	110,000	-	-	-	
	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,080,051	50,123	-	50,123	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,895,567	105,211	-	105,211	
	KGI Victory Money Market Fund	-	Financial assets at fair value through profit or loss - current	953,107	11,007	-	11,007	
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,819,810	59,015	-	59,015	
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss - current	654,774	7,817	-	7,817	
	Mirea Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	875,253	11,003	-	11,003	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,487,429	40,326	-	40,326	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,531,672	50,034	-	50,034	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,378	\$ 50,211	-	\$ 50,211	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	236,247	42,034	-	42,034	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,170,597	50,016	-	50,016	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,093,577	163,146	-	163,146	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	429,056	5,006	-	5,006	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,390,170	45,999	-	45,999	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,617,008	55,344	-	55,344	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,501,340	41,813	-	41,813	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,094,819	17,802	-	17,802	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,857,576	50,073	-	50,073	
	<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	44,550	-	44,550	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	8,000,000	103,200	-	103,200	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	73,451	-	73,451	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,625	-	37,625	
Union Polymer Int'l Investment Corp.	<u>Shares</u> Asia Polymer Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	20,711,939	341,747	3.74	341,747	
	China General Plastics Corporation	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	3,897,878	99,396	0.77	99,396	
	Taita Chemical Company, Ltd.	Equity-method investee	Financial assets at fair value through other comprehensive income - non-current	376,000	5,471	0.11	5,471	
Swanlake Traders Ltd.	<u>Shares</u> SOHWARE, 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	4,219 (US\$ 138 thousand)	0.7	4,219	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USIFE Investment Co., Ltd.	Shares							
	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	3,001,655	130,572	0.59	130,572	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	11,876,111	5,003	0.37	5,003	
	Dah Chung Bills Finance Corporation	-	Financial assets at fair value through other comprehensive income - non-current	470,914	7,690	0.1	7,690	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	213,686	3,325	0.14	3,325	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through other comprehensive income - non-current	165,279	934	0.25	934	
	Digimax, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	23,234	130	0.05	130	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	7,789	1.03	7,789	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,215,798	51,003	2.36	51,003	
	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 Bond	-	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	439,086	11,197	0.09	11,197	
	Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,577,809	26,034	0.28	26,034	
	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	16,472	0.35	16,472	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,320	-	5,320	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	525,000	6,720	0.01	6,720	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 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	\$ 25,883	0.24	\$ 25,883	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50,000	3,725	-	3,725	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	9,175	0.27	9,175	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	820	-	820	
	<u>Beneficiary certificates</u>							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,239,968	33,841	-	33,841	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,870,081	30,408	-	30,408	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	2,149,137	30,953	-	30,953	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	63,956	-	63,956	
	<u>Beneficiary certificates(REIT)</u>							
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	750,000	11,288	-	11,288	
Taiwan United Venture Capital Corp.	<u>Beneficiary certificates</u>							
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	3,544,556	51,051	-	51,051	
	<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	-	
	SOHOware, 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	September 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	\$ 48,230	0.45	\$ 48,230	
	Mitac Holdings Corp.	-	Financial assets at fair value through other comprehensive income - current	1,600,933	45,466	0.20	45,466	
	Chitec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	381,906	15,337	1.37	15,337	
	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	2,906	1.18	2,906	
	Orgchem Technology, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	594,594	10,179	1.09	10,179	
	Hexawave, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	770,000	4,512	1.08	4,512	
	Global BioPharma, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	712,000	7,789	1.03	7,789	
	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	9,200	1.42	9,200	
	NeuroSky, Inc. Preferred B	-	Financial assets at fair value through other comprehensive income - non-current	12,595,523	22,168	1.78	22,168	
	NeuroSky, Inc. Preferred C	-	Financial assets at fair value through other comprehensive income - non-current	4,532,823	7,978	0.64	7,978	
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	1,321	-	1,321	
	<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	1,190,822	16,065	-	16,065	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,764,635	23,805	-	23,805	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 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	\$ 35,187	-	\$ 35,187	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	851,511	12,064	-	12,064	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,190,740	16,063	-	16,063	
USI Management Consulting Corp.	<u>Beneficiary certificates</u> Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,547,748	21,000	-	21,000	

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 September 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)

SEPTEMBER 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	September 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	\$ 64,500	-	\$ 64,500	Note 1	
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	63,977	-	63,977	Note 1	
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	44,550	-	44,550	Note 1	
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	37,625	-	37,625	Note 1	
	<u>Open-end fund beneficiary certificates</u> FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,293,217	65,505	-	65,505	Note 1	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,943,749	31,512	-	31,512	Note 1	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,623,801	23,005	-	23,005	Note 1	
	<u>Ordinary shares</u> KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	8,353,800	120,044	5.95	120,044	Note 1	
	Taiwan VCM Corporation	<u>Open-end fund beneficiary certificates</u> FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,534,572	130,220	-	130,220	Note 1
		Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,811,611	130,197	-	130,197	Note 1
Yuanta De-Li Money Market Fund		-	Financial assets at fair value through profit or loss - current	3,081,056	50,099	-	50,099	Note 1	
Prudential Financial Money Market Fund		-	Financial assets at fair value through profit or loss - current	3,174,885	50,083	-	50,083	Note 1	
Nomura Taiwan Money Market Fund		-	Financial assets at fair value through profit or loss - current	3,073,764	50,022	-	50,022	Note 1	
Hua Nan Kirin Money Market Fund		-	Financial assets at fair value through profit or loss - current	4,187,429	50,007	-	50,007	Note 1	
Yuanta De-Bao Money Market Fund		-	Financial assets at fair value through profit or loss - current	4,171,777	50,007	-	50,007	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC Polymer Corporation	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,529,777	\$ 50,007	-	\$ 50,007	Note 1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,107,694	50,007	-	50,007	Note 1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,000,462	50,007	-	50,007	Note 1
	Cathy Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,027,581	50,006	-	50,006	Note 1
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,236,707	50,006	-	50,006	Note 1
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,529,381	41,006	-	41,006	Note 1
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss - current	754,009	9,001	-	9,001	Note 1
	<u>Ordinary shares</u> Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at fair value through other comprehensive income - non-current	121,611	2,007	0.02	2,007	Note 1
	<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	142,746	-	142,746	Note 1
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,523,727	40,914	-	40,914	Note 1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,965,995	40,012	-	40,012	Note 1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,721,647	28,018	-	28,018	Note 1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,482,847	22,625	-	22,625	Note 1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,230,323	20,006	-	20,006	Note 1
Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	298,487	4,803	-	4,803	Note 1	
CGPC (BVI) Holding Co., Ltd.	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Notes 1 and 3
	SOHWARE, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Notes 1, 2 and 3

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

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

Note 3: As of September 30, 2018, 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)

SEPTEMBER 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	September 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	15,109,901	\$ 211,539	1.27	\$ 211,539	Note 1
	Harbinger Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	51,500	509	0.5	509	Notes 3 and 5
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	73,451	-	73,451	Note 1
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,625	-	37,625	Note 1
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,000,000	59,400	-	59,400	Note 1
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,600,000	85,140	-	85,140	Note 1
	<u>Beneficiary certificates</u> FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	786,478	12,000	-	12,000	Note 2
Taita (BVI) Holding Co., Ltd.	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.72	-	Note 4
	SOHWARE, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	Note 4
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	127,980	3,321 (US\$ 109 thousand)	2.22	3,321 (US\$ 109 thousand)	Note 3

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

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

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

Note 4: The carrying amount was zero as of September 30, 2018 due to the impairment loss recognized over the years.

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)

SEPTEMBER 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	September 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	\$ 1,222	1.20	\$ 1,222	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	438,624	5,196	1.67	5,196	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	16,707,600	240,090	11.90	240,090	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,418,979	8.53	1,418,979	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,496,107	711,759	1.90	711,759	
	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	2,017,946	87,781	0.39	87,781	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	2,406	0.02	2,406	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,575,000	20,160	0.04	20,160	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,600	0.01	26,600	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250,000	18,625	0.01	18,625	
	<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	73,466	-	73,466	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,625	-	37,625	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	29,700	-	29,700	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	64,500	-	64,500	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	<u>Beneficiary certificates</u>							
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,256,905	\$ 26,009	-	\$ 26,009	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,089,187	50,273	-	50,273	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,216	-	50,216	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,904,409	120,123	-	120,123	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,358,474	33,413	-	33,413	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,715,649	50,415	-	50,415	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,639,471	128,085	-	128,085	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,417	50,212	-	50,212	
	CTBC Hwa Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,403,369	103,350	-	103,350	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,655,234	25,007	-	25,007	
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,172,473	50,015	-	50,015	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,530,557	41,025	-	41,025	
	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	256,140	6,684	4.45	6,684	
	Solargiga Energy Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	15,863,333	6,683	0.49	6,683	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,519,701	63,758	2.95	63,758	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	4,218	0.37	4,218	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Note 1
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
SOHWARE, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1	
Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 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	44,808	\$ 627	-	\$ 627	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	525,000	6,720	0.01	6,720	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,320	-	5,320	
	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50,000	3,725	-	3,725	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	462,602	6,989	-	6,989	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,826	-	24,826	
	<u>Ordinary shares</u> Neo Solar Power Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,131,920	11,885	0.11	11,885	

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

Note 2: Refer to Table 7-5 and Table 8-5 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)**SEPTEMBER 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	September 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	4,939,760	\$ 81,506	0.89	\$ 81,506	Note 2
	China General Plastics Corporation	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	2,564,791	65,402	0.51	65,402	Note 1
	Taita Chemical Company, Ltd.	Equity-method investor	Financial assets at fair value through other comprehensive income - non-current	1,877,484	27,317	0.57	27,317	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	12,739	-	12,739	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 NINE MONTHS ENDED SEPTEMBER 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	-	-	-	\$ -	34,656,538	\$ 522,800	34,656,538	\$ 523,012	\$ 522,800	\$ 212	-	\$ -
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,861,923	153,700	40,543,970	633,400	50,405,893	787,475	787,100	375	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,582,049	67,385	28,503,329	420,300	33,085,378	488,151	487,685	466	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,608,393	169,500	35,548,512	479,000	36,063,328	485,916	485,400	516	12,093,577	163,100
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	14,417,605	145,600	16,622,675	168,100	31,040,280	314,030	313,700	330	-	-
Ever Conquest Global Limited	<u>Ordinary shares</u>													
	Ever Conquest Global Limited	Investments accounted for using the equity method	-	Subsidiary	77,346,000	2,375,283	98,922,000	3,034,601	-	-	-	-	176,268,000	5,348,168
Ever Conquest Global Limited	<u>Ordinary shares</u>													
	Ever Victory Global Limited	Investments accounted for using the equity method	-	Subsidiary	123,616,000	3,796,226	155,892,000	4,782,381	-	-	-	-	279,508,000	8,480,585
Ever Victory Global Limited	<u>Ordinary shares</u>													
	Dynamic Ever Investments Limited	Investments accounted for using the equity method	-	Subsidiary	181,877,000	5,565,831	178,700,000	5,482,069	-	-	-	-	360,577,000	10,923,431

Note: The amount as of September 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 NINE MONTHS ENDED SEPTEMBER 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	31,756,270	\$ 496,000	33,134,687	\$ 517,628	\$ 517,500	\$ 128	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,368,931	315,000	21,368,931	315,106	315,000	106	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,249,509	84,000	20,650,757	278,300	26,900,266	362,515	362,300	215	-	-
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,518,158	144,000	16,033,454	244,500	21,258,395	323,894	323,000	894	4,293,217	65,500
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	31,865,952	380,000	31,878,545	380,057	380,000	57	4,187,429	50,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,346,302	300,000	11,534,691	170,049	170,000	49	8,811,611	130,000
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	19,892,678	300,000	19,892,678	300,069	300,000	69	-	-
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,805,815	30,000	21,031,612	350,000	19,836,965	330,094	330,000	94	3,000,462	50,000
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 September 30, 2018 was calculated at the original investment cost.

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company Ltd.)

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 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
Taita Chemical Company Ltd.	<u>Beneficiary certificates</u> Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	27,822,544	\$ 333,000	27,822,544	\$ 333,038	\$ 333,000	\$ 38	-	\$ -

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

USI CORPORATION AND SUBSIDIARIES

(Asia Polymer Corporation)

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 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
Asia Polymer Corporation	Ordinary shares Ever Conquest Global Limited.	Investment accounted for using the equity method	-	Equity method investee	46,270,000	\$ 1,420,944	56,970,000	\$ 1,747,780	-	\$ -	\$ -	\$ -	103,240,000	\$ 3,132,417

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

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 472,205	6.33	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	\$ (153,609)	13.49	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 NINE MONTHS ENDED SEPTEMBER 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)	\$ 355,070	50	55 days	\$ -	-	\$ (216,505)	71	Note 2
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Sale (includes processing fees)	(355,070)	46	55 days	-	-	216,505	59	Note 2
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME Electronics (Cayman) Corp.	Sale	(172,577)	20	55 days	-	-	51,015	16	Note 2
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME Electronics (Cayman) Corp.	Purchase	172,577	74	55 days	-	-	(51,015)	74	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 NINE MONTHS ENDED SEPTEMBER 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	\$ 3,168,347	72	45 days	No major difference	No major difference	Trade payables to related parties	\$ (637,643)	(74)	Note
	CGPC America Corporation	Subsidiary	Sales	(290,932)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties	123,791	13	Note
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(3,168,347)	(43)	45 days	No major difference	No major difference	Trade receivables from related parties	637,643	39	Note
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(3,314,601)	(45)	45 days	No major difference	No major difference	Trade receivables from related parties	808,481	50	Note
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	3,314,601	96	45 days	No major difference	No major difference	Trade payables to related parties	(808,481)	(97)	Note
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	290,932	83	90 days	No major difference	No major difference	Trade payables to related parties	(123,791)	(98)	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 NINE MONTHS ENDED SEPTEMBER 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 (Zhong shan) Co., Ltd.	Sub-subsidiary	Sales	\$ (1,239,586) (US\$ (41,669) thousand)	(10.71)	30 days	No significant difference	No significant difference	Accounts receivables from related parties	\$ 277,820 (US\$ 9,101 thousand)	15.12	Note
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Sales	(201,302) (US\$ (6,662) thousand)	(1.74)	30 days	No significant difference	No significant difference	Accounts receivables from related parties	203,013 (US\$ 6,651 thousand)	11.05	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 NINE MONTHS ENDED SEPTEMBER 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	\$ (472,205)	(10.52)	60 days	No significant difference	No significant difference	Accounts receivable - related parties \$ 155,267	24.23	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(501)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties -	-	
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	72,719	2.02	30 days	No significant difference	No significant difference	Accounts payable - related parties 13,280	3.66	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	97,078	2.70	30 days	No significant difference	No significant difference	Accounts payable - related parties 39,633	10.93	

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

SEPTEMBER 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	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties \$ 170,121	-	\$ -	-	\$ 170,121	Note 1

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

Note 2: The subsequent period is from October 1, 2018 to November 7, 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

SEPTEMBER 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 Corporation	ACME Electronics (Cayman) Corp.	Subsidiary of ACME	Other receivables - related parties \$ 158,697	-	\$ -	-	\$ 60,848	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of Golden Amber Enterprises Limited	Accounts receivable - related parties 216,505	2.53	-	-	50,065	-

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

SEPTEMBER 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 \$ 155,267	3.71	\$ -	-	\$ 120,451	Note 1
	USI Corporation	Parent company	Other receivables from related parties 435	-	-	-	435	Note 1

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

Note 2: The subsequent period is from October 1, 2018 to November 8, 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**SEPTEMBER 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 \$ 126,084 (US\$ 4,130,507)	-	\$ -	-	\$ 38,494 (US\$ 1,261,080)	\$ -
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 184,627 (US\$ 6,048,377)	-	-	-	9,051 (US\$ 296,514)	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Long-term receivables - related parties 2,338 (US\$ 76,607)	-	-	-	2,338 (US\$ 76,607)	-
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 222,093 (US\$ 7,275,765)	-	-	-	-	-
Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties 150,011 (RMB 33,806,804)	-	-	-	-	-
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Other receivables - related parties 120,713 (US\$ 3,954,567)	-	-	-	120,713 (US\$ 3,954,567)	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Other receivables - related parties 111,134 (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 October 1, 2018 to November 13, 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
SEPTEMBER 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>\$ 123,791</u>	3.21	\$ -	-	\$ 27,761	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties <u>\$ 637,643</u>	6.27	-	-	381,898	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties <u>\$ 808,481</u>	5.77	-	-	438,182	Note 1

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

Note 2: The subsequent period is from October 1, 2018 to October 29, 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

SEPTEMBER 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 (Zhong shan) Co., Ltd.	Sub-subsidiary	Accounts receivable \$ 277,820 (US\$ 9,101 thousand) (Note 1)	-	\$ -	-	\$ 281,982 (US\$ 9,101 thousand)	\$ -
	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Accounts receivable 203,013 (US\$ 6,651 thousand) (Note 1)	-	-	-	-	-
			Other receivables 165,065 (US\$ 5,408 thousand) (Note 1)	-	-	-	74,118 (US\$ 2,404 thousand)	-
Taita Chemical (Zhong shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Fellow Subsidiary	Other receivables 273,976 (RMB 61,744 thousand) (Note 2)	-	-	-	-	-

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

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

Note 3: The amount received in the subsequent period means the collection made up to November 8, 2018.

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

USI CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 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	87,250,800	100.00	\$ 748,913	\$ (2,537)	\$ (2,537)	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment Business	728,439	728,439	30,000,000	100.00	1,344,199	47,036	47,036	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment Business	63,482	63,482	159,999	100.00	131,257	(1,498)	(1,498)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product and service industry")	3,490,255	3,490,255	521,440,500	100.00	5,606,827	503,814	492,440	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	207,067	(3,655)	(2,558)	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	41,860	8,423	8,417	Subsidiary
	Swanson Plastics Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	171,210	171,210	62,616,299	40.58	969,129	10,878	4,414	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	376,334	118,729	32,053	Subsidiary
	INOMA Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Engaging in optical products and fireproof materials	250,354	250,354	9,126,786	93.18	52,360	(20,452)	(19,057)	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	(2,013)	472	472	Subsidiary (Note 1)
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	150,540	150,540	5,000,000	100.00	126,835	2,950	2,950	Subsidiary
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Reinforced plastic products manufacturing	36,250	36,250	1,825,000	30.42	4,439	(10,447)	(3,176)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	5,442,335	2,407,735	176,268,000	63.06	5,348,168	20,785	13,008	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	186,291	(108,461)	(55,148)	
Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Business	8,531,982 (US\$ 279,508 thousand)	3,773,378 (US\$ 123,616 thousand)	279,508,000	77.47	8,480,585 (US\$ 277,824 thousand)	30,558 (US\$ 1,031 thousand)		
Ever Victory Global Limited	Dynamic Ever Investments Limited	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investment Business	11,006,613 (US\$ 360,577 thousand)	5,551,795 (US\$ 181,877 thousand)	360,577,000	100.00	10,923,431 (US\$ 357,852 thousand)	31,022 (US\$ 1,046 thousand)		
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	1,750,109	383,659		Sub-subsiary
	Asia Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of low-density polyethylene, medium-density polyethylene, ethylene vinyl acetate and importing and marketing of linear low-density polyethylene and high-density polyethylene	1,965,437	1,965,437	179,330,846	32.35	3,689,772	263,536		Sub-subsiary
	China General Plastics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	1,320,045	1,320,045	122,632,069	24.20	2,130,441	1,163,028		Sub-subsiary
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	140,088	118,729		Note 1
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production, marketing and development of EVA packaging film and other value added plastic products	30,000	30,000	3,000,000	15.00	(11,203)	(12,047)		Note 1
	Taiwan United Venture Management Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Business management consulting	8,000	8,000	800,000	100.00	15,872	1,330		Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 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	\$ 2,189	\$ (10,447)		
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	6,716 (US\$ 220 thousand)	6,716 (US\$ 220 thousand)	220,000	100.00	32,911	(1,675) (US\$ 56 thousand)		
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment Business	107,984 (US\$ 3,538 thousand)	107,984 (US\$ 3,538 thousand)	5,609,231	11.23	158,692 (US\$ 5,029 thousand)	255,187 (US\$ 8,561 thousand)	Sub-subsiary	

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

Note 2: 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 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 Business	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 698,873	\$ 255,187 (US\$ 8,561 thousand)	\$ 128,532 (US\$ 4,314 thousand)	Note 1
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment Business	638,676 (US\$ 19,800 thousand)	638,676 (US\$ 19,800 thousand)	19,800,000	100.00	806,190	36,065	36,065	Note 1
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment Business	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	487	(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	124,553	(108,461)	(36,876)	
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment Business	US\$ 11,891 thousand	US\$ 11,891 thousand	42,600,000	100.00	US\$ 19,364 thousand	US\$ 786 thousand (MYR 3,256 thousand)	US\$ 786 thousand (MYR 3,256 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 49,031 thousand	MYR 3,323 thousand	MYR 3,323 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 8-1.

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 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	\$ 1,868,647	\$ 1,943	\$ 1,943	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	112,687	(6,730)	(6,730)	
	Swanson International Ltd.	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment Business	454,134	454,134	14,541	100	1,357,431	52,049	52,049	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment Business	4,850	4,850	1,600	100	212	(475)	(475)	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	(52,283)	(12,047)	(8,433)	
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	5,486	5,486	180	1	4,040	(8,913)	(89)	Note 1
Swanson Plastics (Singapore) Private Limited	Swanson Plastics (Malaysia) Sdn. Bhd.	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Zon Perdagangan Bebas, 13600 Perai, Seberang Perai, Malaysia	Production and marketing of plastic products	201,263 (US\$ 6,593,398)	201,263 (US\$ 6,593,398)	20,000	100	701,182 (US\$ 22,970,749)	94,546		
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	Production and marketing of plastic products	227,742 (US\$ 7,460,850)	105,642 (US\$ 3,460,850)	42,970	100	122,788 (US\$ 4,022,533)	(53,596)		
	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	543,956 (US\$ 17,820,000)	543,956 (US\$ 17,820,000)	17,820	99	399,971 (US\$ 13,103,052)	(8,913)		
Swanson International Ltd.	A.S. Holdings (UK) Limited	United Kingdom	Investment Business	216,547 (US\$ 7,094,082)	216,547 (US\$ 7,094,082)	-	100	512,411 (US\$ 16,786,598)	10,770		

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 September 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 NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of September 30, 2018			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				September 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	\$ 2,930,995	\$ 2,930,994	206,008,832	87.22	\$ 2,926,366	\$ 676,301	\$ 539,042	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	78,859,281	100.00	1,068,716	223,169	223,169	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	349,462	7,370	7,370	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	18,667,465	33.33	239,146	(75,999)	(25,334)	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	209,374	(1,286)	(1,286)	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	75,622	1,246	1,246	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	25,258	118,729	2,067	Investment accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	1,459	(10,447)	(1,045)	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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment Business	\$ 1,884,552 (US\$ 61,738 thousand)	\$ 1,884,552 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,506,007 (US\$ 49,325 thousand)	\$ 135,810 (US\$ 4,554 thousand)	\$ 135,810 (US\$ 4,554 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	10,043,761	1.98	163,866	1,163,028	23,051	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	18,667,464	33.33	239,146	(75,999)	(25,333)	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	35,350	118,729	2,893	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	1,459	(10,447)	(1,045)	Investment accounted for using the equity method (Note 2)
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Cayman Islands	Reinvestment Business	51,894 (US\$ 1,700 thousand)	51,894 (US\$ 1,700 thousand)	2,695,619	5.39	73,767 (US\$ 2,417 thousand)	255,187 (US\$ 8,561 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment Business	\$ 420,476 (US\$ 13,774,806)	\$ 420,476 (US\$ 13,774,806)	11,342,594	100.00	\$ 484,950	\$ 46,709	\$ 46,709	Subsidiary (Note)
	APC Investment Corporation	Taipei, Taiwan	Investment Business	200,000	200,000	20,000,000	100.00	103,113	(1,466)	(1,466)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment Business	85,470 (US\$ 2,800,000)	85,470 (US\$ 2,800,000)	2,800,000	70.00	127,888	5,069	3,548	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	40,891,494	8.07	667,152	1,163,028	93,847	Investment accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	239,146	(75,999)	(25,333)	Investment accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95	190,831	10,878	865	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	48,166	118,729	3,942	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	24,631	(3,655)	(304)	Investment accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	4,439	(10,447)	(3,178)	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	33,716	(108,461)	(9,981)	Investment accounted for using the equity method
APC (BVI) Holding Co., Ltd.	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment Business	3,151,401 (US\$ 103,240,000)	1,412,392 (US\$ 46,270,000)	103,240,000	36.94	3,132,417	20,785	7,778	Investment accounted for using the equity method
	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment Business	160,101 (US\$ 5,244,903)	160,101 (US\$ 5,244,903)	8,316,450	16.64	227,585	255,187	-	Investment accounted for using the equity method
APC Investment Corporation	USI International Corp.	British Virgin Islands	Reinvestment Business	36,630 (US\$ 1,200,000)	36,630 (US\$ 1,200,000)	1,200,000	30.00	54,809	5,069	-	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	14,987	118,729	-	Investment accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(11,204)	(12,047)	-	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 NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2018 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 937,881 (US\$ 30,725,000)	Note 1	\$ 86,005 (US\$ 2,817,528)	\$ -	\$ -	\$ 86,005 (US\$ 2,817,528)	\$ 246,538 (US\$ 8,274,061)	11.23	\$ 27,674 (US\$ 928,770)	\$ 104,841 (US\$ 3,434,577)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	152,625 (US\$ 5,000,000)	Note 2	152,625 (US\$ 5,000,000)	-	-	152,625 (US\$ 5,000,000)	2,950 (US\$ 100,292)	100.00	2,950 (US\$ 100,292)	126,836 (US\$ 4,155,126)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	10,227,089 (RMB 2,304,800,000)	Note 3	2,203,101 (US\$ 72,173,674)	-	-	2,203,101 (US\$ 72,173,674)	66,622 (US\$ 2,352,468)	24.43	14,100 (US\$ 476,007)	2,510,608 (US\$ 82,247,603)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,699,897 (US\$88,448,702)	\$8,118,719 (US\$265,969,510) (Note 5)	\$ - (Note 4)

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

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

Note 3: The Company reinvested in 50% of the outstanding shares of Gulei at first via Ever Conquest Global Limited (63.06%), then via Ever Victory Global Limited (77.47%), and finally via Dynamic Ever Investments Limited (100%).

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

Note 5: As included in the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10500116380 on September 1, 2016 and No. 10500234240 on December 29, 2016, the Company was able to wire transfer US\$248,025 thousands to Gulei.

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

Note 7: Except for 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 NINE MONTHS ENDED SEPTEMBER 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 September 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 September 30, 2018 (Notes 4 and 8)	Accumulated Repatriation of Investment Income as of September 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)	\$ 246,538 (RMB 52,749 thousand)	51.27	\$ 126,400 (RMB 27,044 thousand)	\$ 478,887 (RMB 107,923 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)	37,944 (RMB 8,231 thousand)	100.00	37,944 (RMB 8,231 thousand)	832,973 (RMB 187,721 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$926,251 (US\$30,344 thousand) (Notes 3 and 8)	\$1,118,222 (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 nine months ended September 30, 2018.

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

USI CORPORATION AND SUBSIDIARIES
 (Swanson Plastics Corporation)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of September 30, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 122,100 (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	\$ (10,128) (RMB 2,200,444)	100	\$ (10,128) (Note 1)	\$ 5,167 (Note 1)	\$ -
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	405,677 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	41,279 (US\$ 1,392,408)	100	41,279 (US\$ 1,392,408)	938,589 (US\$ 30,748,206)	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of production and sales of PE release film and other release products	277,778 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	10,770 (US\$ 352,655)	100	10,770 (US\$ 352,770)	524,010 (US\$ 17,166,594)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	326,618 (US\$ 10,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(38,229) (US\$ (1,277,183))	100	(38,229) (US\$ (1,277,183))	212,583 6,964,238	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$701,500	\$1,128,938 (US\$36,984,062)	\$ - (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 September 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 September 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of September 30, 2018 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 610,500 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 610,500 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 610,500 (US\$ 20,000 thousand)	\$ 6,353 (US\$ 211 thousand)	100.00	\$ 6,353 (US\$ 211 thousand)	\$ 261,142 (US\$ 8,555 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	45,788 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	45,788 (US\$ 1,500 thousand)	-	-	45,788 (US\$ 1,500 thousand)	2 (US\$ - thousand)	100.00	2 (US\$ - thousand)	13,803 (US\$ 453 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 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
\$826,678 (US\$27,082 thousand)	\$1,046,855 (US\$34,295 thousand)	\$- (Note 2)

Note 1: The calculation was based on the spot exchange rate of September 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 September 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Note 5)	Carrying Amount as of September 30, 2018 (Note 5)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outflow	Inflow						
Taita Chemical (Zhong shan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,411,781 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,312,575 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,312,575 (US\$ 43,000 thousand)	\$ 203,740 (US\$ 6,813 thousand)	100.00	\$ 203,740 (US\$ 6,813 thousand) (Note 6)	\$ 2,065,057 (US\$ 67,651 thousand) (Note 6)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	834,859 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	793,650 (US\$ 26,000 thousand)	-	-	793,650 (US\$ 26,000 thousand)	(63,588) (US\$ (2,116) thousand)	100.00	(63,588) (US\$ (2,116) thousand)	122,548 (US\$ 4,015 thousand) (Note 6)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	937,881 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	41,331 (US\$ 1,354 thousand)	-	-	41,331 (US\$ 1,354 thousand)	237,939 (US\$ 7,749 thousand)	5.39	12,835 (US\$ 418 thousand)	50,383 (US\$ 1,651 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,147,556 (US\$70,354 thousand)	\$2,314,324 (US\$75,817 thousand) (Note 3)	\$2,514,839 (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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2018	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 937,881 (US\$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	\$ 127,514 (US\$ 4,177,369)	\$ -	\$ -	\$ 127,514 (US\$ 4,177,369)	B 246,537	16.64	\$ 41,030	\$ 155,441	\$ -
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	70,313 (US\$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	92,662 (US\$ 3,035,601)	-	-	92,662 (US\$ 3,035,601)	C 2,682	100.00	2,682	99,830	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	10,227,089 (RMB 2,304,800,000)	(2) Dynamic Ever Investments Limited	1,317,941 (US\$ 43,175,806)	-	-	1,317,941 (US\$ 43,175,806)	C 66,622	12.71	8,465	1,305,823	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,685,252 (US\$55,208,912) (Note 4)	\$4,926,174 (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 September 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 NINE MONTHS ENDED SEPTEMBER 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	Swanson Plastics Corporation	a	Sales revenue	\$ 68,297	No significant difference	0.15
		Forever Young Company Limited	a	Sales revenue	84,652	No significant difference	0.19
		USI Trading (Shanghai) Co., Ltd.	a	Sales revenue	96,872	No significant difference	0.21
		USI Far East (HK) Co., Ltd.	a	Sales revenue	162,478	No significant difference	0.36
		Taita Chemical Co., Ltd.	a	Purchases	12,469	No significant difference	0.03
		Chong Loong Trading Co., Ltd.	a	Purchases	15,485	No significant difference	0.03
		Asia Polymer Corporation	a	Purchases	472,205	No significant difference	1.03
		Swanson Plastics Corporation	a	Purchases	52,914	No significant difference	0.12
		Swanson Plastics Corporation	a	Accounts receivable	17,605	No significant difference	0.03
		Forever Young Company Limited	a	Accounts receivable	30,708	No significant difference	0.04
		USI Far East (HK) Co., Ltd.	a	Accounts receivable	26,567	No significant difference	0.04
		USI Trading (Shanghai) Co., Ltd.	a	Accounts receivable	39,633	No significant difference	0.06
		Asia Polymer Corporation	a	Other receivable	152,161	No significant difference	0.22
		Taiwan VCM Corporation	a	Other receivable	170,109	No significant difference	0.25
		Asia Polymer Corporation	a	Other payables	153,609	No significant difference	0.22
		USI Management Consulting Corporation	a	Management service expenses	57,685	No significant difference	0.13
		China General Terminal & Distribution Corporation	a	Purchase cost	25,747	No significant difference	0.06
1	Asia Polymer Corporation	Swanson Plastics Corporation	c	Sales revenue	37,221	No significant difference	0.08
		Forever Young Company Ltd.	c	Sales revenue	23,799	No significant difference	0.05
		USI Far East (HK) Co., Ltd.	c	Sales revenue	19,985	No significant difference	0.04
		Taita Chemical Co., Ltd.	c	Accounts payable	33,829	No significant difference	0.05
		Taita Chemical Co., Ltd.	c	Purchases	63,298	No significant difference	0.14
		Swanson Plastics Corporation	c	Purchases	27,588	No significant difference	0.06
		China General Terminal & Distribution Corporation	c	Storage tank operating expenses	15,880	No significant difference	0.03
		USI Trading (Shanghai) Co., Ltd.	c	Accounts receivable	43,728	No significant difference	0.06
		USI Trading (Shanghai) Co., Ltd.	c	Sales revenue	78,477	No significant difference	0.17
		2	China General Plastics Corporation (CGPC)	China General Terminal & Distribution Corporation	c	Purchase cost	66,627
USI Management Consulting Corporation	c			Management service expenses	53,828	No significant difference	0.12
Taiwan VCM Corporation	c			Accounts payable	637,643	No significant difference	0.93
Taiwan VCM Corporation	c			Purchases	3,168,347	No significant difference	6.94
CGPC America Corporation	c			Accounts receivable	123,791	No significant difference	0.18
CGPC America Corporation	c			Sales revenue	290,932	No significant difference	0.64
CGPC Polymer Corporation	c			Purchases	14,123	No significant difference	0.03

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
3	Taita Chemical Company, Limited	USI Management Consulting Corporation	c	Management service expenses	\$ 41,951	No significant difference	0.09
		Taita Chemical (Zhong shan) Co., Ltd.	c	Accounts receivable	277,820	No significant difference	0.40
		Taita Chemical (Zhong shan) Co., Ltd.	c	Sales revenue	1,239,586	No significant difference	2.72
		Taita Chemical (Tianjin) Co., Ltd.	c	Accounts receivable	203,013	No significant difference	0.30
		Taita Chemical (Tianjin) Co., Ltd.	c	Other receivable	165,065	No significant difference	0.24
		Taita Chemical (Tianjin) Co., Ltd.	c	Sales revenue	201,302	No significant difference	0.44
4	Acme Electronics Corp.	Acme Electronics (Kunshan) Co., Ltd.	c	Sales revenue	172,577	No significant difference	0.38
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	88,543	No significant difference	0.19
		ACME Ferrite Products Sdn. Bhd.	c	Sales revenue	16,089	No significant difference	0.04
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	65,789	No significant difference	0.14
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Processing cost (classified as cost of goods sold)	351,398	No significant difference	0.77
		Acme Electronics (Kunshan) Co., Ltd.	c	Royalty revenue	11,536	No significant difference	0.03
		Acme Electronics (Kunshan) Co., Ltd.	c	Accounts receivable	51,015	No significant difference	0.07
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Accounts receivable	16,530	No significant difference	0.02
		Acme Electronics (Kunshan) Co., Ltd.	c	Other receivable	10,096	No significant difference	0.01
		ACME Electronics (Cayman) Corp.	c	Other receivable	158,697	No significant difference	0.23
		Golden Amber Enterprises Limited	c	Other receivable	21,425	No significant difference	0.03
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Notes and accounts payable	216,505	No significant difference	0.32
		Acme Electronics (Kunshan) Co., Ltd.	c	Notes and accounts payable	35,809	No significant difference	0.05
		5	USI Management Consulting Corporation	Asia Polymer Corporation	c	Sales revenue	25,880
China General Terminal & Distribution Corporation	c			Sales revenue	10,182	No significant difference	0.02
Swanson Plastics Corporation	c			Sales revenue	14,796	No significant difference	0.03
6	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	c	Other receivable	10,827	No significant difference	0.02
7	Taita Chemical (Zhong shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	c	Other receivable	273,976	No significant difference	0.40
8	Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	41,760	No significant difference	0.09
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Accounts receivable	15,141	No significant difference	0.02
		ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	26,201	No significant difference	0.06
		ACME Ferrite Product Sdn. Bhd.	c	Cost of goods sold	18,898	No significant difference	0.04
9	Swanson Plastics Corporation	USI Corporation	b	Cost of goods sold	68,013	No significant difference	0.15
		USI Corporation	b	Accounts payable	17,518	No significant difference	0.03
		Asia Polymer Corporation	c	Accounts payable	10,532	No significant difference	0.02
		Asia Polymer Corporation	c	Cost of goods sold	37,221	No significant difference	0.08
		Asia Polymer Corporation	c	Sales revenue	28,928	No significant difference	0.06
		Forever Young Company Limited	c	Accounts receivable	32,142	No significant difference	0.05
		Forever Young Company Limited	c	Sales revenue	56,832	No significant difference	0.12
		Forever Young Company Limited	c	Management services expense	16,059	No significant difference	0.04
		Swanson Plastics (Kunshan) Corp.	c	Cost of goods sold	10,709	No significant difference	0.02

(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)
10	Forever Young Company Limited	Swanson Plastics (India) Private Ltd.	c	Accounts receivable	\$ 172,478	No significant difference	0.25
		Swanson Plastics (India) Private Ltd.	c	Sales revenue	58,025	No significant difference	0.13
		Swanson Plastics (Kunshan) Corp.	c	Accounts receivable	222,093	No significant difference	0.32
		Swanson Plastics (Kunshan) Corp.	c	Sales revenue	309,051	No significant difference	0.68
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts receivable	55,715	No significant difference	0.08
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	25,870	No significant difference	0.04
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	218,699	No significant difference	0.48
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Sales revenue	414,755	No significant difference	0.91
		Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts receivable	26,476	No significant difference	0.04
		Swanson Plastics (Tianjin) Co., Ltd.	c	Sales revenue	30,853	No significant difference	0.70
		Swanson Plastics (Nantong) Co., Ltd.	c	Accounts receivable	126,084	No significant difference	0.18
		PT Swanson Plastics Indonesia	c	Accounts receivable	94,504	No significant difference	0.14
		PT Swanson Plastics Indonesia	c	Sales revenue	144,729	No significant difference	0.32
		Swanson International Ltd.	c	Accounts receivable	94,780	No significant difference	0.21
11	API-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts receivable	150,011	No significant difference	0.22
12	Swanson Plastics (Kunshan) Corp.	Swanson Plastics (Tianjin) Co., Ltd.	c	Cost of goods sold	37,307	No significant difference	0.08
		Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts receivable	38,770	No significant difference	0.06
		Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts payable	18,065	No significant difference	0.03
		API-Swanson (Kunshan) Co., Ltd.	c	Sales revenue	77,202	No significant difference	0.17
13	Swanson Plastics (Singapore) Private Ltd.	Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	230,839	No significant difference	0.51
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	22,903	No significant difference	0.03
		Swanson Plastics (India) Private Ltd.	c	Accounts receivable	111,134	No significant difference	0.16
		PT Swanson Plastics Indonesia	c	Accounts receivable	120,713	No significant difference	0.18

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 ratio of transaction amounts accounted for total sales revenue or asset 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.

Note 4: The above transactions were not included in the consolidated financial statements.

(Concluded)