

Stock Code: 1304

USI Corporation
2017 Annual Report

USI Corporation Website: <http://www.usife.com.tw>

Annual Report Query Website: <http://mops.twse.com.tw>

Date of Publication: April 30, 2018

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5. Name of Overseas Securities Trading Venue and Method of Information Query:

None

6. Company Website: <http://www.usife.com.tw>

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Chapter 1 Letter to Shareholders

Dear Shareholders,

Looking back at 2017, the Company has posted a consolidated revenue of NT\$ 58,130,000,000, an increase of NT\$ 5,030,000,000 from the previous year. The Company's consolidated profit before taxes in 2017 was NT\$ 3,490,000,000, an increase of NT\$ 420,000,000 from the previous year. On the other hand, the Company's consolidated net profit after taxes in 2017 was NT\$ 2,710,000,000, where NT\$ 1,110,000,000 out of the Company's consolidated net profit after taxes belonged to the owners of the Company.

The Company's operating performance in 2017 were as follows:

Sales and Marketing:

The Company's operating status this year was affected by the annual maintenance of the third naphtha cracking plant at CPC Corporation after the Lunar New Year celebration and the annual maintenance of the fourth naphtha cracking plant due to unsmooth operations in the second half of the year. With the decline in supply of ethylene, the Company had to import high-priced spot ethylene to make up for the shortfall in ethylene supply, thus leading to an increase in ethylene cost from the previous year. EVA products were also affected by new production capacities in Mainland China since the third quarter, which led to fiercer competition in the general foaming-grade and electric cable-grade EVA products markets, as well as dragging the photovoltaic-grade EVA products market too. The sales volume for EVA / PE products reached a record high of 374,000 tons, an increase of 11,000 tons from the previous year, whereas average selling prices rose by 2% from the previous year. However, the Company suffered a squeeze on its profits due to rising ethylene costs. With regard to ABS products, continuously strong household appliances market in Mainland China has boosted the demand for ABS plastic materials, thereby leading to a significant increase in sales and an overall operating growth from the previous year. The total sales of ABS / PS products were 416,000 tons, an increase of 19,000 tons from the previous year. VCM supply has been sufficient due to the opening of new production capacities in Asia, and thus the spread between VCM and PVC prices has expanded compared to that in the previous year. PVC demand was restrained by several factors including the continued control of the housing market by the Chinese government, the rainy season in India and the month of Ramadhan in the first half of the year, and was interrupted by the new Goods and Service Tax System in India in the second half of the year. However, with the continuous economic recovery in Europe, the U.S., Japan and Brazil, as well as unfavorable VCM and PVC productions in the U.S., PVC manufacturers in Asia has replaced supply from the U.S. in the Middle East market. After deducting the amount of VCM used for the production of PVC powder, the Company has exported 46,000 tons of VCM, a decrease of 30% from the previous year. After deducting the amount of PVC powder used for the production of

self-produced downstream processed products, the Company has exported 341,000 tons of PVC powder, an increase of 8% from the previous year. With respect to chemical products, due to rising global caustic soda prices and balance between demand and supply of alkali-chlorine in the domestic market, the total production output of chemical products was 64,000 tons (calculated based on 100% concentration), whereas the total sales of chemical products were 59,000 tons, an increase of 6% from the previous. In terms of self-produced processed products made of PVC powder, the appreciation of the New Taiwan dollar reduced the competitiveness of domestic manufacturers in accepting orders, while the sales of these products declined due to low price competition for orders and tariff barriers coming from Mainland China, Mexico, India and Southeast Asian countries. However, our operations team worked hard to enhance production efficiency and reduce costs, with the purpose of enhancing competitiveness. The Company's ferrite core business continued to enhance the sales of automobile electronics products. However, the Company's ferrite core business still suffered from marginal losses due to the effective launch of cost reduction and process improvement projects. The sales volume for these products this year was 8,000 tons, an increase of 12% from the previous year.

Production Management:

The annual production volume of PE / EVA was 384,000 tons, whereas the annual production volume of ABS / PS was 410,000 tons. On the other hand, the annual production volume of VCM and PVC powder were 440,000 tons and 387,000 tons respectively. Moreover, the annual production volume of ferrite cores was 8,000 tons. The Company continued to upgrade and modify old equipment, carry out energy conservation projects and improve production processes in order to enhance energy utilization efficiency. The Company has also built a raw material recycling system to reduce raw material consumption. At the same time, the Company continued to pay serious attention to and strictly implement workplace safety and environmental protection, as well as strengthen predictive maintenance measures to ensure the safety of every plant and operating environments.

Corporate Social Responsibility:

Through the USI Education Foundation, the Company continued to provide support to the disadvantaged and rural areas, and care for the environment. Furthermore, the Company has also taken practical actions to fulfill corporate social responsibility by offering scholarships to college and university students, sponsoring education-related public welfare organizations and activities organized by service-based societies and clubs at colleges and universities.

Research and Development:

The Company has actively met customer needs and developed differentiated and high valued-added products, as well as accelerated the development of optical-grade cyclic block copolymer and its applications in

biomedical testing, food containers and LCD light guides. The Company has introduced brand new manufacturing processes and technologies to develop solar energy, low residual monomer ABS emulsion synthesis technology, acrylonitrile-butadiene-styrene (ABS) polymer for electroplating, ABS for alloys, anti-static high expandable polystyrene (EPS) products, non-HBCD expandable polystyrene (EPS) for civil construction, low VOC expanded polystyrene (EPS), cloud power and communications-related products, new applications of manganese zinc and nickel zinc in automobile electronics (including automobile power supplies, automobile wireless chargers and automobile sensors) and charging piles, as well as engage in the development of high-purity SiC powder and related technology research, with a view to opening up new markets for high-quality chemical products.

Comprehensive Annual Operating Performance:


With regard to the Company's operating status this year, profits were squeezed due to rising raw material costs despite an increase in sales volume of petrochemical products. The consolidated net operating income from the Company's businesses was NT\$ 3,380,000,000, an increase of 7% from the previous year. The consolidated non-operating net income including dividend income and gain on disposal of financial instruments was NT\$ 110,000,000.


Overview of 2018 Operational Plan and Strategic Planning for Future Development:

Looking forward to 2018, ethylene prices will easily rise instead of dropping due to continuous implementation of strict environmental audit in Mainland China, buoyant demand for downstream ethylene derivatives and annual maintenance of naphtha cracking plants in Northeast Asia starting from March. In the first quarter of 2018, support from high-priced ethylene, as well as restrictions on the import of waste plastics and production reduction by coal-based chemical systems in Mainland China will push up PE prices. For EVA, the impact of new production capacities in Mainland China will put greater pressure on foaming-grade EVA prices in the short term. The Company will strive to search for stable supply of low-priced ethylene and continuously develop differentiated products. Besides, the Company will also reduce production costs and enhance product competitiveness through the optimization of product mixes to enable sustainable management and development of the Company. Besides, the trial operation of the optical-grade cyclic block copolymer production plant has completed, thereby laying the foundation of smooth production and sales in the future. In addition to maintaining its product quality and service advantages, the Company will also actively participate in research and development in order to enhance product competitiveness, thereby ensuring the sustainable development and growth of the Company. The electronic industry is still full of opportunities, and we look forward to emerging from the low point and creating better profits through steady growth in our ferrite core businesses and active development of new businesses. High PVC demand in emerging markets, continuous economic recovery in

Europe and the U.S., as well as the implementation of enhanced environmental audit and reduction of production using calcium carbide method in Mainland China will help increase PVC / VCM prices. At the same time, the high-efficiency fluidized bed steam boiler has effectively reduced energy costs after being put into operation, while foam door panels have been put into production and sold. In addition, the high-efficiency adhesive tape machine has also been completed at the end of last year, whereas the second cracking furnace was upgraded in the third quarter of last year. All these developments are expected to further reduce costs, enhance production efficiency, reduce energy consumption, ensure equipment operation safety and increase production volume. It is hoped that higher profit can be obtained through overall planning of the industry chain. We are looking to achieve an annual sales volume of 400,000 tons for PE/EVA products, 530,000 tons for the Vinyl series and downstream products, and 430,000 tons for ABS/PS products throughout the whole year. In addition to its commitment to developing high value-added products, the Company also continuously strives to ensure product quality and service advantage, make good use of vertical integration, actively engage in effective management and enhance product competitiveness to enable the sustainable development and growth of the Company.

I would like to express my utmost gratitude to all our beloved shareholders for your continuous support and encouragement for the Company. I wish everyone good health and all the best.

Chairman of the Board: Wu, I-Kuei 

General Manager: Wang, Ke-Shun 



Chapter 2 Company Profile

I. Date of Founding

The Company was founded on May 26, 1965.

II. Company History:

1. The Company's current capital is NT\$ 11.7 billion, with over 80,000 shareholders and 500 employees. Since 1972, the Company has been listed on the Taiwan Stock Exchange.
2. The main business of the Company is to design, develop, manufacture and sell polyethylene plastic pellets. The Company's head office and factory are located in Renwu District, Kaohsiung. Polyethylene produced by the Company can be classified as the following: Low Density Polyethylene (LDPE), Ethylene Vinyl Acetate (EVA), High Density Polyethylene (HDPE) and Linear Low Density Polyethylene (LLDPE). Polyethylene plastic pellets are processed by downstream manufacturers to produce a wide range of plastic products for everyday use.
3. At the beginning of our founding, the Company was a wholly-owned subsidiary of National Distillers and Chemical Corporation (NDCC) from the United States of America. The Company built Taiwan's first ever LDPE plant in the Kaohsiung area, where production started in May 1968. After consecutive expansions and the addition of EVA production lines, the current production capacity of the plant stands at 150,000 metric tons per annum.
4. In July 1980, the Company merged with United Polymers Corporation and added the production and sale of HDPE, thus having an annual production capacity of 80,000 metric tons.
5. In December 1989, the Company's LLDPE plant was completed. In addition to LLDPE, the plant was also designed to produce HDPE. The annual production capacity of the second plant stands at approximately 130,000 metric tons.
6. The main raw material for the Company's product is ethylene, which is supplied by the third, fourth and fifth naphtha cracking plants owned by CPC Corporation. However, the total supply of ethylene is approximately two-thirds of the Company's total production capacity. To fully utilize the limited allocation of ethylene, the Company gave priority to the production of the more profitable EVA and LDPE. The Company will also actively expand the LLDPE market.
7. On November 15, 1982, NDCC sold all its shares in the Company (approximately 43% of the total shares issued) to a Hong Kong company, Shing Lee Enterprise Limited.
8. On December 7, 1995, the Company successfully obtained its ISO 9002 certification.
9. The Company set up a research and development (R&D) division in Linkou, Greater Taipei, which serves as an independent R&D center. Due to its outstanding performance, the Company was awarded the top prize in the consumer petrochemical category during the 4th National Industrial Innovation Award organized by the Ministry of Economic Affairs on December 18, 1995.
10. Since March 1, 1997, the Company participated in the management of China General Plastics Corporation (CGPC) via indirect investment, thereby expanding our scope of business and creating the synergistic effect of resource integration. Furthermore, the Company is also actively diversifying our investments in



various sectors, including electronics, materials, finance, venture capital and others, with the purpose of enhancing our profitability.

11. In September 1997, CGPC subscribed to NT\$ 800 million worth of new shares issued by Taiwan VCM Corporation (TVCM), thus achieving an actual shareholding ratio of 87.22% in the company.
12. In March 1998, our plant successfully obtained its ISO 14001 certification. On March 10, 1999, the Company won the Outstanding Plant Award in the 1998 Pollution Control Assessment by the Environmental Protection Administration under the Executive Yuan. The Company's mission is to provide excellent products and services, and satisfy customer needs. Through total quality management, as well as environmental, safety and health management, the Company is committed to enhancing operating performance in order to gain a competitive advantage.
13. In May 2000, Taita Chemical Company (TTC) completed the first EPS production line at its Zhongshan plant in Mainland China. The second production line was completed in October within the same year, and went into production smoothly.
14. In June 2000, Acme Electronics Corporation (ACME) established Acme Electronics (Cayman) Corp. in Cayman Islands, with a shareholding ratio of 21.05%, and invested in Acme Electronics (Kunshan) Co., Ltd. through Acme Electronics (Cayman) Corp.
15. In July 2000, Acme Electronics (Kunshan) Co., Ltd. successfully obtained a business license, and began the construction of its plant. The plant went into production in July 2001.
16. In March 2001, the Company successfully obtained its OHSAS 18001 certification.
17. In May 2001, the trial run for the new GPS/IPS NOVA production process was completed at TTC's Cianjhen plant with an annual production capacity of 100,000 metric tons, and the plant went into production smoothly.
18. USI Management Consulting Corporation (UM), which was founded in 2001, is responsible for implementing a common platform for the Group's administration, industrial relations, management policy, tax administration, procurement, customs administration, information engineering, finance and accounting operations in order to enhance the synergistic effect of resource integration through common service functions in our group.
19. In December 2002, the Company converted our ISO 9002 certification to ISO 9001 certification.
20. In response to the promotion of the use of electronic systems by the Industrial Development Bureau, the Company set up an e-service system for the petrochemical industry in 2003.
21. In October 2004, the third EPS production line at TTC's Zhongshan plant in Mainland China was completed, thus increasing its production capacity to 150,000 tons.
22. In November 2004, Acme Electronics Corporation invested 100% in Acme Electronics (Guangzhou) Co., Ltd. via a company established in a third region, namely Golden Amber Enterprises Ltd.
23. In September 2005, TTC completed the construction of its EPS plant in Tianjin, Mainland China. A production trial run was also completed in October in the same year. Its production capacity is 100,000 metric tons.
24. In March 2006, the Company invested in USI Trading (Shanghai) Co., Ltd. via Swanlake Traders Ltd. This



- company was then transferred to Asia Polymer Corporation (APC) on October 19, 2016.
25. In March 2008, ACME presented the outcome of the New Leading Sapphire Product Development Guidance Program.
 26. In the third quarter of 2008, TTC completed the debottlenecking project at its Cianjhen plant, and its Zhongshan plant in Mainland China, thus increasing the production capacity at each plant to 66,000 tons and 180,000 tons respectively.
 27. In May 2009, CGPC established a wholly-owned subsidiary known as CGPC Polymer Corporation, with a registered capital of NT\$ 800 million. A PVC powder plant with an annual production capacity of 170,000 tons was built in Linyuan Industrial Park, Kaohsiung. The plant officially began operations in February 2012.
 28. In December 2009, ACME acquired Acme Components (Malaysia) Sdn. Bhd. via Acme Electronics (Cayman) Corp.
 29. In 2010, the Company engaged in capital increase by earnings and issued 120 new shares for every one thousand shares owned, thus issuing 92,568,379 shares in total. The Company's paid-in capital after the capital increase was NT\$ 8,639,715 thousand.
 30. In June 2010, the Company won the Excellence Award in the 2009 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
 31. In October 2010, ACME divested its Sapphire business and transferred this business to its wholly-owned subsidiary, USI Optronics Corporation in order to implement organization restructuring and specialization, thereby enhancing competitiveness and operating performance.
 32. In 2011, the Company engaged in capital increase by earnings and issued 150 new shares for every one thousand shares owned, thus issuing 129,595,731 shares in total. The Company's paid-in capital after the capital increase was NT\$ 9,935,673 thousand.
 33. In June 2011, the Company won the Excellence Award in the 2010 Excellent Unit for the Promotion of Labor Health and Safety organized by the Ministry of Labor under the Executive Yuan.
 34. In December 2011, the Company's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons in the Kaohsiung plant. The production line went into production in 2016.
 35. In December 2011, APC's Board of Directors decided to invest NT\$ 3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons in its Linyuan plant. The production line went into production in 2016.
 36. In 2012, the Company engaged in capital increase by earnings and issued 150 new shares for every one thousand shares owned, thus issuing 149,035,091 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$ 11,426,024 thousand.
 37. In 2012, TTC completed the EPS debottlenecking project at its Tianjin plant in Mainland China, thus increasing its production capacity to 134,000 tons.
 38. In March 2013, the Company's Board of Directors decided to invest in and build a cyclic block copolymer production plant, with an estimated investment of NT\$ 2.7 billion.



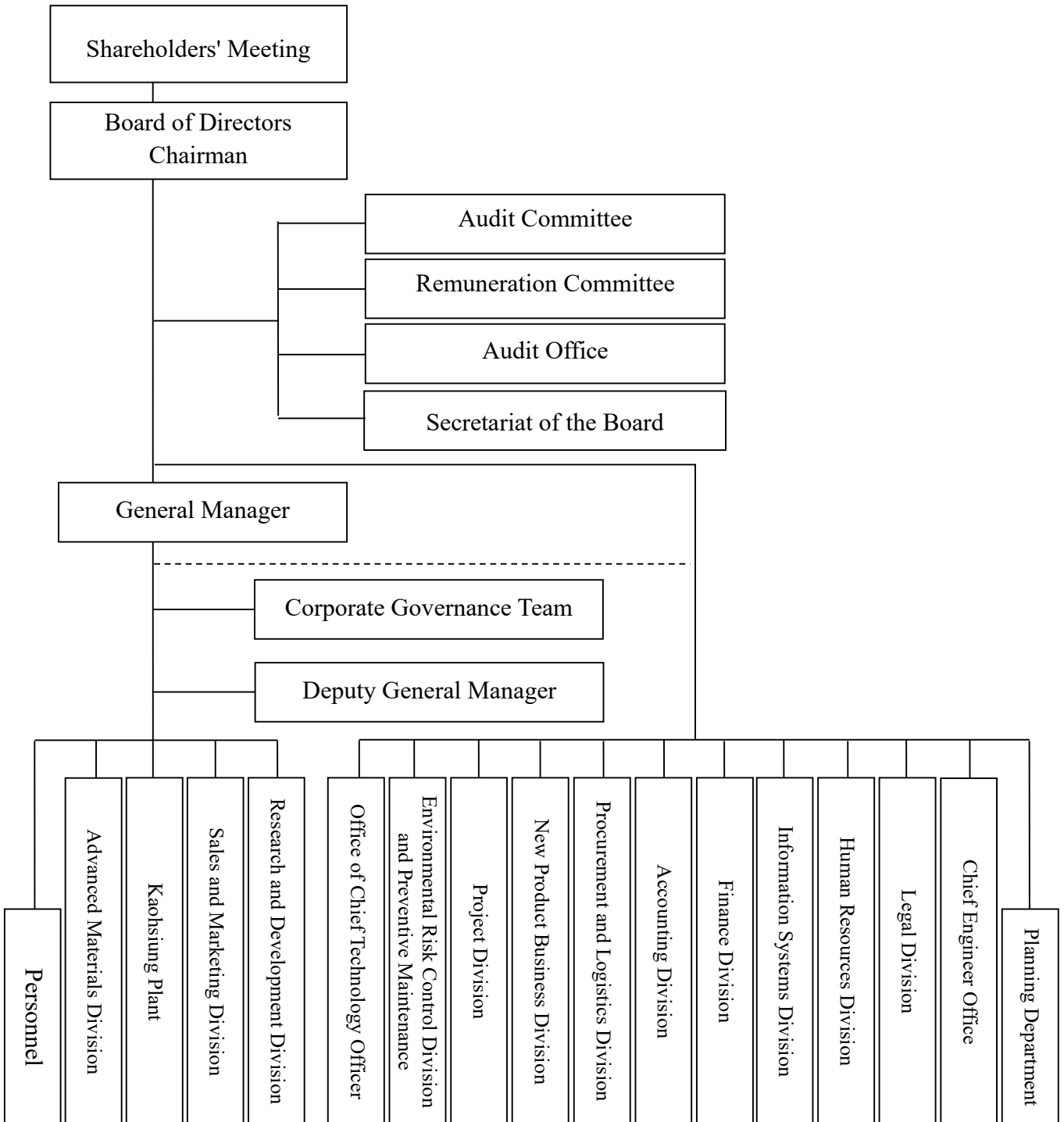
39. In November 2013, the Company's Board of Directors decided to indirectly invest in and establish USIG (Shanghai) Co., Ltd. in China via its wholly-owned subsidiary, Cypress Epoch Limited.
40. In February 2014, the Company's Board of Directors decided to invest indirectly in the production of petrochemical-related products in Gulei Petrochemical Industrial Park located in Zhangzhou City, Fujian via investment by a company established in a third region.
41. In March 2014, the Company's Board of Directors decided to establish INOMA Corporation via joint venture.
42. On August 30, 2016, the Ministry of Economic Affairs approved the change of the Company's registered address to No. 330, Fengren Road, Renwu District, Kaohsiung City.
43. In 2017, the Company engaged in capital increase by earnings and issued 20 new shares for every one thousand shares owned, thus issuing 22,852,047 ordinary shares in total. The Company's paid-in capital after the capital increase was NT\$ 11,654,544 thousand.



Chapter 3 Corporate Governance Report

I. Organization System

(I). Organization Chart: As of April 30, 2018





(II). Responsibilities and Functions of Major Divisions

Departments	Main Responsibilities and Functions
General Manager	Responsible for the Company's overall operations
Kaohsiung Plant	Responsible for matters related to manufacturing, research and development (R&D), storage, quality control, coordinating transportation of company products and maintenance of plant equipment, work safety and environmental protection
Office of Chief Technology Officer	Responsible for integrating product R&D and innovation at each petrochemical-related affiliated company
Research and Development Division	<ol style="list-style-type: none"> 1. Product research and enhancement 2. Provide customers with relevant technologies and assist in handling customer complaints 3. Market development for new products
Sales and Marketing Division	<ol style="list-style-type: none"> 1. Market analysis and product promotion 2. Customer service 3. Receive and handle customer complaints
Personnel Department	<ol style="list-style-type: none"> 1. Planning of human resources strategies and compliance with labor laws 2. Establish and promote recruitment and appointment systems 3. Develop and promote strategic payroll management system 4. Formulation, implementation, evaluation and assessment of training methods
Audit Office	<ol style="list-style-type: none"> 1. Implement internal audit and improve work flows in the Company 2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions
Procurement and Logistics Division	<ol style="list-style-type: none"> 1. Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment 2. Plan the supervision and execution of trading and transportation, warehousing and customs-related operations
Accounting Division	<ol style="list-style-type: none"> 1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies 2. Establishment, evaluation and implementation of accounting systems 3. Planning and reporting of various taxes 4. Regular announcement or reporting of financial performance
Finance Division	<ol style="list-style-type: none"> 1. Fund management, and planning and scheduling of fund raising activities 2. Short-term financial management and long-term investments 3. Property insurance 4. Credit control 5. Collection of delayed payments 6. Handling of various shares-related matters
Information Systems Division	Plan, build, develop and manage various information systems and facilities at the Company
Human Resources Division	<ol style="list-style-type: none"> 1. Plan human resources strategies and systems 2. Plan training and organizational development strategies 3. Plan and handle salary and benefits 4. Provide employee services and handle general affairs 5. Assist overseas branches in organizational planning, as well as dispatch and training of personnel
Legal Division	Provide legal advice, handle legal cases and affairs
Chief Engineer Office	<ol style="list-style-type: none"> 1. Assist and participate in the construction of new plants, or deal with such constructions entirely 2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such cases entirely 3. Integration of engineering personnel and engineering specifications
Project Division	Planning, preparation, supervision and implementation of plant construction in overseas investment plans



Departments	Main Responsibilities and Functions
Planning Department	<ol style="list-style-type: none"> 1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development 2. Track and analyze the macroeconomy 3. Track and analyze upstream industries and future competitors 4. Coordination and follow-up of various projects
Board of Directors Secretariat of the Board	<ol style="list-style-type: none"> 1. Plan and handle matters related to Board of Directors' meetings 2. Handle matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders present at Shareholders' meetings in accordance with the law 3. Assist in promoting and handling decrees issued by the competent authority
New Product Business Division	<ol style="list-style-type: none"> 1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models 2. Responsible for developing new products or acquiring new customers to increase revenue 3. Integrate company resources and generate synergy so as to enhance the successful development of new businesses
Preventive Maintenance and Environmental Risk Control Division	<ol style="list-style-type: none"> 1. Assist the Group in establishing preventive maintenance systems at all plants 2. Improve and enhance existing equipment 3. Equipment fault management and prevention 4. Routine/non-routine audit, counseling and training 5. Environment risk management planning and technical supervision 6. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems
Advanced Materials Division	<ol style="list-style-type: none"> 1. Plan and develop high value-added products 2. Responsible for CBC-related business and focus on marketing strategy and market development 3. Coordinate fireproof materials and coating-related businesses 4. Integrate the Group's resources for the planning and development of green building materials

II. Details of Directors, General Manager, Deputy General Manager, Senior Managers, Heads of Departments and Branches:

(I). Composition of the Board of Directors

1. Information regarding members of the Board of Directors

As of April 7, 2018: Unit: shares

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Current Number of Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Main working (education) experience (Note 3)	Current Position Held in the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship		
							Number of Shares	Share holding Percent age	Number of Shares	Share holding Percent age	Number of Shares	Share hold- ing Perce ntage	Nu mb er of Sha res	Share hold- ing Perce ntage			Title	Name	Relations hip
Chairman and Chief Executive Officer	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	Chairman of USI	(Note 6)	Director	Yu Ching- Shou	In-law
	Taiwan (R.O.C.)	Representative: Wu I-Kuei	Male			1982.12.02 (Note 4)	—	—	110,904	0.01%	—	—	0	0%					
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	Bachelor of Engineering, Kyushu University (Japan)	Chairman: Shing Lee Enterprise (Hong Kong) Limited Director: Union Polymer Int'l Investment Corp. and Forum Pacific Inc.	Chairman	Wu I- Kuei	In-law
	Hong Kong	Representative: Yu Ching- Shou	Male			1982.12.02	—	—	0	0%	12,121,229	1.04 %	0	0%					
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	(Note 7)	Director: Taiwan Institute of Economic Research Independent Director: AU Optronics Corporation and CTCI Group	None	None	None
	Taiwan (R.O.C.)	Representative: Shih Yen- Hsiang (Note 5)	Male			2017.06.08	—	—	0	0%	0	0%	0	0%					

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Current Number of Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Main working (education) experience (Note 3)	Current Position Held in the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship		
							Number of Shares	Share holding Percent age	Number of Shares	Share holding Percent age	Number of Shares	Share hold ing Perce ntage	Nu mb er of Sha res	Share hold ing Perce ntage			Title	Name	Relations hip
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	(Note 8)	Director: INOMA Corporation	None	None	None
	Taiwan (R.O.C.)	Representative: Kao Che-I	Male			2017.06.08	—	—	0	0%	0	0%	0	0%					
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	Bachelor of Electrical Engineering, National Taiwan University (Taiwan); General Manager, Taiwan VCM Corporation; General Manager, APC; General Manager, USI	Director: APC Supervisor: Taiwan VCM Corporation	None	None	None
	Taiwan (R.O.C.)	Representative: Huang Kuang-Che	Male			2008.06.13	—	—	154,103	0.01%	0	0%	0	0%					
Director	Hong Kong	Shing Lee Enterprise (Hong Kong) Limited	—	2017.06.08	3 years	1982.12.02	288,834,000	25.28%	294,610,680	25.28%	—	—	0	0%	(Note 9)	(Note 10)	None	None	None
	Taiwan (R.O.C.)	Representative: Chang Chi- Chung	Male			2008.06.13	—	—	0	0%	0	0%	0	0%					

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected (Note 2)	Shares Held when Elected		Current Number of Shares Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Main working (education) experience (Note 3)	Current Position Held in the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship		
							Number of Shares	Shareh olding Percent age	Number of Shares	Shareh olding Percent age	Number of Shares	Share holdi ng Perce ntage	Nu mb er of Sha res	Shareh olding Perce ntage			Title	Name	Relations hip
Independent Director	Taiwan (R.O.C.)	Chen Chung	Male	2017.06.08	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 11)	Director: Lien Hwa Industrial Corporation and UPC Technology Corporation Independent Director: TransGlobe Life Insurance Inc.	None	None	None
Independent Director	Taiwan (R.O.C.)	Tsai Li-Hsing	Male	2017.06.08	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 12)	(Note 13)	None	None	None
Independent Director	Taiwan (R.O.C.)	Hai Ying- Chun	Male	2017.06.08	3 years	2014.06.06	0	0%	0	0%	0	0%	0	0%	(Note 14)	(Note 15)	None	None	None

Note 1: For institutional shareholders, their names and representatives shall be stated (for representatives, the names of institutional shareholders they represent shall be indicated respectively), and filled in Table 1.

Note 2: Any disruption of duty as a director or supervisor after the date they are elected shall be included in a separate note.

Note 3: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 4: From February 17, 1992 to May 18, 1993, institutional shareholder Shing Lee Enterprise (Hong Kong) Limited experienced a disruption of duty as a director due to the fact that the representative of the company was replaced.

Note 5: On April 25, 2018, institutional shareholder, Shing Lee Enterprise (Hong Kong) Limited, changed its representative to Mr. Wang Ke-Shun who replaced previous representative, Mr. Shih Yen-Hsiang as a director. Information on Mr. Shih Yen-Hsiang was disclosed till the date he was replaced.

Note 6: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp., USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technology Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical Co., Ltd.

Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong) Co., Ltd., Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson (Vietnam), Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises Ltd., ACME Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co.Ltd., CGPC (BVI) Holding Co.,Ltd., CGPC America Corporation, Krystal Star International Corporation, A.S. Holdings (UK) Limited, API Swanson, Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Every Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd, PT. Swanson Plastics Indonesia, Emerald Investment Corporation, KHL Venture Capital

- Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group.
 General Manager: Union Polymer Int'l Investment Corp. and USI Management Consulting Corporation
 Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation
 Executive Director: Chinese National Federation of Industries
- Note 7: Bachelor of Chemistry, National Taiwan University (Taiwan); PhD in Chemistry, Massachusetts Institute of Technology (U.S.A.); Minister of Economic Affairs; Director, Small and Medium Enterprise Administration; Director General, Industrial Development Bureau; Chairman, Sinotech Engineering Consultants, Inc.; Director General, Taiwan Tobacco and Liquor Corporation; Chairman, CPC Corporation; and Chair Professor, Chung Yuan Christian University.
- Note 8: Bachelor of Chemical Engineering, National Taiwan University (Taiwan); PhD in Chemical Engineering, Purdue University (U.S.A.); Chief Scientist, Dow Chemical Company (U.S.A.); Senior Advisor and Expert, Industrial Technology Research Institute (Office of President); Senior Advisor, Chi Lin Technology Co., Ltd.
- Note 9: PhD in Chemical Engineering, Massachusetts Institute of Technology (U.S.A.); Deputy General Manager of Operations, Powerchip Technology Corporation; Deputy General Manager of Operations, Vanguard International Semiconductor Corporation; and General Manager, USI.
- Note 10: Director: Taiwan United Venture Capital Corporation, USI Investment Co., Ltd., Acme Electronics (Kunshan) Co., Ltd., Swanson Technologies Corporation, Thintec Materials Corporation, CGPC, USI Optronics Corporation, Cypress Epoch Limited, Ever Victory Global Limited, USIG (Shanghai) Co., Ltd., Dynamic Ever Investments Ltd., Ever Conquest Global Limited, USI Education Foundation and Fujian Gulei Petrochemical Co., Ltd..
- Note 11: Masters of Law, National Taiwan University (Taiwan); Visiting Scholar, Goethe University Frankfurt (Germany); Senior Advisor to the President, Office of the President (Taiwan); Chair Professor at School of Law and School of Business, Soochow University (Taiwan); President of the Executive Yuan, Taiwan (R.O.C.); Vice President of the Executive Yuan, Taiwan (R.O.C.); Member of the Financial Supervisory Commission under the Executive Yuan, Taiwan (R.O.C.); Chairman, Taiwan Stock Exchange; Deputy Minister of Finance, Taiwan (R.O.C.); Director General of Financial Supervisory Commission, Ministry of Finance, Taiwan (R.O.C.); Director General of Insurance Bureau, Ministry of Finance, Taiwan (R.O.C.); and Chairman, Taiwan Cooperative Bank.
- Note 12: PhD and Material Science and Engineering, Cornell University (U.S.A.); General Manager and Chief Executive Officer, Taiwan Semiconductor Manufacturing Company; Chairman and Chief Executive Officer, TSMC Solid State Lighting; Chairman and Chief Executive Officer, TSMC Solar; and Chairman and Chief Executive Officer, Chunghwa Telecom Co., Ltd.
- Note 13: Director: MediaTek Inc. and Lam Research Corporation
 Chief Executive Officer: MediaTek Inc.
- Note 14: Masters of International Management, University of Texas at Dallas; General Manager, GE Capital Taiwan; Chairman and Chief Executive Officer, Delta Electronics, Inc.
- Note 15: Chairman: Delta Electronics, Inc.
 Director: CTCI Corporation, Delta International Holding Ltd. etc.



2. Major shareholders of institutional shareholders

As of April 7, 2018

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)	
Shing Lee Enterprise (Hong Kong) Limited	Sunpower Enterprises Ltd.	56%
	Xanadu International Co., Ltd.	12%
	Silver Hero Ventures Ltd.	8%
	Social Lucky International Investment Ltd.	8%
	Rich Grade Holdings Ltd.	8%
	Asia Dynamic Overseas Ltd.	4.6667%
	Best Perspective Overseas Ltd.	3.3333%

Note 1: For directors whose representatives are institutional shareholders, the name of these representatives shall be filled.

Note 2: Fill in the name of the major shareholders of these juristic person shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is a juristic person, the shareholder's name shall be filled in Table 2 below.

3. Institutional shareholders whose major shareholders are juristic persons

As of April 7, 2018

Name of Juristic Person (Note 1)	Major Shareholders of Juristic Persons (Note 2)	
Sunpower Enterprises Ltd.	Yu, Kin Shiu and Yu Wu, Hsiao Chung; Yu, Wen Tsorng	60%
Silver Hero Ventures Ltd.	Jeffrey Wu	90%
Social Lucky International Investment Ltd.	Wu, I-Kuang	100%
Asia Dynamic Overseas Ltd.	SeaQuest Ventures Inc.	100%
Best Perspective Overseas Ltd.	SeaQuest Ventures Inc.	100%
Xanadu International Co., Ltd.	Bill Wu	50%
	Wu Shung, Hui-Cheng	50%
Rich Grade Holdings Ltd.	Wu, Chiao-Feng	50%
	Chang, Ching-Jen	50%

Note 1: If the major shareholder of juristic person shareholders as shown in Table 1 is a juristic person, the name of the juristic person shall be filled.

Note 2: Fill in the name of the major shareholders of these juristic persons (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.



4. Information regarding members of the Board of Directors

As of April 30, 2018

Criteria	Does the individual have over 5 years of professional experience? and the following professional qualifications?			Status of Independence (Note 2)										Number of companies in which the director or supervisor also serves concurrently as an Independent Director	
	Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Have work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8	9	10		
Name (Note 1)															
Wu I-Kuei			✓			✓			✓			✓			0
Yu Ching-Shou			✓	✓		✓			✓	✓		✓			0
Shih Yen-Hsiang (Note 3)			✓	✓	✓	✓	✓	✓	✓		✓	✓			2
Kao Che-I			✓	✓		✓	✓	✓	✓		✓	✓			0
Huang Kuang-Che			✓	✓		✓	✓	✓	✓		✓	✓			0
Chang Chi-Chung			✓	✓		✓	✓	✓	✓		✓	✓			0
Wang Ke-Shun (Note 3)			✓			✓	✓	✓			✓	✓			0
Chen Chung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tsai Li-Hsing			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hai Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Adjust the number of rows where necessary.

Note 2: Insert "V" in the box if a director or supervisor meets the following criteria during his/her term of office and two (2) years prior to the date elected. ✓

(1) Not employed by the Company or any of its affiliated companies.



- (2) Not serving as a director or supervisor of any of the Company's affiliated companies (this restriction does not apply to independent directors in the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country)
- (3) Not a natural person shareholder who holds more than one (1) percent of total shares issued by the Company or is one of the top 10 shareholders by number of shares held, including shares held in the name of the person's spouse and minors, or in the name of others
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the three preceding criteria
- (5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds more than five (5) percent of the total number of shares issued by the Company or is one of the top 5 shareholders by number of shares held
- (6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company
- (7) Not a professional, owner, partner, director (member of the governing board), supervisor (member of the supervising board) or managerial officer of a sole proprietorship, partnership, company, or institution who provides commercial, legal, financial, accounting, or consultation services to the Company or to any of its affiliated companies, or spouse thereof However, this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter
- (8) Not a spouse or a relative within the second degree of kinship with any director
- (9) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies
- (10) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act

Note 3: On April 25, 2018, institutional shareholder, Shing Lee Enterprise (Hong Kong) Limited, changed its representative to Mr. Wang Ke-Shun who replaced previous representative, Mr. Shih Yen-Hsiang as a director. Information on Mr. Shih Yen-Hsiang was disclosed till the date he was replaced.

(II). General Manager, Deputy General Manager, Senior Managers, Heads of Departments and Branches

As of April 7, 2018; Unit: share; %

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Personally		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Current Position Held in Other Companies	Managerial officers who are spouses or relatives within the second degree of kinship		
					Number of Shares	Share hold- ing Perce ntage	Num- ber of Share s	Share- hold- ing Perce ntage	Number of Shares	Share hold- ing Perce ntage			Title	Name	Relatio nship
Chief Executive Officer	Taiwan (R.O.C.)	Wu I-Kuei	Male	2007.3.22	110,904	0.01%	—	—	0	0%	Chairman of USI	(Note 3)	None	None	None
General Manager	Taiwan (R.O.C.)	Wang Ke-Shun	Male	2017.10.1	20,200	0%	0	0%	0	0%	Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation	(Note 4 and 5)	None	None	None
Deputy General Manager	Taiwan (R.O.C.)	Liu Han-Tai	Male	2009.9.8	0	0%	—	—	0	0%	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	Director: TTC, Swanson Plastics Corporation, Thintec Materials Corporation, APC, CGPC, Ever Victory Global Limited and Dynamic Ever Investments Limited. Supervisor: China General Terminal and Distribution Corporation	None	None	None
Vice President	Taiwan (R.O.C.)	Wu Shu-Jung	Male	2008.3.1	8,706	0%	0	0%	0	0%	Bachelor of Chemical Engineering, Tamkang University (Taiwan)	None	None	None	None
Vice President	Taiwan (R.O.C.)	Wu Ming-Tsung	Male	2016.1.21	9	0%	0	0%	0	0%	Master of Chemical Engineering, National Taiwan University (Taiwan)	Director: USI Trading (Shanghai) Co., Ltd. Senior Manager: APC	None	None	None
Group Treasurer	Taiwan (R.O.C.)	Huang Yung-Hui	Female	2000.11.1	5,939	0%	0	0%	0	0%	Bachelor of Business Administration, National Taiwan	Director: TTC (Tianjin), CGPC Consumer Products Corporation and CGPC (Zhongshan) Supervisor: USI Trading (Shanghai) Co., Ltd.	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Personally		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Current Position Held in Other Companies	Managerial officers who are spouses or relatives within the second degree of kinship		
					Number of Shares	Share holdi ng Perce ntage	Num ber of Share s	Share holdi ng Perce ntage	Number of Shares	Share holdi ng Perce ntage			Title	Name	Relatio nship
											University (Taiwan)				
Accounting Manager	Taiwan (R.O.C.)	Kuo Chuan-Hua	Female	2015.9.1	0	0%	0	0%	0	0%	Master of Accounting, Tamkang University (Taiwan)	Accounting Manager: Union Polymer Int'l Investment Corp., Thintec Materials Corporation and USI Management Consulting Corporation	None	None	None

Note 1: Information regarding General Manager, Deputy General Manager, Senior Managers, Head of Departments and Branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or Senior Managers shall be disclosed regardless of job title.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp., USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technology Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical Co., Ltd.

Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong) Co., Ltd., Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson (Vietnam), Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises Ltd., ACME Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co.Ltd., CGPC (BVI) Holding Co.,Ltd., CGPC America Corporation, Krystal Star International Corporation, A.S. Holdings (UK) Limited, API Swanson, Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Every Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd, PT. Swanson Plastics Indonesia, Emerald Investment Corporation, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group.

General Manager: Union Polymer Int'l Investment Corp. and USI Management Consulting Corporation

Chief Executive Officer: APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 4: Chairman: USIG (Shanghai) Co., Ltd.

Director: Cypress Epoch Limited, Dynamic Ever Investments Limited, Ever Victory Global Limited, Forum Pacific Trading Ltd., Swanlake Traders Ltd., USI (Hong Kong) Co., Ltd., USI Management Consulting Corp., Chong Loong Trading Co., Ltd., Taiwan United Venture Capital Corp., INOMA Corporation, USI Trading (Shanghai) Co., Ltd. and Union Polymer International Investment Corp.

Supervisor: Fujian Gulei Petrochemical Co., Ltd..

General Manager: USIG (Shanghai) Co., Ltd. and Chong Loong Trading Co., Ltd.

Note 5: General Manager Chang, Chi-Chung retired on October 1, 2017. His position was assumed by Deputy General Manager Wang, Ke-Shun.

- Note 1: Information regarding General Manager, Deputy General Manager, Senior Managers, Head of Departments and Branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or Senior Managers shall be disclosed regardless of job title.
- Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.
- Note 3: Chairman: CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp., USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technology Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical Co., Ltd.
- Director: Taiwan VCM Corporation, INOMA Corporation, USI (Hong Kong) Co., Ltd., Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson (Vietnam), Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises Ltd., ACME Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co., Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, Krystal Star International Corporation, A.S. Holdings (UK) Limited, API Swanson, Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Every Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd, PT. Swanson Plastics Indonesia, Emerald Investment Corporation, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group.
- General Manager: Union Polymer Int'l Investment Corp. and USI Management Consulting Corporation
- Chief Executive Officer: APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation
- Executive Director: Chinese National Federation of Industries
- Note 4: Chairman: USIG (Shanghai) Co., Ltd.
- Director: Cypress Epoch Limited, Dynamic Ever Investments Limited, Ever Victory Global Limited, Forum Pacific Trading Ltd., Swanlake Traders Ltd., USI (Hong Kong) Co., Ltd., USI Management Consulting Corp., Chong Loong Trading Co., Ltd., Taiwan United Venture Capital Corp., INOMA Corporation, USI Trading (Shanghai) Co., Ltd. and Union Polymer International Investment Corp.
- Supervisor: Fujian Gulei Petrochemical Co., Ltd.
- General Manager: USIG (Shanghai) Co., Ltd. and Chong Loong Trading Co., Ltd.
- Note 5: General Manager Chang, Chi-Chung retired on October 1, 2017. His position was assumed by Deputy General Manager Wang, Ke-Shun.

III. Remuneration paid to Directors (Including Independent Directors), General Manager and Deputy Manager during the most recent fiscal year

If any of the following applies to a company, the name of the director or supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining directors or supervisors, the company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The company shall not need to fill the table for ranges of remuneration):

- (1) If post-tax losses have been recorded in a company's financial statements in the most recent two (2) fiscal years, the name and remuneration of the "directors and supervisors" shall be disclosed individually. However, the preceding sentence shall not apply if the company's financial statements in the most recent fiscal year indicates a net income after taxes which is sufficient to cover cumulative losses. Where International Financial Reporting Standards (IFRS) is adopted, the name and remuneration of the "directors and supervisors" shall be disclosed individually if pre-tax losses have been recorded in its parent company-only or individual financial statements in the most recent two (2) fiscal years. However, the preceding sentence shall not apply if the company's parent company-only or individual financial statements in the most recent fiscal year indicates a net income after taxes which is sufficient to cover cumulative losses [Note 1].

- (2) A company with directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual directors. A company with supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual supervisors. [Note 2]
- (3) A company with an average ratio of shares pledged by directors or supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months. [Note 3]
- (4) If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT\$ 15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors.

[Note 1] Example: Suppose the 2014 Annual Report was prepared by the Shareholders' Meeting in 2015. The company shall opt for individual disclosure of remuneration information if post-tax loss was recorded in its parent company-only or individual financial statements either in 2013 or in 2014. However, although post-tax loss was recorded in the company's parent company-only or individual financial statements in 2013, its parent company-only or individual financial statements in 2014 recorded a net income after taxes which was sufficient to cover cumulative losses; therefore, the company shall not opt for individual disclosure of remuneration information.

[Note 2] Example: Suppose the 2009 Annual Report was prepared by the Shareholders' Meeting in 2010. The company shall opt for individual disclosure of remuneration information if its directors or supervisors were found to have insufficient shareholding percentages for three (3) or more consecutive months between January 2009 and December 2009. In another example, if the company's directors or supervisors were found to have insufficient shareholding percentages in January 2009 for three (3) or more consecutive months (i.e. three consecutive months including November 2008, December 2008 and January 2009), the company shall opt for individual disclosure of remuneration information.

[Note 3] Example: Suppose the 2009 Annual Report was prepared by the Shareholders' Meeting in 2010. If the ratio of shares pledged by all the directors of a company exceeded 50 percent in three separate months within 2009 (e.g. February, May and August 2009), the company shall disclose the amount of remuneration paid to each director for the months when the ratio of shares pledged exceeded 50 percent, namely February, May and August 2009. In another example, if the ratio of shares pledged by the supervisors of a company exceeded 50 percent in any three months, the company shall disclose the amount of remuneration paid to each supervisor for the months when the ratio of shares pledged exceeded 50 percent.

(I). Remuneration Paid to Directors (Including Independent Directors)

1. Collective Disclosure

Unit: New Taiwan Dollars (NT\$)

Title	Name	Remuneration of Directors								Percentage of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Relevant remuneration received by directors who also serve as employees						Percentage of the total of 7 items A, B, C, D, E, F and G to net income after taxes (Note 10)							
		Remuneration (A) (Note 2)		Separation Pay and Pension (B)		Director's rewards (C) (Note 3)		Costs Incurred from Performance of Duty (D) (Note 4)		Salaries, Bonuses and Special Allowances (E) (Note 5)		Separation Pay and Pension (F)		Employee rewards (G) (Note 6)				All the Companies Included in the Company's Financial Statements (Note 7)		Whether or not the director receives remuneration from investment companies other than the Company's subsidiaries (Note 11)					
		The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company	All the Companies Included in the Company's Financial Statements (Note 7)	The Company		All the Companies Included in the Company's Financial Statements (Note 7)									
													Cash Amount	Stock Amount	Cash Amount	Stock Amount									
Chairman	Wu I-Kuei (Representative of Shing Lee Enterprise (Hong Kong) Limited)																								
Director	Yu Ching-Shou (Representative of Shing Lee Enterprise (Hong Kong) Limited)																								
Director	Shih Yen-Hsiang (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Note 12)																								
Director	Kao Che-1 (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Note 12)																								
Director	Huang Kuang-Che (Representative of Shing Lee Enterprise (Hong Kong) Limited)	5,000	5,000	0	0	5,500	5,500	2,340	5,529	1.16%	1.44%	19,644	34,640	216	216	48	0	163	0	2.95%	4.59%	2,149			
Director	Chang Chi-Chung (Representative of Shing Lee Enterprise (Hong Kong) Limited)																								
Independent Director	Chen Chung																								
Independent Director	Tsai Li-Hsing																								
Independent Director	Hai Ying-Chun																								
Director	Wu Shou-Sung (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Note 13)																								
Director	Chou Hsin-Huai (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Note 13)																								

* In addition to the information disclosed in the table above, remuneration paid to any director who has provided his/her services (such as consulting services in a non-employee capacity) to all the companies listed in the company's financial statements in the most recent fiscal year: None.

2. Ranges of remuneration

Range of Remuneration Paid to the Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Company's Financial Statements (Note 9) H	The Company (Note 8)	All Investment Companies (Note 9, 11) I
Less than NT\$ 2,000,000	Wu I-Kuei, Yu Ching-Shou, Shih Yen-Hsiang, Kao Che-I, Huang Kuang-Che, Chang Chi-Chung, Wu Shou-Sung, Chou Hsin-Huai, Chen Chung, Tsai Li-Hsing and Hai Ying-Chun	Yu Ching-Shou, Shih Yen-Hsiang, Kao Che-I, Huang Kuang-Che, Chang Chi-Chung, Wu Shou-Sung, Chou Hsin-Huai, Chen Chung, Tsai Li-Hsing and Hai Ying-Chun	Yu Ching-Shou, Shih Yen-Hsiang, Kao Che-I, Huang Kuang-Che, Wu Shou-Sung, Chou Hsin-Huai, Chen Chung, Tsai Li-Hsing and Hai Ying-Chun	Yu Ching-Shou, Shih Yen-Hsiang, Kao Che-I, Huang Kuang-Che, Wu Shou-Sung, Chou Hsin-Huai, Chen Chung, Tsai Li-Hsing and Hai Ying-Chun
NT\$ 2,000,000 (inclusive) - NT\$ 5,000,000 (not inclusive)	—	Wu I-Kuei	—	—
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (not inclusive)	Shing Lee Enterprise	Shing Lee Enterprise	Shing Lee Enterprise and Wu I-Kuei	Shing Lee Enterprise
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (not inclusive)	—	—	Chang Chi-Chung	Chang Chi-Chung
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (not inclusive)	—	—	—	Wu I-Kuei
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (not inclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (not inclusive)	—	—	—	—
More than NT\$ 100,000,000	—	—	—	—
Total	NT\$ 12,840 thousand	NT\$ 16,029 thousand	NT\$ 32,748 thousand	NT\$ 53,197 thousand

Note 1: Name of directors shall be listed separately (for juristic person shareholders, their names and the name of their representatives shall be listed separately), and the amount of remuneration paid to them shall be disclosed collectively. If a director concurrently serves as a general manager or deputy general manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table (3-1) or (3-2) below.

Note 2: Compensation received by a director in the most recent fiscal year (including director's salary, job-related allowances, separation pay, various bonuses and incentives).

Note 3: Fill the amount of rewards approved by the Board of Directors and distributed to the directors in the most recent fiscal year.

Note 4: Business expenses paid to the directors in the most recent fiscal year (including services and goods provided such as transportation allowances, special allowances, various allowances, accommodation and vehicle). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments should be disclosed. If a driver is provided, please indicate the compensation paid to the driver by the company, excluding remuneration, in a separate note.

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by directors who concurrently serve as employees (including general manager, deputy general manager, other managerial officers).

and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note. The driver received an annual remuneration of NT\$ 2,169 thousand, while an annual housing allowance of NT\$ 2,437 thousand was provided. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 6: For directors concurrently serving as employees (including general manager, deputy general manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: The total amount of all the remuneration paid to the company's directors by all the companies (including the company) listed in its consolidated financial statements shall be disclosed.

Note 8: The name of each director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the director by the company.

Note 9: The total amount of all the remuneration paid to each director of the company by all the companies (including the company) listed in its consolidated financial statements shall be disclosed. The name of each director shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 10: Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 11: a. The amount of remuneration received from subsidiaries other than investment companies by the company's directors shall be stated clearly in this column.

b. If a director of the company receives remuneration from investment companies other than subsidiaries, the amount of remuneration received by the director from investment companies other than subsidiaries shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "All Investment Companies".

c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, directors and supervisors) and remuneration related to business expenses that are received by the company's directors who serve as directors, supervisors or managerial officers at investment companies other than subsidiaries.

Note 12: Legal representatives Mr. Kao Che-I and Shih Yen-Hsiang were appointed on June 8, 2017.

Note 13: Legal representatives Mr. Wu Shou-Sung and Chou Hsin-Huai were dismissed on June 8, 2017.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

(II). Remuneration Paid to Supervisors: Not applicable.

(III). Remuneration Paid to General Manager and Deputy General Manager

1. Collective Disclosure

Unit: New Taiwan Dollars (NT\$)

Title	Name	Salary (A) (Note 2)		Separation Pay and Pension (F)		Bonus and Special Allowance (C) (Note 3)		Dollar Amount of Employee rewards (D) (Note 4)				Ratio of the total of 4 items A, B, C and D to net income after taxes (Note 8)		Whether or not the director receives remuneration from investment companies other than the Company's subsidiaries (Note 9)
		The Company	All the Companies Included in the Company's Financial Statements (Note 5)	The Company	All the Companies Included in the Company's Financial Statements (Note 5)	The Company	All the Companies Included in the Company's Financial Statements (Note 5)	The Company		All the Companies Included in the Company's Financial Statements (Note 5)		The Company	All the Companies Included in the Company's Financial Statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wu I-Kuei													
General Manager	Wang Ke-Shun (Note 10)													
General Manager	Chang Chi-Chung (Note 10)													
Deputy General Manager	Wang Ping-I (Note 11)	15,259	33,167	432	594	20,920	32,012	146	0	261	0	3.31%	5.94%	2,149
Deputy General Manager	Ying Pao-Luo (Note 12)													
Deputy General Manager	Liu Han-Tai													

* Regardless of job titles, positions that are equivalent to general manager, deputy general manager (such as president, chief executive director and director) shall be disclosed.

2. Ranges of remuneration

Range of Remuneration Paid to the General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	All Investment Companies (Note 7, 9) E
Less than NT\$ 2,000,000	Wang Ping-I and Ying Pao-Luo	—
NT\$ 2,000,000 (inclusive) - NT\$ 5,000,000 (not inclusive)	—	Wang Ping-I
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (not inclusive)	Wu I-Kuei, Liu Han-Tai and Wang Ke-Shun (Note 10)	Liu Han-Tai and Wang Ke-Shun (Note 10)
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (not inclusive)	Chang Chi-Chung (Note 10)	Chang Chi-Chung (Note 10) and Ying Pao-Luo
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (not inclusive)	—	Wu I-Kuei
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (not inclusive)	—	—
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (not inclusive)	—	—
Over NT\$ 10,000,000 (inclusive)	—	—
Total	NT\$ 36,757 thousand	NT\$ 68,183 thousand

Note 1: The name of the general manager and deputy general manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a director concurrently serves as a general manager or deputy general manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1-1) or (1-2) above.

Note 2: Fill the salary, job-related allowances and separation pay received by the general manager and deputy general manager in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the general manager and deputy general manager in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the company, excluding remuneration, in a separate note. The driver received an annual remuneration of NT\$ 2,138 thousand, while an annual housing allowance of NT\$ 3,397 thousand was provided to the general manager and deputy general manager. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the general manager and deputy general manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 5: The total amount of all the remuneration paid to the company's general manager and deputy general manager by all the companies (including the company) listed in its consolidated financial statements shall be disclosed.

Note 6: The name of each general manager and deputy general manager shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the general manager and deputy general manager by the company.

Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements shall be disclosed. The name of each general manager and deputy general manager shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 8: Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 9: a. The amount of remuneration received from investment companies other than subsidiaries by the company's general manager and deputy general manager shall be stated clearly in this column.

b. If the general manager and deputy general manager of the company receives remuneration from investment companies other than subsidiaries, the amount of remuneration received by the general manager and deputy general manager from investment companies other than subsidiaries shall be combined into Column E of the table for ranges of remuneration, and this column shall be renamed as "All Investment Companies".

c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, directors and supervisors) and remuneration related to business expenses that are received by the company's general manager and deputy general manager who serve as directors, supervisors or managerial officers at subsidiaries other than investment companies.

Note 10: General Manager Mr. Chang Chi-Chung officially retired on October 1, 2017, and was succeeded by Mr. Wang Ke-Shun.

Note 11: Deputy General Manager Wang, Ping-I was released from his position on June 5, 2017.

Note 12: Deputy General Manager Ying Pao-Luo was released from his position on January 1, 2018.

* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.



(IV). Name of Managerial Officers to Which Employee Rewards Are Distributed, and Status of Distribution

As of December 31, 2017:

Unit: New Taiwan Dollars (NT\$)

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Percentage of Total Amount to Net Income After Tax (%)
Manager	Chief Executive Officer	Wu I-Kuei	0	214	214	0.019%
	Deputy General Manager	Wang Ke-Shun (Note 5)				
	General Manager	Chang Chi-Chung (Note 5)				
	Deputy General Manager	Wang Ping-I (Note 6)				
	Deputy General Manager	Ying Pao-Luo (Note 7)				
	Deputy General Manager	Liu Han-Tai				
	Vice President	Wu Shu-Jung				
	Group Treasurer	Huang Yung-Hui				
	Accounting Manager	Kuo Chuan-Hua				

Note 1: Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the managerial officers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 3: The scope of application for the term "managerial officer" shall follow the approved document with Reference No. Tai Tsai Cheng San Tzu 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

- (1) General Manager and Equivalent
- (2) Deputy General Manager and Equivalent
- (3) Senior Manager and Equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other Personnel Authorized to Manage the Company's Affairs and Sign for Approval

Note 4: Directors, general manager and deputy general manager who receive employee rewards (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

Note 5: General Manager Mr. Chang Chi-Chung officially retired on October 1, 2017, and was succeeded by Mr. Wang Ke-Shun.

Note 6: Deputy General Manager Wang, Ping-I was released from his position on June 5, 2017.

Note 7: Deputy General Manager Ying Pao-Luo was released from his position on January 1, 2018.



- (V). Analysis and comparison of percentages of remuneration paid to the Company's Directors, General and Deputy General Manager by the Company and all the Companies listed in its consolidated financial statements in the most recent two fiscal years to the net income after taxes recorded in its parent company-only or individual financial statements, and explanation on the remuneration policies, standards and packages, procedures for determining remuneration and their correlations with its business performance and future risk exposure.

1. Analysis of percentages of remuneration paid to directors, general manager and deputy general manager:

Category	Year	2017		2016	
		All the Companies Included	in the Company's Financial Statements	All the Companies Included	in the Company's Financial Statements
Directors		1.16%	1.44%	1.14%	1.43%
Directors (including those who concurrently serve as employees and receive related remuneration)		2.95%	4.59%	2.97%	4.46%
General Manager and Deputy General Manager		3.31%	5.94%	3.12%	5.66%

2. Remuneration policies, standards and packages, and their correlations with the company's business performance and future risk exposure:
 - (1) Pursuant to Article 34 of the Company's Articles of Incorporation, remuneration to directors shall not exceed one (1) percent of the profit obtained in the current fiscal year. The Remuneration Committee takes into account the overall performance of the Company and the future operational risk and development trends of the industry, and proposes the remuneration to directors to the Board of Directors for approval; whereas the transportation fees shall be approved by the Shareholders' Meeting.
 - (2) Directors' compensation shall be set in accordance with the company's Articles of Association, the value of their level of participation and contribution to the company's business operations, regardless of whether the company records a profit or a loss, and taking into consideration the pay levels of the industry. Directors' compensation shall be approved by the Board of Directors, and shall correlate with the company's business performance.
 - (3) Managerial officers' compensation shall be determined in accordance with the company's personnel-related rules and regulations. Salary levels shall first be proposed by the remuneration committee before submission to the Board of Directors for approval, and shall correlate with the company's business performance.
 - (4) Correlation with future risk exposure: None



IV. Implementation of Corporate Governance

(I). Operations of the Board of Directors

A total of six (6) meetings (A) were held by the Board of Directors in the most recent fiscal year.

The attendance of the members of the Board was as follows:

Title	Name (Note 1)	Attendance in Person B	Attendance by Proxy	Number of Percentage of Attendance in Person [B/A] (Note 2)	Remark (Note 3)
Chairman	Wu I-Kuei (Representative of Shing Lee Enterprise (Hong Kong) Limited)	6	0	100.00	Re-elected
Director	Yu Ching-Shou (Representative of Shing Lee Enterprise (Hong Kong) Limited)	6	0	100.00	Re-elected
Director	Shih Yen-Hsiang (Representative of Shing Lee Enterprise (Hong Kong) Limited)	3	0	100.00	Incoming, required to attend 3 meetings
Director	Kao Che-I (Representative of Shing Lee Enterprise (Hong Kong) Limited)	2	1	66.67	Incoming, required to attend 3 meetings
Director	Huang Kuang-Che (Representative of Shing Lee Enterprise (Hong Kong) Limited)	5	1	83.33	Re-elected
Director	Chang Chi-Chung (Representative of Shing Lee Enterprise (Hong Kong) Limited)	6	0	100.00	Re-elected
Independent Director	Chen Chung	5	1	83.33	Re-elected
Independent Director	Tsai Li-Hsing	3	2	50.00	Re-elected
Independent Director	Hai Ying-Chun	4	2	66.67	Re-elected
Director	Wu Shou-Sung (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0	3	0.00	Outgoing and required to attend 3 meetings
Director	Chou Hsin-Huai (Representative of Shing Lee Enterprise (Hong Kong) Limited)	2	1	66.67	Outgoing, required to attend 3 meetings

Note: Directors (including three independent directors) were re-elected during the Annual General Meeting held on June 8, 2017.

Note 1: For directors who are juristic persons, the name of institutional shareholders and their representatives shall be disclosed.

Note 2: (1) Where a director resigns before the end of the fiscal year, the "Remark" column shall filled with the director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' meetings held and the actual attendance in person during the period during his/her term of office.

(2) If directors are re-elected before the end of the fiscal year, incoming and outgoing directors shall be listed accordingly, and the "Remark" column shall indicate whether the status of a director is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. The director's percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

Note 3: The Company completed the re-election of directors at the Annual General Meeting held on June 8, 2017 (where three independent directors were appointed).

Attendance of Independent Directors in Each Board of Directors' Meeting in 2017



☑: Attendance in person; ☆: Attendance by proxy; ✖: Absent

2017	March 16	April 28	May 8	June 12	August 10	November 9
Chen Chung	☑	☆	☑	☑	☑	☑
Tsai Li-Hsing	☑	☑	✖	☆	☑	☆
Hai Ying-Chun	☆	☑	☆	☑	☑	☑

Other matters to be noted:

- I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of independent directors and the company's actions in response to the opinions of independent directors shall be stated:
- (I). Items listed in Article 14-3 of the Securities and Exchange Act
- (II). In addition to the preceding matter, other resolutions of the Board of Directors on which independent directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements.

Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors
16th meeting of the 18th Board of Directors 2017.03.16	1. Ratify endorsements/guarantees made for Union Polymer Int'l Investment Corp., Chong Loong Trading Co., Ltd., Forum Pacific Trading Ltd. and USIG (Shanghai) Co., Ltd.	v	None
	2. Approve the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets	v	None
	3. Approve the amendment of certain articles in the Procedures for Loaning of Funds to Others	v	None
	3. Approve the remuneration of CPAs for the year 2016	v	None
	5. Approve the appointment of CPAs for year 2017	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
17th meeting of the 18th Board of Directors 2017.04.28	Ratify endorsements/guarantees made for Union Polymer Int'l Investment Corp.	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
18th meeting of the 18th Board of Directors 2017.05.08	1. Approve the Company's participation in capital increase by cash at USI Optronics Corporation by investing not more than NT\$ 330,000,000	v	None
	Opinions of independent directors: The Chair, Mr. Chen Chung consulted all the directors, except for directors Mr. Wu I-Kuei and Mr. Chang Chi-Chung who had		



Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors
	<p>to recuse themselves from voting due to conflict of interest, and they voted in favor of the resolution without any dissenting opinions. Please take note of the recommendations given by the Audit Committee.</p> <p>(1) Agree that the department-in-charge proposes the resolution for the Company to participate in capital increase by cash at USI Optronics Corporation by investing not more than NT\$ 330,000,000 in order to acquire the shares of the company</p> <p>(2) Agree to authorize the Chairman to determine the actual investment amount and proceed the following procedure.</p> <p>(3) With regard to crystal growth equipment, continue to search for possible partners and make long-term plans</p> <p>(4) Ask USI Optronics Corporation and the Company's department-in-charge to refer to the decision of the Audit Committee</p>		
	The Company's actions in response to the opinions of independent directors: Related actions have been implemented according to the recommendations of the Audit Committee.		
	Voting results: The Chair consulted all the directors, except for the above-mentioned directors who had to recuse themselves from voting due to conflict of interest, and they voted in favor of the resolution without any dissenting opinions. Please take note of the recommendations of the Audit Committee.		
	2. Approve the amendment of internal control system	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
2nd meeting of the 19th Board of Directors 2017.08.10	1. Approve the change of head of internal audit	v	None
	2. Amend certain articles in the Company's Audit Committee Charter	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
3rd meeting of the 19th Board of Directors 2017.11.09	Ratify endorsements/guarantees made for Union Polymer Int'l Investment Corp., Chong Loong Trading Co., Ltd., Forum Pacific Trading Ltd. and USIG (Shanghai) Co., Ltd.	v	None
	Opinions of independent directors: (1) With regard to the endorsement/guarantee made for USIG (Shanghai) Co., Ltd., it is advisable to review the business model and risk management of USIG (Shanghai) Co., Ltd., and consider the procedures for the preservation of claims against the company		



Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors
	<p>(2) It is recommendable to review the exclusion clauses in USIG (Shanghai) Co., Ltd.'s accounts receivable insurance contracts</p> <p>The Company's actions in response to the opinions of independent directors: Related actions have been implemented according to the recommendations of the Audit Committee.</p> <p>Voting results: All the directors present voted in favor of the resolution without any dissenting opinion. Please take note of the recommendations of the Audit Committee.</p>		
4th meeting of the 19th Board of Directors 2018.03.13	1. Ratify endorsements/guarantees made for Union Polymer Int'l Investment Corp.	v	None
	2. Attest the compensation paid to the CPAs for year 2017	v	None
	3. Appoint certified public accountants (CPAs) for year 2018	v	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
	Voting results: All the directors present voted in favor of the resolution without any dissenting opinion.		
	4. Proposal of permission for Director Mr. Shih Yen-Hsiang to engage in business competition	v	None
	Opinions of independent directors: None.		
The Company's actions in response to the opinions of independent directors: None.			
Voting results: The Chair consulted all the directors present, except for Director Mr. Shih Yen-Hsiang who had to recuse himself from voting due to conflict of interest, and they voted in favor of the resolution.			



- II. In regards the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated:

Name of Director	Proposal	Reason for Recusal	Participation in Voting	Remark
Wu I-Kuei Chang Chi-Chung	Donations to the USI Education Foundation	Recused himself due to conflict of interest as he serves as a director in the foundation	Did not participate in voting	16th meeting of the 18th Board of Directors
Wu I-Kuei Chang Chi-Chung	Participation in capital increase of USI Optronics Corporation	Recused himself due to conflict of interest as he serves as a director in USI Optronics Corporation	Did not participate in voting	18th meeting of the 18th Board of Directors
Shih Yen-Hsiang	Lifting of competition restrictions	Recused himself due to conflict of interest as he serves as a director in the Company	Did not participate in voting	4th meeting of the 19th Board of Directors

- III. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g., establishing an audit committee and enhancing information transparency), and evaluation of target implementation

1. Targets for strengthening the functions of the Board of Directors:

In order to enhance corporate governance and the functions of the Board of Directors, the Company passed the resolution on the amendment of Article 18-1 and Article 18-2 of the Company's Articles of Association at the Annual General Meeting held on June 10, 2013, where these articles stipulate the appointment of independent directors and the establishment of an audit committee in due course according to the law. In addition, the Board of Directors passed the resolution on establishing supporting measures related to the audit committee and formulating the audit committee charter on March 14, 2014.

The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and Rules Governing the Scope of Powers of Independent Directors, and evaluates its Audit Committee Charter in due course. The Company really seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been favorable.

The Company has passed the resolution to formulate the Regulations Governing the Evaluation of the Performance of the Board of Directors on November 9, 2017. At the end of each year, performance appraisal shall be performed on the Board of Directors (Audit Committee) for the current year based on the actual implementation of assessment indicators including degree of participation in the Company's operation, improvement of the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuous education of members of the Board of Directors, internal control and communications with the Audit Committee. Performance appraisal results shall be reviewed and improved upon in the most recent Board of Directors' Report in the following year.

Implementation of Performance Appraisal on the Board of Directors (Audit Committee) in 2017

- (1) Appraisal Period: January 1, 2017 to December 31, 2017
- (2) The Company has established a set of regulations governing the evaluation of performance of the Board of Directors and performance appraisal methods, proposing the self-evaluation of the performance of the Board of Directors (Audit Committee) on a regular basis every year based on the implementation of assessment indicators including degree of participation in the Company's operation, improvement of the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuous education of members of the



Board of Directors, internal control and communications with the Audit Committee. The overall results of performance appraisal performed on the Board of Directors (Audit Committee) in 2017 were as follows:

Appraisal Item	Result
Degree of participation in the Company's operations	Excellent
Improvement in the quality of decision-making of the Board of Directors	Excellent
Composition and structure of the Board of Directors	Excellent
Election and continuous education of directors	Excellent
Internal control and communications with the Audit Committee	Excellent

(3) Results for the self-evaluation of directors: Excellent.

2. Evaluation of target implementation:

The Audit Committee was established after the appointment of independent directors during the 2014 Annual General Meeting. The results of performance appraisal performed on the Board of Directors (Audit Committee) in 2017 has been disclosed on the Company's website on January 5, 2018, and has been reported in the first Board of Directors' Meeting in 2018 (the 4th meeting of the 19th Board of Directors held on March 13, 2018).

3. Hold training courses for directors and managerial officers, as well as encourage directors and managerial officers to attend corporate governance-related courses. The status of continuing education among the directors and managerial officers of the Company is as follows:

Title	Name	Date of Training	Organized by	Course Title	Number of Hours
Chairman	Wu I-Kuei	July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3
		October 30, 2017	Securities and Futures Institute	Information Disclosure and Prevention of Insider Trading	3
Director	Shih Yen-Hsiang	July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3
		October 30, 2017	Securities and Futures Institute	Information Disclosure and Prevention of Insider Trading	3
Director	Kao Che-I	September 26, 2017 - September 27, 2017	Securities and Futures Institute	Practical Seminar for Directors and Supervisors - Taipei Class	12
		October 30, 2017	Securities and Futures Institute	Information Disclosure and Prevention of Insider Trading	3
Director	Huang Kuang-Che	December 14, 2017	Accounting Research and Development Foundation	Impact of New Standard "Audit Report on Financial Statements" on Enterprises and Related Responses	3
		December 15, 2017	Accounting Research and Development Foundation	Analysis on Key Points of the Latest Practices and Legal Liabilities in the Supervision of Securities Trading in the U.S. and Taiwan	3
Director	Chang Chi-Chung	July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3
		October 30, 2017	Securities and Futures Institute	Information Disclosure and Prevention of Insider Trading	3



Title	Name	Date of Training	Organized by	Course Title	Number of Hours
Independent Director	Chen Chung	April 28, 2017	Taiwan Institute of Directors	Global Political, Economic and Financial Changes and Development Trends	3
		July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3
		July 26, 2017	Taiwan Institute of Directors	2017 Annual Meeting of Taiwan Institute of Directors: 10 Year Review and Outlook of Major Board Decisions	3
		October 13, 2017	Taiwan Corporate Governance Association	Impact of Global Trends on Taiwanese Enterprises and Related Analyses	3
Independent Director	Tsai Li-Hsing	June 15, 2017	Taiwan Corporate Governance Association	Insider Trading Crimes and Punishments - Judicial Case Analysis - 1	3
		June 15, 2017	Taiwan Corporate Governance Association	Insider Trading Crimes and Punishments - Judicial Case Analysis - 2	3
Independent Director	Hai Ying-Chun	March 9, 2017	Taiwan Corporate Governance Association	In the Face of Antitrust Law, How Should Companies Respond? Introduction to "Concerted Action"	3
		October 30, 2017	Taiwan Corporate Governance Association	Recent Developments of Anti-Tax Avoidance Policy in Taiwan and Related Responses	3
Accounting Manager	Kuo Chuan-Hua	July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3
		October 30, 2017	Securities and Futures Institute	Information Disclosure and Prevention of Insider Trading	3
Finance Manager	Huang Yung-Hui	July 4, 2017	Securities and Futures Institute	How Enterprises Respond to White Collar Crime	3

The number of learning hours, scope of learning, learning system, arrangements and information on the above-mentioned training sessions which comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies shall be disclosed.

(II). Information Regarding the Implementation of the Audit Committee or the Participation of Supervisors in the Operations of the Board of Directors:

1. Operations of the Audit Committee:

(1) The functions of the Audit Committee are as follows:

- Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of internal control systems.
- Adoption or amendment of procedures for handling financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act
- Items involving the interests of directors
- Major assets or derivative trading.
- Major loaning of funds, making of endorsements or provision of guarantees.
- Offering, issuance, or private placement of any equity securities.
- Appointment, dismissal and compensation of CPAs
- Appointment and dismissal of finance manager, accounting manager and head of internal audit



- Audit of annual and semi-annual financial statements
 - Accept and deal with whistleblowing cases in accordance with the functions listed in this article
 - Other major items required by other companies or the competent authority
- (2) The Auditing Department met twice (A) in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) [B/A] (Note)	Remark
Independent Director	Chen Chung	4	1	80.00	Appointed as an independent director during the re-election of directors at the Annual General Meeting held on June 8, 2017
Independent Director	Tsai Li-Hsing	4	1	80.00	
Independent Director	Hai Ying-Chun	3	2	60.00	

Other matters to be noted:

- I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the company's actions in response to the opinions of the Audit Committee shall be stated.

- (I). Items listed in Article 14-5 of the Securities and Exchange Act
- (II). In addition to the items in the preceding sentence, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee

Audit Committee	Resolution and Follow-up Actions	Items Listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
15th meeting of the 1st Audit Committee 2017.03.16	1. Prepare the 2016 Account Book and submit the document for deliberation	v	None
	2. Seek permission to ratify endorsements/guarantees	v	None
	3. Recommend to amend certain articles in the Procedures for Handling Acquisitions or Disposal of Assets, and submit the recommendation for deliberation	v	None
	4. Recommend to amend certain articles in the Procedures for Loaning of Funds to Others, and submit the recommendation for deliberation	v	None
	5. With the purpose of issuing the 2016 Statement on Internal Control Systems, submit the statement for deliberation	v	None
	6. Recommend the 2016 earnings distribution Plan and submit the recommendation for deliberation	v	None
	7. Recommend to implement capital increase by retained earnings, in which NT\$ 228,520,470 is raised to issue a total of 22,852,047 new shares, and submit the recommendation for deliberation	v	None
	8. In regards to the 2016 Compensation Plan prepared by the CPAs appointed by the Company, submit the plan for deliberation	v	None



Audit Committee	Resolution and Follow-up Actions	Items Listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
	9. Evaluate the independence of CPAs appointed for 2017 and submit the evaluation for deliberation	v	None
	10. Appoint CPAs for year 2017 and submit the appointment for deliberation	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
16th meeting of the 1st Audit Committee 2017.04.28	Seek permission to ratify endorsements/guarantees	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
17th meeting of the 1st Audit Committee 2017.05.08	6. Propose to amend the Company's internal control systems and submit the proposal for deliberation	v	None
	2. Propose the agreement with the Company's participation in capital increase by cash at USI Optronics Corporation by investing not more than NT\$ 330,000,000, and submit the resolution for deliberation	v	None
	Recommendations from the Audit Committee: 2nd Agenda (1) Propose that the Board of Directors authorizes the Chairman to decide on the amount of investment and represent the Company to perform related operations. (2) Establish consistent review and approval procedures for evaluating the procedures for handling acquisitions or disposal of assets, assessment summary for capital increase by cash and assessment report on capital increase by cash, in order to be responsible to the Board of Directors (3) Request USI Optronics Corporation to continuously discuss about the business model for selling equipment (4) Establish control points concerning operational methods, market and legal risks in order to reduce related risks		
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.			
1st meeting of the 2nd Audit Committee 2017.08.10	1. Prepare the 2017 Quarter 2 Consolidated Financial Statements and submit them for deliberation	v	None
	2. Recommend the amendment of certain articles in the Audit Committee Charter, and submit the recommendation for deliberation	v	None
	2. Formulate the Company's Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct, and submit the procedures for deliberation	v	None
	4. Propose the issuance of unsecured ordinary corporation bonds, and submit the proposal for deliberation	v	None
	5. Change the head of internal audit, and submit the change for deliberation	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		



Audit Committee	Resolution and Follow-up Actions	Items Listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
2nd meeting of the 2nd Audit Committee 2017.11.09	1. Seek permission to ratify endorsements/guarantees	v	None
	2. Submit the 2018 audit plan for deliberation.	v	None
	Recommendations from the Audit Committee: 1st Agenda (1) With regard to the endorsement/guarantee made for USIG (Shanghai) Co., Ltd., recommend to review the business model and risk management of USIG (Shanghai) Co., Ltd., and consider the procedures for the preservation of claims against the company (2) Recommend to review the exclusion clauses in USIG (Shanghai) Co., Ltd.'s accounts receivable insurance contracts		
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
	The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.		
3rd meeting of the 2nd Audit Committee 2018.03.13	1. Prepare the 2017 Account Book and submit the document for deliberation	v	None
	2. Seek permission to ratify endorsements/guarantees	v	None
	3. With the purpose of issuing the 2017 Statement on Internal Control Systems, submit the statement for deliberation	v	None
	6. Recommend the 2017 earnings distribution Plan and submit the recommendation for deliberation	v	None
	5. Recommend to engage in capital increase by retained earnings in order to raise a total amount of NT\$ 233,098,880 and issue 23,309,088 new shares, and submit the recommendation for deliberation	v	None
	7. In regards to the 2017 Compensation Plan prepared by the CPAs appointed by the Company, submit the plan for deliberation	v	None
	7. Evaluate the independence of the CPAs appointed for year 2018 and submit the evaluation for deliberation.	v	None
	8. Appoint CPAs for year 2018 and submit the appointment for deliberation	v	None
	9. Recommend to lift competition restrictions against Director Mr. Shih Yen-Hsiang and submit the recommendation for deliberation	v	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution, which was then submitted to the Board of Directors for deliberation.		
The Company's actions in response to the opinions of the Audit Committee: All the directors present voted in favor of the resolution.			

- II. In regard to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated: None
- III. Communications between independent directors and the head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status shall be included)
- (1) Not only will the Internal Audit Department submit audit reports to each independent director for review every month, but also the head of internal audit will report major audit findings to each



independent director in the Audit Committee every quarter. Both the Company's Audit Committee and the Head of Internal Audit have maintained good communications.

Summary of communications between the Audit Committee and the Head of Internal Audit:

Start Date	Key Communication Points	Recommendations and Results
March 16, 2017	1. 2016 Quarter 4 Report on Audit Operations 2. Review of the 2016 Statement on Internal Control Systems	No dissenting opinion
May 8, 2017	1. 2016 Quarter 3 Report on Audit Operations 2. Review of amended policies and procedures related to internal control	No dissenting opinion
August 10, 2017	1. 2017 Quarter 2 Report on Audit Operations 2. Change of head of internal audit	No dissenting opinion
November 9, 2017	1. 2017 Quarter 3 Report on Audit Operations 2. Review of the 2018 Internal Audit Plan	No dissenting opinion

- (2) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including parent company-only financial statements) and review of governance-related matters every quarter, and report them to the Audit Committee in accordance with the Auditing Standards Bulletin No. 39 - "Communication with Those Charged with Governance" and the letter with the Ref No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004. Both the Company's Audit Committee and CPAs have maintained good communications.

Summary of communication between the Audit Committee and CPAs:

Date	Key Communication Points	Recommendations and Results
March 16, 2017	1. CPAs reported the status of audit of the Company's 2016 Financial Statements, as well as discussed and responded to questions raised by members of the Audit Committee. 2. Deliberation on the remuneration of CPAs for year 2016 3. Review of CPAs' qualifications, performances and independence 3. Appointment of CPAs for year 2017	No dissenting opinion
May 8, 2017	CPAs reported the status of the audit of the Company's 2017 Quarter 1 Financial Statements, as well as discussed and responded to questions raised by members of the Audit Committee.	No dissenting opinion
August 10, 2017	CPAs reported the status of the audit of the Company's 2017 Quarter 2 Financial Statements, as well as discussed and responded to questions raised by members of the Audit Committee.	No dissenting opinion
November 9, 2017	CPAs reported the status of the audit of the Company's 2017 Quarter 3 Financial Statements, as well as discussed and responded to questions raised by members of the Audit Committee. CPAs also communicated the key audit items in the audit report according to the Auditing Standards Bulletin No. 58.	No dissenting opinion

Note:

* Where an independent director resigns before the end of the fiscal year, the "Remark" column shall be



filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

* If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly and the "Remark" column shall indicate whether the status of an independent director is "Outgoing", "Incoming" or "Re-elected" and the date of re-election. Actual attendance percentage (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

2. Information regarding the participation of supervisors in the operations of the Board of Directors:
Not applicable

(III). Implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies?	✓		The Company has established its Corporate Governance Best Practice Principles and complied with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies to promote the implementation of corporate governance, and discloses such information on its own website.	No material discrepancy
II. Shareholder Structure and Shareholders' Rights				
(I). Has the company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	✓		The Company has appointed specific personnel to take charge of such matters.	No material discrepancy
(II). Does the company maintain a list of major shareholders who have actual control over the company and persons who have ultimate control over the major shareholders?	✓		The Company has been maintaining contact with its major shareholders and persons who have ultimate control over the major shareholders.	No material discrepancy
(III). Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	✓		The Company has established and implemented a system to monitor its subsidiaries.	No material discrepancy
(IV). Has the company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	✓		The Company has formulated its Procedures for Ethical Management and Guidelines for Conduct, in which Article 14 stipulates the prevention of insider trading.	No material discrepancy
III. Composition and Responsibilities of the Board of Directors				
(I). Has the Board of Directors drawn up policies on diversity of its members and implemented them?	✓		According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: ● Ability to make judgments about operations.	No material discrepancy

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
	✓		<ul style="list-style-type: none"> ● Accounting and financial analytical skills ● Business management skills ● Crisis management skills. ● Knowledge of the industry. ● International market perspective. ● Leadership skills. ● Decision-making skills. <p>In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present, so that the functions of the Board of Director can be more complete. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection. For details on the diversity of Board members, refer to the table below:</p>	Consistent with Articles 28 and 28-1 of the Corporate Governance Best Practice Principles for TWSE or TPEX

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies																																																																																																																																																								
	Yes	No	Summary																																																																																																																																																									
(II). Has the company voluntarily established other functional committees, other than the remuneration committee and audit committee that are established in accordance with the law?	✓		<table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Gender</th> <th colspan="10">Diversified Core Competences</th> </tr> <tr> <th>Sound business judgments</th> <th>Accounting and finance</th> <th>Business management</th> <th>Crisis management</th> <th>Knowledge of the industry</th> <th>International markets</th> <th>Leadership ability</th> <th>Decision making abilities</th> <th>Legal</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Wu I-Kui</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Yu Ching-Shou</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Shih Yen-Hsiang</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Kao Che-I</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Huang Kuang-Che</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chang Chi-Chung</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Wang Ke-Shun</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chen Chung</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Tsai Li-Hsing</td> <td>Male</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Hai Ying-Chuan</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table> <p>Note: The corporate shareholder, Shing Lee Enterprise (Hong Kong) Limited, has replaced Mr. Yen-Hsiang Shih with Mr. Ke-Shun Wang as the representative on April 25, 2018.</p> <p>The policy with regard to the diversity of Board members has been disclosed on the Company's website and the Market Observation Post System (MOPS).</p>	Name of Director	Gender	Diversified Core Competences										Sound business judgments	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership ability	Decision making abilities	Legal	Environmental protection	Wu I-Kui	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓			Yu Ching-Shou	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓			Shih Yen-Hsiang	Male	✓		✓	✓	✓		✓	✓			✓	Kao Che-I	Male	✓		✓	✓	✓		✓	✓				Huang Kuang-Che	Male	✓		✓	✓	✓		✓	✓				Chang Chi-Chung	Male	✓		✓	✓	✓	✓	✓	✓				Wang Ke-Shun	Male	✓		✓	✓	✓	✓	✓	✓				Chen Chung	Male	✓	✓	✓	✓			✓	✓	✓			Tsai Li-Hsing	Male	✓		✓	✓			✓	✓				Hai Ying-Chuan	Male	✓	✓	✓	✓			✓	✓			✓	Listed Companies No material discrepancy
Name of Director	Gender	Diversified Core Competences																																																																																																																																																										
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Kao Che-I	Male	✓		✓	✓	✓		✓	✓																																																																																																																																																			
Huang Kuang-Che	Male	✓		✓	✓	✓		✓	✓																																																																																																																																																			
Chang Chi-Chung	Male	✓		✓	✓	✓	✓	✓	✓																																																																																																																																																			
Wang Ke-Shun	Male	✓		✓	✓	✓	✓	✓	✓																																																																																																																																																			
Chen Chung	Male	✓	✓	✓	✓			✓	✓	✓																																																																																																																																																		
Tsai Li-Hsing	Male	✓		✓	✓			✓	✓																																																																																																																																																			
Hai Ying-Chuan	Male	✓	✓	✓	✓			✓	✓			✓																																																																																																																																																
(III). Has the company established any rules for evaluating the performance of the Board of Directors and methods for evaluating them? Does the company perform such evaluations every year?	✓		<p>The Company has established a remuneration committee and an audit committee which exercise their authority in accordance with its Remuneration Committee Charter and Audit Committee Charter respectively with favorable performance.</p> <p>The Company has passed the resolution to formulate the Regulations Governing the Evaluation of the Performance of the Board of Directors on November 9, 2017. At the end of each year, performance appraisal shall be performed on the Board of Directors (Audit Committee) for the current year</p>	No material discrepancy																																																																																																																																																								

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
(IV). Does the company regularly evaluate the independence of CPAs?	✓		<p>based on the actual implementation of assessment indicators including degree of participation in the Company's operation, improvement of the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuous education of members of the Board of Directors, internal control and communications with the Audit Committee. Performance appraisal results shall be reviewed and improved upon in the most recent Board of Directors' Report in the following year. The results of performance appraisal performed on the Board of Directors (Audit Committee) in 2017 has been disclosed on the Company's website on January 5, 2018, and has been reported in the first Board of Directors' Meeting in 2018 (the 4th meeting of the 19th Board of Directors held on March 13, 2018).</p> <p>The Company's Accounting Division carries out self-evaluation of the independence of CPAs once every year. The results of this evaluation in the most recent fiscal year has been approved in the 3rd meeting of the 2nd Audit Committee and the 4th meeting of the 19th Board of Directors on March 13, 2018. Based on the evaluation of CPAs Kuo Tzu-Jung and Wu Shi-Tsung from Deloitte & Touche by the Company's Accounting Division, both CPAs have met the Company's independence evaluation standards. Items to evaluate the independence of CPAs have been formulated in accordance with Article 47 of the Certified Public Accountant Act and Code of Ethics for Certified Professional Accounts Bulletin No. 10. The main evaluation items are as follows:</p> <ol style="list-style-type: none"> 1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years. 2. The CPA does not have significant financial interest in his/her trustor. 3. The CPA avoids any inappropriate relationship with his/her trustor. 4. The CPA shall ensure that his/her assistants are honest, fair and independent. 	

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	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.</p> <p>6. The CPA may not permit others to practice under his/her name.</p> <p>7. The CPA does not own any shares of the Company and its affiliated companies.</p> <p>8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.</p> <p>9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.</p> <p>10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.</p> <p>11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.</p> <p>12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.</p> <p>13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.</p> <p>14. The CPA has not collected any commission related to his/her service.</p> <p>15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence.</p> <p>According to the Company's evaluation, the CPAs has not engaged in matters that violate their independence, and thus, they were deemed fit to serve as CPAs for the Company. The CPA firm has also issued a letter of declaration stating that they have not engaged in matters that violate their independence.</p>	
IV. Does the TWSE or TPEX listed company have a dedicated full-time (or part-time) corporate governance	✓		In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company has established a “corporate	No material discrepancy

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
unit or personnel in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters related to Board of Directors' meetings and Shareholders' meetings, handling company registration and change registration, and producing minutes of Board of Directors' meetings and Shareholders' meetings)?			<p>governance team”, reporting directly to the General Manager’s Office. The executive assistant to the General Manager’s Office, Senior Manager Wu, Shu-Jung, assumes the position of corporate governance officer to protect the rights of shareholders and strengthen the functions of Board of Directors. Vice President Wu is familiar with factory matters and has years of expensive in administrative work concerning the Board of Directors and company registration. The main function of the corporate governance officer is to coordinate relevant departments in handling corporate governance matters, which include to provide information required by the Directors to perform their duties, to assist Directors with legal compliance and to arrange the Board of Directors’ and Shareholders’ meetings in accordance with laws and regulations.</p> <p>The following personnel shall be responsible for the Company's corporate governance affairs:</p> <ol style="list-style-type: none"> 1. Chief Financial Officer, Financial Officer and full-time (or part-time) staff at the Stock Affairs Department: Matters related to the Shareholders' meetings 2. Full-time staff at the Secretariat of the Board: Matters related to the Board of Directors' meetings 3. Full-time (or part-time) staff at the Accounting Division: Matters related to the meetings held by the Audit Committee 4. Full-time (or part-time) staff at the Human Resources Division: Matters related to the meetings held by the Remuneration Committee 5. Full-time (or part-time) staff at the Legal Division: Matters related to company registration and change registration <p>The execution of corporate governance matters in 2018 is described as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors: 	

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	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<ul style="list-style-type: none"> (1) 1.1 Regularly report the latest amendments and developments of laws and regulations related to business areas and corporate governance of the Company to the members of the Board of Directors. (2) 1.2 Provide company information required by the directors so as to maintain smooth communication and interaction between the Board of Directors and the heads of divisions. (3) 1.3 The head of internal audit and CPAs would report to and communicate with the Audit Committee concerning the Company's financial statements on a quarterly basis. (4) 1.4 Assist independent directors and general directors in drawing up annual continuing education plan and making arrangements for courses in accordance with the nature of the industry to which the Company belongs and the experience and background of directors. <p>2. Assist in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions:</p> <ul style="list-style-type: none"> (1) 2.1 Verify whether the convening of shareholders' meetings and Board of Directors' meetings comply with relevant laws and regulations, as well as the Corporate Governance Best Practice Principles. (2) 2.2 Assist and remind directors of the regulations to be complied with when performing their duties or officially voting on to-be resolutions of the Board of Directors' meetings, and offer suggestions when the Board of Directors is going to vote on an illegal resolution. (3) 2.3 Responsible for supervising matters related to the release of material information about the important resolutions of the Board of Directors to ensure the legality and accuracy of the content of these 	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary	
			<p>material information, so as to maintain information symmetry for trading.</p> <p>3. Maintain investor relations: Arrange investor conferences so that investors can obtain sufficient information to evaluate and determine the Company's reasonable market value, and ensure that shareholders' interests are well maintained.</p> <p>4. Draw up the agendas of the Board of Directors and notify directors of the agendas seven (7) days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require recusal of directors and complete the minutes of the Board of Directors' meeting within 20 days after the meeting.</p> <p>5. Handle prior registration for shareholders' meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to amendment of regulations and re-election of directors</p>	
V. Has the company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		The Company has set up a stakeholders' section under Corporate Social Responsibility on its website, which features contact information as channels of communication and discloses issues related to quality, the environment, occupational safety and health policies, employee rights, as well as social and product liabilities.	No material discrepancy
VI. Does the company commission a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?		✓	The Company takes charge of its own shares-related affairs, and handles matters related to Shareholders' meetings in accordance with the law.	The Company handles its own shares-related affairs to ensure quality and efficiency.
VII. Information Disclosure	✓		The Company has set up a website and regularly discloses company information.	No material discrepancy

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	Yes	No	Summary	
(I). Has the company established a website to disclose information on financial operations and corporate governance? (II). Has the company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company's website)?	✓		The Company has appointed specific personnel in charge of the collection and disclosure of company information, and has implemented a spokesperson system.	No material discrepancy
VIII. Has the company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of directors and supervisors, risk management policy and implementation of risk impact standards, implementation of customer policies, and the company's purchase of liability insurance for its directors and supervisors)?	✓		(I). The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases group insurance and issues LOHAS e-newsletters. Furthermore, the Company's employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues solve work, life and psychological problems. (II). The Company has always been committed to the principle of equal opportunities and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation. (III). With regard to the promotion of environmental protection and occupational safety and health, the Company not only complies with the relevant laws and regulations, but also expects to meet internationally recognized standards, where the Company has successfully obtained ISO 14001 and OHSAS 18001 certifications. To enhance self-inspection, the Company has established the Group Safety and Health Partners Regional Joint Rescue system led by the	No material discrepancy

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			<u>Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies</u>
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
			<p>South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.</p> <p>(IV). The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, participates in community events, and cares for product protection in order to create a better living environment. Additionally, the Company also helps contractors by building a safe and health-conscious environmental management system to ensure safety at work.</p> <p>(V). Implementation of risk management policies and risk measurement standards: The Company has established operating procedures and internal control systems and possesses clear rules and regulations on authorized limits. The Company also implements internal audit for risk control and discloses such information in its annual reports.</p> <p>(VI). The Company has appointed a spokesperson to answer various types of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. The Company also maintains contact with its major shareholders.</p> <p>(VII). Implementation of consumer protection or customer policy: The Company has formulated its quality policy in order to improve product and service quality, as well as continuously strives to enhance customer satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits.</p> <p>(VIII). The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company also organizes such courses from time to time and invites its directors to attend courses related to corporate governance.</p> <p>(IX). The Company has purchased liability insurance for its directors.</p>	

<u>Evaluation Item</u>	<u>Status of Implementation (Note 1)</u>			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies
	<u>Yes</u>	<u>No</u>	<u>Summary</u>	
<p>IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved (Leave this section blank if the company is not included in the evaluation process)</p> <p>(1) The Company will provide and disclose reports, notices, handbooks and supplementary information of Annual General Meetings, as well as annual financial statements and mid-year financial statements in English to enhance the Company's information transparency so that foreign investment institutions can obtain the same information (No. 2.8, 2.9, 2.15, 4.5 and 4.21)</p> <p>(3) The members of the Company's Remuneration Committee are composed of independent directors and professionals who possess extensive experience in large corporations or professional fields. To enhance its remuneration system for all the directors and managerial officers, the Company will actively make arrangements for members of the committee to meet the attendance target (No. 3.12).</p> <p>(3) The Company's directors are composed of professionals with management or professional experience. In order to enhance the Company's Board of Directors system, the Company will strive to meet the 6-hour target for the number of learning hours to be fulfilled by directors and actively make arrangements for them to meet the attendance target (No. 3.14 and 3.19)</p> <p>(4) The Company has established the Regulations Governing the Evaluation of the Performance of the Board of Directors, and these regulations have been approved by the Board of Directors. In addition, the Company will perform self-evaluation once every year, and will disclose the evaluation results on the Company's website and annual reports (No. 3.31)</p>				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.



(IV). If the company has established a remuneration committee, the composition, responsibilities and operations of the committee shall be disclosed:

1. Information regarding the members of the Remuneration Committee

Title (Note 1)	Name	Criteria Does the individual have over 5 years of professional experience? and the following professional qualifications? Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	Status of Independence (Note 2)								Number of publicly listed companies in which the member concurrently serves as a remuneration committee member	Remark
					1	2	3	4	5	6	7	8		
Independent Director	Hai Ying-Chun			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Independent Director	Chen Chung			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Independent Director	Tsai Li-Hsing			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	

Note 1: Fill "Director", "Independent Director" or "Others" in the Title column.

Note 2: Insert "V" in the box if a member meets the following criteria during his/her term of office and two (2) years prior to the date elected. ✓

- (1) Not employed by the Company or any of its affiliated companies.
- (2) Not serving as the director and supervisor of the Company or any of its affiliated companies. However, this restriction does not apply to independent directors in the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country
- (3) Not a natural person shareholder who holds more than one (1) percent of total shares issued by the Company or is one of the top 10 shareholders by number of shares held, including shares held in the name of the person's spouse and minors, or in the name of others
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the 3 preceding criteria
- (5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds more than five (5) percent of the total number of shares issued by the Company or is one of the top 5 shareholders by number of shares held
- (6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of shares of companies or institutions that have financial or business dealings with the Company
- (7) Neither a professional nor an owner, partner, director (member of the governing board) and supervisor (member of the supervising board) or managerial officer of a sole proprietorship, partnership, company, or institution who provides commercial, legal, financial, accounting, or consultation services to the Company or to any of its affiliated companies or spouse thereof
- (8) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies



2. Responsibilities:

The Remuneration Committee shall exercise the care of a good administrator, faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

- (1) Regularly review the Committee's charter and propose recommendations to amend it when necessary
- (2) Establish and regularly review the annual and long-term performance targets, as well as remuneration policies, systems, standards and structure of the Company's directors, supervisors and managerial officers.
- (3) Regularly evaluate the performance targets of the Company's directors, supervisors and managerial officers, and develop the content and amount of their remuneration individually

3. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) Term of office: June 12, 2017 to June 7, 2020. A total of two (2) meetings (A) were conducted by the Remuneration Committee in the most recent fiscal year, where the qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person [B/A] (Note 2)	Remark
Convener	Hai Ying-Chun	2	0	100%	None
Committee Member	Chen Chung	2	0	100%	None
Committee Member	Tsai Li-Hsing	1	1	50%	None
Other matters to be noted:					
I. If the Board of Directors does not adopt or amend the recommendations made by the Audit Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that of the Remuneration Committee, the discrepancies and related reasons shall be stated): None.					
II. If the members of the Remuneration Committee has any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.					

Note: (1) Where an member of the Remuneration Committee resigns before the end of the fiscal year, the "Remark" column shall filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

- (2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remark" column shall indicate whether the status of a member is "Outgoing", "Incoming" or "Re-elected", and the date of re-election. Actual attendance percentage (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V). Fulfillment of Corporate Social Responsibility (CSR)

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
<p>I. Exercising Corporate Governance</p> <p>(I). Has the company established CSR policies or systems and reviewed their effectiveness?</p> <p>(II). Does the company regularly hold CSR training?</p> <p>(III). Has the company established a dedicated full-time (or part-time) unit to promote CSR? Has the Board of Directors authorized senior management to handle such matters and report its implementation to the Board of Directors?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I). The Company issued the 2016 Corporate Social Responsibility Report on June 30, 2017. The report can be downloaded from the Company's website (http://www.usife.com.tw/). The content of this report discloses its CSR vision and sustainable development strategies, where each department promotes CSR-related work according to its functions and regularly review the results of such work. Besides, the report also responds to its stakeholders by highlighting CSR management and performance in three aspects - operations, environment and society. Please refer to Section 2 - Corporate Social Responsibility Management in the Company's 2016 Corporate Social Responsibility Report.</p> <p>(II). The Company regularly organizes CSR-related education and training and promotes CSR.</p> <p>(III). The Company has established the Corporate Social Responsibility Committee, in which its chairman and vice chairman are the chairman of the Board of Directors and the General Manager, respectively. Three promotion teams have been established under the Committee, namely the Corporate Governance Team, the Environmental Protection Team and the Social Relations Team. The Corporate Governance Team communicates with investors, customers, suppliers, and government agencies on topics we face for achieving sustainable operations to maintain trust between our company and our stakeholders. The Environmental Protection Team integrates internal measures and plans relating to environmental protection, energy conservation, emissions reduction, and occupational health and safety; follows up and reviews implementation outcomes; and discusses topics in environmental protection that are key to meeting stakeholder expectations, so as to meet stakeholders' expectation. The Social Relations Team communicates with employees, community residents, and non-profit organizations on topics relating to employee care, social care and social engagement to contribute to the creation of a fair, just, safe, and harmonious society. Each team is formed by representatives from related departments and responsible for the promotion of CSR-related work. In addition, the Committee reports the status of CSR implementation to the</p>	<p>Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies</p>

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(IV). Has the company formulated a reasonable remuneration policy and combined both employee performance appraisal and CSR policies? Has the company established a clear reward and punishment system?	✓		Board of Directors. Refer to Section 2.2 - Corporate Social Responsibility Committee in the Company's 2016 Corporate Social Responsibility Report. (IV). The Company has established the Remuneration Committee to regularly review its remuneration policies and report rewards and punishments based on outcomes of performance appraisal so as to ensure that its reward and punishment system is effective. Each full-time employee receives a 14-month salary, including a 12-month salary and a 2-month bonus. Besides, bonuses are distributed in three sections. Year-end bonuses are also distributed according to the Company's profitability, individual employee performance and organization goal accomplishment.	
II. Fostering A Sustainable Environment (I). Is the company committed to improving the efficiency of using various resources, and to the use of recycled materials with reduced environmental impact? (II). Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	✓ ✓		(I). The Company is committed to increasing recycling rate of raw materials in its manufacturing processes in order to lower volatile organic compounds (VOC). Besides, the Company also reduces material consumption, and lower production and manufacturing costs. The Company has increased recycling rates of raw materials by adding molecular recognition technology (MRT) distillation columns. Moreover, to reduce the environmental impact of product packaging, PE bags and paper bags are recycled and reused by customers, whereas space bags are recycled and reused at the Kaohsiung plant. Customers who make purchases in large quantities and have their own warehousing capacity are recommended to use tankers as a means of transportation so as to directly reduce the use of packaging materials, where such measure is more friendly to the environment. (II). The Company has established an appropriate environmental management system with regards to air pollution prevention, water resources management and water pollution prevention, waste control, as well as safe management of raw materials and products according to the characteristics of the industry to which it belongs. Furthermore, the Company has set up a channel for handling environmental impact grievances to maintain the Company's procedures for communicating, participating in and providing consultation on environmental issues.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(III). Is the company concerned with the effects of climate change on its business activities? Has the company implemented greenhouse gas (GHG) inventory audit, and formulated strategies for energy conservation, carbon reduction and GHG reduction?	✓		<p>(III). To keep the Company updated with its GHG emission status, the Kaohsiung plant voluntarily performs a GHG inventory audit every year, and collectively releases major emission sources by means of operational control. To comply with the government's GHG reduction policy, the Company has formulated energy conservation and carbon reduction plans for each unit and set plant-wide energy conservation and carbon reduction goals. In addition, the Company has also established an energy conservation and carbon reduction team with the help of the affiliated companies of USI Corporation, and put together consistent approaches through resource integration and experience sharing in order to jointly promote practical and effective energy conservation and carbon reduction plans and perform quarterly review of implementation results.</p> <p>The Company's energy conservation and carbon reduction plan and its implementation results in 2018 are as follows:</p> <p>1. Goal: To reduce GHG emissions by 1,840 metric tons Measure: 2018 Plant-wide Energy Conservation Plan Methods of Implementation:</p> <p>(1) Connect cooling water supply to the pipeline settings in order to reduce the number of cooling water pumps. (2) Implement energy conversion by installing frequency converter with fan motor on cooling towers (3) Apply INOMA Corporation's thermal insulation paint (V-256, V-319, J-275A and K-188 catalyst rooms, roof of guard room, roof of Inspection section and roof of Control Room at Plant No. 1)</p> <p>The Company submits the Annual Energy Users' Energy Conservation Audit Declaration Form on time, and formulates annual energy conservation projects and annual energy conservation rates. Besides, the Company also sets budgets for projects to be implemented and track their progress every quarter, with hopes of achieving an annual energy conservation rate of 1%. In 2018, the energy conservation programs reported to the Bureau of Energy include change to high-efficiency motors, connecting cooling water supply to pipeline settings at Plant No. 1, reducing the number of cooling water pumps, installing new air compressors, applying thermal insulation paint, adding new compressors at Plant No. 1, improving lighting at the processing room area and</p>	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			<p>installing frequency converter with fan motor on cooling towers in Plant No.1. The annual energy conservation rate is expected to reach 1.32%, where as carbon savings is expected to reach 1,843 tons of CO₂e.</p> <p>2. Goal: To reduce wastewater discharge by 49,500 metric tons Measure: Wastewater recycling Implementation method: Continuous wastewater monitoring and recycling have been completed, tested and used online.</p> <p>The quality of wastewater discharged from the wastewater basin is continuously monitored, while the capacity of wastewater treatment is improved so that effluents comply with regulatory standards. Effluents which are treated by the recycling system is supplied to cooling towers to replenish cooling water so as to reduce the consumption of tap water and reduce the emission of wastewater from manufacturing processes. It is estimated that approximately 99,000 tons of wastewater is recycled every year.</p>	
<p>III. Preserving Public Welfare</p> <p>(I). Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?</p>	✓		<p>(I). The Company has made reference to internationally recognized human rights standards including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy to eliminate human rights violations so that our existing colleagues can enjoy reasonable and dignified treatment.</p> <ol style="list-style-type: none"> 1. Follow relevant laws and regulations to provide a safe and healthy workplace 2. Committed to maintaining a workplace which is free of violence, harassment and intimidation, as well as respect the privacy and dignity of employees 3. Do not hire child labor 4. Prohibit forced labor 5. Eliminate unlawful discrimination and reasonably ensure equal opportunity in employment and promotion 6. Respect employees' rights to organize and participate in legally recognized labor unions to protect their right to work 	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(II). Has the company established employee complaint and grievance mechanisms and channels, and handled employee complaints and grievances appropriately?	✓		(II). The Company's internal staff can make complaints and grievances to their direct supervisors, human resources manager and head of audit, as well as send them to the employee complaint and grievance mailbox and other company mailboxes. Related experts will thoroughly understand and respond to their complaints and grievances which are handled based on the principles of confidentiality which respect the parties involved and the incident investigation process.	
(III). Does the company provide a safe and healthy work environment for its employees, and regularly offer safety and health education to its employees?	✓		(III). The Company's Kaohsiung plant has successfully obtained the OHSAS18001 Health and Safety Management System Certification. The occupational safety and health department and the construction department at the plant regularly perform various occupational safety and health inspections and examinations on a daily basis. All affiliates within the USI Group also monitor and exchange experience with one and other according to the "Group Safety and Health Partner Area Joint Defense" system recommended and instructed by the Southern Regional Labor Inspection Office, Council of Labor Affairs, in order to further implement safety and health management. The Company has an "Occupational Safety and Health Committee (OSHC)" established in accordance with the "Regulations for Occupational Safety and Health Management," with labor representatives elected or appointed by the union. The committee meets with management every quarter to discuss ESH topics on behalf of employees. We team up with the Taiwan Responsible Care Association (TRCA) and the Renda Industrial Park Safety and Health Promotion Association to promote industrial safety, health, and environmental protection together and learn from one another in order to improve the protection of employee safety and health. In addition, we organize fire exercises and industrial safety education and training biannually to develop emergency response skills and self-safety management of employees. Based on the production activities of the Company, we have established emergency response procedures for raw material (chemical) leakage, fire, explosions, and earthquakes. In addition, we have classified incidents into three levels and have planned different response measures. When the level of an incident rises, the response shall change accordingly. The three stages of response are as follows: Stage 1: Minor leakage of hazardous substances and a minor fire occur within the plant.	

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	Yes	No	Summary (Note 2)	
			<ul style="list-style-type: none"> ●The on-duty officer will be the site commander to instruct personnel within the unit to stop the leakage or fire. <p>Stage 2: Major leakage of hazardous substances and a major fire occur within the plant where the emergency response team of the incident occurring unit cannot effectively control the situation, and it must mobilize the plant's emergency response organization to support.</p> <ul style="list-style-type: none"> ●The on-duty officer sends request for support to the head of unit and mobilizes the emergency response organization according to the alert and reporting procedure. ●Based on the emergency situation, request for support outside of the plant and notify relevant agencies when necessary. ●Determine the need to immediately shut down plant operations and isolate the incident affected area. ●The site commander can be the head of the incident occurring unit or department, until the general plant manager or his/her deputy takes over the command. ●Set up a response command center to gather information regarding the latest situation for the chief commander to make decisions and notify the response organization. <p>Stage 3: The incident may spread outside of the plant and its impact reaches outside of the plant.</p> <ul style="list-style-type: none"> ●The general plant manager or his/her deputy becomes the chief commander to command the emergency plan within the plant and report the situation to the Fire Bureau of Kaohsiung City. ●If the situation cannot be controlled and may threaten the life of employees, the plant is evacuated. <p>Every year we commission major hospitals to give health examinations to employees to protect their physical health and report the examination results to competent authorities for reference as necessary. We also arrange special health examinations for employees of specific plant engaging in dusty, ionizing radiation, and n-hexane work. At USI, the safety management of contractors and suppliers is equally important. Therefore, we have established the "Contractor Management Regulations" and the "Contractor Entry Management Manual." Both documents include</p>	

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	Yes	No	Summary (Note 2)	
(IV). Has the company established mechanisms to regularly communicate with its employees and appropriately notified its employees of operational changes that may result in material effects?	✓		<p>industrial safety education and training for contractors, and they must pass safety certification before they can perform their contracts at USI. To strengthen safety supervision during construction, we have established the “Labor Safety and Health Tour Inspection Regulations” to implement ESH tour inspections every day within the plant to improve the safety of all processes and ensure the safety, life, and health of employees. Before implementing high-risk work, we run a risk assessment process to identify hazards, assess risk, take precautionary measures, and review the emergency response plan. We also hold communication and coordination meetings with contractors from time to time to ensure operation safety. Education, training, and publicity are the foundation to promote ESH awareness to employees and contractors. By establishing the “Labor Safety and Health Education and Training Regulations,” we provide knowledge and skill training for different categories of employees and contractor personnel based on actual need.</p> <p>(IV). The Company and its employees have chosen their respective representatives to establish the Supervisory Committee of Business Entities’ Labor Retirement Reserve, the Employees’ Welfare Committee and the Occupational Safety and Health Committee. In addition, meetings are regularly held between both parties in order to establish channels of communication between both the Company and its employees and preserve employees’ rights. In the event of operational changes that may lead to material changes in employees’ rights, the Company will issue a notice 10 to 30 days in advance in accordance with the Labor Standards Act and other laws and regulations, with the purpose of protecting employees’ rights.</p>	
(V). Has the company established an effective career developmental plan for its employees?	✓		(V). The Company has established an all-round education and training system in coordination with the external environment, its business principles, department performance goals and employees’ career development needs, in order to provide training courses required by all-round talents. With regard to the employees’ continuing education and learning, the Company	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(VI). Has the company established relevant customer rights policies and customer complaint and grievance procedures for research and development, purchasing, production, operations and service processes?	✓		<p>conducts the employee training needs survey in the fourth quarter of every year to formulate education and training implementation plans and budgets. At the same time, the Company has also set up a digital learning platform as a means for self-learning, and regularly holds employee functional training, management training, seminars, health talks and various conferences to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve coworkers' qualities and overall competitiveness, courses are conducted using diverse methods. In addition to lectures, in-class activities are designed according to course attributes, while case study discussions or group discussions are carried out, with a view to making learning more lively and productive. Additionally, online e-learning courses allows coworkers to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.</p> <p>(VI). The Company has set up a Research and Development Division in Linkou, which focuses on customer service and product research and development, in order to develop new products and products for new applications and assist customers in upgrading manufacturing technologies. The Company has also established specifications concerning technical support, customer privacy, handling of customer complaints and customer satisfaction.</p>	
(VII). Does the company comply with relevant laws and international regulations governing the marketing and labeling of its products and services?	✓		<p>(VII). The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the Restriction of Hazardous Substances (RoHS) directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management.</p> <p>(VIII). The Company has established long-term strategic partnerships with major raw material suppliers and set up safety stock according to preparation schedule so that the supply chain can continue to run smoothly. To encourage continuous supplier optimization so that the Company can obtain</p>	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(VIII). Has the company evaluated any record of a supplier's impact on the environment and the society before engaging in commercial dealings with the said supplier?	✓		raw materials and services at the right time, in the right quantity and at the right price, the Company regularly performs annual evaluation of suppliers according to aspects including quality, delivery dates, environmental protection and occupational safety and health, packaging, quality certification and services in coordination with production operations and environmental protection policies. However, the Company is yet to establish standards for screening new suppliers and evaluating suppliers based on environmental, labor, human rights and social impacts. At present, the Company is drawing up the standards and regulations for screening new suppliers and evaluating suppliers which will include the above-mentioned items. The first edition of the regulations is expected to be completed at the end of 2018.	
(IX). Do contracts between the company and its major suppliers include terms where the company may terminate or rescind the contract at any time if the said suppliers violate the company's corporate social responsibility policy and have caused significant effects on the environment and the society?	✓		(IX). The Company will continuously strengthen self-evaluation of supply chain sustainability, and gradually incorporate CSR performance into selection, evaluation and audit processes. The Company jointly fulfills corporate social responsibilities with its suppliers using its influence. Excellent CSR experience sharing and collaboration with suppliers serve as a vital foundation for the Company to establish sustainable businesses.	
IV. Enhancing Information Disclosure (I). Does the company disclose relevant and reliable information related to CSR on its official website and MOPS?	✓		The Company has set up the Corporate Social Responsibility section on its website to disclose information on corporate social responsibility (http://www.usife.com.tw/zh-tw/dirCSR/fmCSR.aspx). The Company issued the 2016 Corporate Social Responsibility Report on June 30, 2017, where the content of the report was prepared according to the G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative. The report has been disclosed on the Company's website and MOPS where stakeholders can view and download the report.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEX Listed Companies
V. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation:				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
The Company added its Corporate Social Responsibility Best Practice Principles on March 12, 2015. There was no material discrepancy between these principles and its implementation.				
<p>VI. Other important information that facilitate the understanding of the implementation of CSR:</p> <p>(I). Implementation of Environmental Protection and Occupational Safety and Health:</p> <p>1. Environmental Protection Policies</p> <p>(1) To comply with relevant environmental protection and occupational safety and health regulations and relevant requirements derived from such regulations.</p> <p>(2) To continuously conserve and reuse resources and energy, and reduce industrial waste</p> <p>(3) To prevent pollution, reduce potential risks in operations</p> <p>(4) To continuously provide employees with education and training, and carry out work related to environmental protection and occupational safety and health</p> <p>(5) To actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational safety and health</p> <p>(6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities</p> <p>2. The Company has been a member of the Taiwan Responsible Care Association since 1998, and serves as a member of the Association's Regulatory Committee who regularly participates in regulatory discussions. The Company applies the Responsible Care Management Practices established by TRCA to its entire plant, and reports its safety, health and environmental protection performance indicators every year.</p> <p>3. The Company continues to implement industrial waste reduction, improve workplace safety, and enhance environmental protection and occupational safety and health training for employees.</p> <p>4. The Company has formulated its Waste Management Practices in accordance with the Standards for Defining Hazardous Industrial Waste in order to determine the characteristics of wastes, and details such information in the Waste Cleanup Plan before submitting the plan to the competent authority.</p> <p>5. The Company has formulated its Regulations Governing the Management of Recycled and Regenerated Products that specify resource recycling, classification, storage and auction operations, with the purpose of achieving waste reduction and resource recycling and reuse.</p> <p>6. The Company's subsidiary, Taiwan VCM Corporation rented part of the land occupied by the China Petrochemical Development Corporation's Cianjhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by INOMA Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government from January 11, 2016 to January 12, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.</p> <p>7. In 2010, part of the land occupied by China General Plastics Corporation's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region. Therefore, the Company introduced and implemented the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation was found that various data have complied with the government's control standards. The site was removed as a groundwater pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.</p> <p>(II). Implementation of Energy Conservation and Carbon Reduction:</p> <p>1. Energy Conservation and Carbon Reduction Policies:</p>				

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	Yes	No	Summary (Note 2)	
<p>(1) To achieve energy conservation and carbon reduction regulations set by the government, as well as actively promote and develop energy conservation and carbon reduction projects</p> <p>(2) To demonstrate the Company's commitment towards energy conservation and carbon reduction, and rewards the incorporation of energy conservation and carbon reduction cases in order to propose improvements to the system</p> <p>(3) To promote energy conservation and carbon reduction plans at departmental level, and carry out energy conservation and carbon reduction education and promotional work.</p> <p>(4) To implement energy conservation and carbon reduction-related individual job details and continuously provide employees with education and training in order to implement energy conservation and carbon reduction</p> <p>2. Outcomes of Energy Conservation and Carbon Reduction:</p> <p>(1) The Company's carbon dioxide emissions in 2017 and 2016 were 760,735 tons and 726,167 tons respectively, which had reduced by 31,873 tons and 16,178 tons respectively.</p> <p>(2) On January 17, 2016, the Environmental Protection Administration (EPA) of the Executive Yuan announced the “first group of stationary resources required for GHG reporting”. As the annual emissions of Renwu plant is less than 25,000 m.t. of CO₂e according to the trial calculation of stationary burning of fossil fuel, we are not one of the stationary sources required for reporting. To understand the status of its GHG emissions, the Renwu plant conducts voluntary GHG inventory every year. The organizational boundary of GHG inventory covers the entire Renwu plant. We consolidate emissions of major emission sources with operational control. We also convert the global warming potential (GWPs) of different types of GHGs into carbon dioxide equivalent (CDE, CO₂e) as announced by the Intergovernmental Panel on Climate Change (IPCC) in 2007.</p> <p>(3) The voluntary GHG inventory conducted at our production sites, the Toufen plant and Linyuan plant, are verified by SGS in accordance with ISO14064-1:2006. The emission figure from the verification and inventory was 396,710 tons in 2017. (SGS has not completed the verification procedures for the Linyuan plant. Once the emission figure is confirmed, it will be announced in the Company website and updated in the 2018 annual report). The 2016 total emission figure is verified to be 399,430 tons. In addition, Toufen plant and Linyuan plant have completed the voluntary GHG reduction performance coaching. The emissions in 2017 and 2016 had reduced by 24,826 tons and 11,718 tons, respectively.</p> <p>(4) The Toufen plant and Linyuan plant had implemented 23 energy conservation and carbon reduction plans in 2017 and has reported them to the Industrial Development Bureau. However, these plans are still pending review by Taiwan Green Productivity Foundation.</p> <p>3. Energy Conservation and Carbon Reduction Plans: Key energy conservation and carbon reduction works continuously promoted in 2018:</p> <p>(1) Renewal of distribution transformer</p> <p>(2) Renewal of refrigerating machine and box-type air-conditioners.</p> <p>(3) Use of high-efficiency motors.</p> <p>(4) Improvement of PVC powder conveying system and replacement of old process manufacturing equipment.</p> <p>(5) The feed water in coal-fired sedimentation tank is replaced by effluents.</p> <p>(6) Replacement of old process manufacturing equipment</p> <p>(III). Implementation of Social Services and Public Welfare:</p>				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
<p>1. USI Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society". On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT\$ 50 million. In 2017, China General Plastics Corporation and Taiwan VCM Corporation also joined the USI Education Foundation as sponsors in order to engage in education-related charitable activities. The foundation focuses on care for the disadvantaged, people in rural areas and the ecology. The foundation has carried out the following activities in accordance with the relevant laws:</p> <ol style="list-style-type: none"> (1) Sponsor education in rural areas (2) Establish scholarships (3) Hold talks, seminars or other education-related charitable activities (4) Sponsor schools at various levels or educational groups to engage in activities such as literature, sports, music, dance, arts and drama. (5) Industry-academia collaboration (6) Other education-related charitable services that are consistent with the aims of the foundation <p>In 2017, the total sponsorship expenditure of the USI Education Foundation was NT\$ 6.24 million, where NT\$ 1.25 million was distributed as education scholarships, while NT\$ 1.5 million and NT\$ 2 million were contributed to sponsor the Alliance Cultural Foundation and Junyi Experimental High School respectively. On the other hand, a total of NT\$ 1.05 million was contributed to sponsor various educational and public welfare organizations such as Boyo Social Welfare Foundation, Teach for Taiwan and the "Exclamation Mark" Strategic Alliance, whereas NT\$ 440 thousand was contributed to sponsor service-based society and club activities in colleges and universities. Since its founding six years ago, the total expenditure for various sponsorships was NT\$ 27.42 million.</p> <p>The foundation has offered scholarships to outstanding students from poor families, who pursue studies in areas including chemical engineering, materials engineering, environmental science and ecology at 10 public and private universities to promote education related to the aforementioned areas and talent cultivation, as well as encourage Bachelor's degree and Master's degree students to work hard, thereby nurturing outstanding talents for the society. In 2017, the foundation awarded NT\$1.25 million worth of scholarships to 27 students from 24 departments in 16 public and private universities, including 3 PhD students, 16 Master's degree students and 8 Bachelor's degree students, where 14 of them came from poor families. Since its founding, the foundation has cumulatively awarded NT\$ 7.1 million worth of scholarships, where the number of departments sponsored have increased from 19 to 25, with the purpose of giving encouragement to more outstanding students who come from poor families.</p> <p>On the other hand, Chairman of the Alliance Cultural Foundation, Mr. Stanley Yen who took over as the Chairman of Junyi Elementary and Secondary School (currently known as Junyi Experimental High School) in Taitung since 2011, hopes to provide students in rural areas with equal opportunities for learning through heuristic education, so as to create a new value for education in Taiwan. The Alliance Cultural Foundation has also gradually shifted its manpower, time and resources to education. The USI Education Foundation recognizes Mr. Stanley Yen's care for rural education in Taiwan and his idea on sustainable development. Therefore, the foundation supports his efforts to implement various projects related to implementing and fostering rural education by sponsoring the Alliance Cultural Foundation and Junyi Experimental High School. In 2017, the USI Education Foundation awarded a sponsorship of NT\$ 1.5 million to the Alliance Cultural Foundation and a sponsorship of NT\$ 2 million to Junyi Experimental High School in Taitung, where the cumulative amount of sponsorship provided in the past six years was NT\$ 12.9 million. The foundation is expected to continue sponsoring them in 2018.</p> <p>Besides, in 2017, the foundation provided a sponsorship of NT\$ 1.05 million to other education-related public welfare organizations, including Boyo Social Welfare Foundation, Teach for Taiwan and the Exclamation Mark Strategic Alliance under Teco Technology Foundation which supports the young Bunun folk choir from Luanshan Elementary School in Taitung. To enable these socially recognized units receive stable support, the foundation is expected to continuously provide sponsorships</p>				

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
<p>to them in order to assist more schoolchildren in 2018.</p> <p>Furthermore, the USI Education Foundation also provides sponsorships to societies and clubs registered at various colleges and universities in order to encourage societies and clubs at colleges and universities to engage in services such as education-related public welfare activities for the disadvantaged, public welfare activities associated with rural education, as well as ecology and environmental protection education. The main types of activities sponsored by the foundation include education services activities in the following areas: languages, mathematics, nature, society, arts, life counseling, health, moral education, information education, environmental education and environmental protection education. The foundation hopes to provide the disadvantaged and rural people with diversified education through high-quality resources and manpower at colleges and universities.</p> <ol style="list-style-type: none"> 2. Established for 46 years, the Company's Love and Care Society continuously participates in the adoption of poor children organized by the Taiwan Fund for Children and families, and visits the sick, orphanages and old folks' homes from time to time. 3. The Company adopted the 500m-long beach beside Long Fong Fishing Port, Zhunan in 2017, and organized the first beach cleanup event on September 9 after adopting this beach. 4. The Company participated in the Public Welfare, Environmental Protection and Social Services event held by Yungchen Temple in Toufen Township, and provided fund sponsorship to the event. 5. The Company helps clean up and maintain the environment around Yungchen Temple, Nantian Street and Beitian Street. 6. The Company adopted street lamps around its Toufen Plant, and carries out maintenance of these lamps. 7. The Company adopted the Jhonggang River Dongxing Bridge Wetland Park in Miaoli. 				
<p>VII. A clear statement shall be made if the Company's CSR report complies with verification standards of relevant certification bodies: The 2016 Corporate Social Responsibility Report issued by USI was reviewed and approved by Deloitte & Touche in June 2017, where the report was prepared according to the G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI), and followed the indicators of key categories in GRI's G4 Sustainability Reporting Guidelines and the spirit of the Assurance Standards Bulletin No. 1 (refer to the revised edition of ISAE 3000). For details on the statement, refer to Appendix 8.3 in the Corporate Social Responsibility Report. For more information, visit the Corporate Social Responsibility section on the Company's website (http://www.usife.com.tw).</p>				

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

Note 2: Companies that have already prepared their own CSR reports may specify ways to access the report and indicate the page numbers of the cited content in place of the above-mentioned summary description.

(VI). Implementation of Ethical Corporate Management and Measures for its Implementation

Implementation of Ethical Corporate Management

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>I. Formulating Ethical Corporate Management Policies and Programs</p> <p>(I). Does the company specify ethical corporate management policies and programs in its regulations and external documents? Do the Board of Directors and the management team actively advocate and implement these policies?</p> <p>(II). Has the company formulated solutions to prevent unethical conduct from taking place, specified all the solutions in its operating procedures, conduct guidelines, punishments for violations and complaint and grievance channels. and implemented these solutions?</p> <p>(III). Does the company take preventive measures against operating activities stipulated in Article 7, Subparagraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies or those with higher risks of unethical conduct in other scopes of business?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I). The Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society" and exercises its corporate culture that "seeks truth, honesty and comprehensiveness". The Company has established its Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers to specify its ethical corporate management policies. The Company's Board of Directors and management team have promised to actively implement these policies.</p> <p>(II). The Company has formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, while the Group has also formulated the Code of Conduct for Employees Regarding Concurrent and Part-time Work. In addition, the Company has set up an Ethical Corporate Management section on its website to educate and promote ethical conduct, and organizes related training courses.</p> <p>(III). The Company has effectively prevented bribery and illegal political contributions by establishing the Audit Committee mailbox, authorization regulations, internal control systems, routine audits and ad-hoc audits.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies
<p>II. Implementing Ethical Corporate Management</p>	<p>✓</p>			Consistent with the Ethical Corporate Management

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(I). Has the company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	✓		(I). The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.	Best Practice Principles for TWSE or TPEX Listed Companies
(II). Has the company established a full-time (or part-time) unit directly under the supervision of the Board, which is dedicated to promoting ethical corporate management and regularly reports its implementation to the Board of Directors?	✓		(II). In order to enhance ethical corporate management in the Company, the Human Resources Division is responsible for formulating ethical corporate management policies and prevention solutions, which are supervised by the Audit Office and reported regularly to the Board of Directors every quarter.	
(III). Has the company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	✓		(III). The Company has formulated a policy for preventing conflict of interest in accordance with its Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, and established various related channels (such the Audit Committee mailbox, stakeholders' section, shareholders Q&A section and investor services section set up on the Company's website http://www.usife.com.tw/) for directors, managers and employees to describe potential conflicts of interest they have with the Company. Responses to shareholders' questions are also included in the shareholders' Q&A section for public viewing.	
(IV). Has the company established an effective accounting system and international control systems to implement ethical corporate management, designated its internal audit unit to perform regularly audits or commissioned CPAs to perform audit?	✓		(IV). The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management team and the Audit Committee.	
(V). Does the company regularly hold internal and external training related to ethical corporate management?	✓		(V). The Company continuously promotes and organizes education and training activities. The internal and external training sessions related to ethical corporate management organized by the Company in 2017 were as follows:	

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
			(1) With the Prevalence of Information Theft, How Can We Protect Trade Secrets? / 2 hours / 60 persons (2) How Enterprises Respond to White Collar Crime / 3 hours / 59 persons (3) Innovative Applications and Cloud Security Management / 2 hours / 33 persons (4) Information Disclosure and Prevention of Insider Trading / 3 hours / 49 persons	
III. Implementation of the Company's Whistleblowing System (I). Has the company established a specific whistleblowing and rewards system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II). Has the company established standard operating procedures for investigating reported cases and related confidentiality mechanisms? (III). (3) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓ ✓ ✓		(I). The Company has established the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct, and provided internal and external channels for whistleblowing. Moreover, the Company has also set up a designated unit to handle related matters. (II). The procedures above specify the handling procedures after receiving a whistleblowing report. The process is conducted in a confidential and rigorous manner. (III). The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies
IV. Enhancing Information Disclosure (I). Does the company disclose its ethical corporate management practices and the effectiveness of its implementation on its official website or MOPS?	✓		(I). The Company has placed the guidelines and information on ethical corporate management in the "Ethical Management" section on its website so that our colleagues can refer to these procedures and information at all times. The Ethical Corporate Management Best Practice Principles and annual reports (concurrently posted on MOPS) are placed on the Company's website	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies

Evaluation Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
			http://www.usife.com.tw/zh-tw/dirInvestor/frmInvestor1.aspx to disclose information related to ethical corporate management.	
V.			<p>If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: The Company has established its Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There was no material discrepancy during the implementation of these rules and regulations.</p>	
VI.			<p>Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles) The Company issues a signed letter titled "Reiteration of Our Company's Ethical Corporate Management Policies" to suppliers to demonstrate its commitment to ethical corporate management, and continuously organizes related promotion and training activities.</p>	

Note 1: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.



(VII). Methods of inquiry in the Corporate Governance Best Practice Principles and related regulations established by the Company:

1. The Company has established the following operating procedures:
 - (1) Articles of Association
 - (2) Corporate Governance Best Practice Principles
 - (3) Rules of Procedure for Board of Directors' Meetings
 - (4) Regulations Governing the Election of Board Members
 - (5) Regulations Governing the Evaluation of the Performance of the Board of Directors
 - (6) Rules Governing the Scope of Powers of Independent Directors
 - (7) Rules of Procedure for Shareholders' Meetings
 - (8) Regulations Governing the Acquisition and Disposal of Assets
 - (9) Regulations Governing Endorsements/Guarantees
 - (10) Regulations Governing the Loaning of Funds to Others
 - (11) Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers
 - (12) Ethical Corporate Management Best Practice Principles
 - (13) Procedures for Ethical Management and Guidelines for Conduct
 - (14) Remuneration Committee Charter
 - (15) Audit Committee Charter
 - (16) Procedures for Handling Material Internal Information
 - (17) Corporate Social Responsibility Best Practice Principles
 - (18) Regulations Governing the Handling of Employee Complaints, Opinions and Feedback
 - (19) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
 - (20) Corporate Governance Self-Evaluation Report
2. For related procedures, please visit the following websites
 - (1) Corporate Governance section of the Market Observation Post System
(<http://mops.twse.com.tw/mops/web/index>)
 - (2) Corporate Governance section under Investor Relations on the Company's official website
(<http://www.usife.com.tw>)

(VIII). Other material information that can enhance the understanding of the state of corporate governance at the Company:

The Company regularly performs audit of its subsidiaries, and regularly analyzes and reviews the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.



(IX). The following items related to the implementation of internal control systems shall be disclosed:

1. Statement on Internal Control



USI Corporation

Statement on Internal Control System

Date: March 13, 2018

According to the results from our self-evaluation, the Company shall make the following statements on our internal control system in 2017:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component includes a number of items. For more information on the above-mentioned items, please refer to the Regulations.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the above-mentioned results, the Company believes that the design and implementation of its internal control systems (including the supervision and management of its subsidiaries), as of December 31, 2017, including understanding the level of goal achievement with regards to operational benefits and efficiency, as well as whether reporting is reliable, timely and transparent and whether reporting complies with the relevant laws and regulations, are effective and can reasonably assure the accomplishment of the above-mentioned goals.
- VI. The Statement shall become the main content of the Company's annual report and prospectus, and shall be made public. Should the above-mentioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. The Statement has been agreed by the Company's Audit Committee on March 13, 2018, and approved by the Board of Directors on the same day, where zero out of the nine directors present voted against the resolution and the remaining directors agreed with the content of the Statement.

USI Corporation

Signature and Stamp of Chairman: Wu I-Kuei



Signature and Stamp of General Manager: Wang Ke-Shun





2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: Not applicable
- (X). Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.
- (XI). Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2017	June 8, 2017	<p>The minutes of the Shareholders' Meeting were posted onto MOPS on June 26, 2017. The resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> 1. Approve the 2016 Account Book Implementation status: Resolution passed 2. Approve the 2016 earnings distribution plan Implementation status: The resolution was passed. A total of NT\$ 571,301,182 were distributed to the shareholders as cash dividends, and the record day was August 4, 2017. All the cash dividends were completely distributed on August 25, 2017. On the other hand, a total of NT\$ 228,520,470 were distributed to the shareholders as stock dividends, where 22,852,047 new shares were distributed. All the stock dividends were completed distributed on September 14, 2017. 3. Deliberate on capital increase by retained earnings Implementation status: The resolution was passed. The resolution was declared effectively by the Securities and Futures Bureau under the Financial Supervisory Commission on June 27, 2017 and was approved as stated in the approved letter with Reference No. Ching Shou Shang Tzu 10601121280 dated August 31, 2017. The Company issued 22,852,047 new shares, where 20 new shares were distributed for each thousand shares held. The record date approved by the Board of Directors was August 4, 2017, and all the new shares were completely distributed on September 14, 2017. 4. Deliberate on the amendment of the Regulations Governing the Election of Board Members Implementation status: The resolution was approved and announced in the Company website and relevant procedures are conducted in accordance with the resolution of the shareholders' meeting. 5. Deliberate on the amendment of the Regulations Governing the Acquisition and Disposal of Assets Implementation status: The resolution was approved and announced in the Company website and relevant procedures are conducted in accordance with the resolution of the shareholders' meeting. 6. Deliberate on the amendment of the Procedures for Loaning of Funds to Others Implementation status: The resolution was approved and announced in the Company website and relevant procedures are conducted in accordance with the resolution of the shareholders' meeting. 7. Re-election of directors: 6 directors were elected, including Wu I-Kuei, Yu Ching-Shou, Shih Yen-Hsiang, Kao Che-I, Huang Kuang-Che and Chang Chi-Chung. 3 independent directors were elected, including Chen Chung, Tsai Li-Hsing



		<p>and Hai Ying-Chun.</p> <p>Implementation status: In this Annual General Meeting, 9 directors (including 3 independent directors) were elected, and their term of office was three years, from June 8, 2017 to June 7, 2020. The nine directors took office after this Annual General Meeting. On June 27, 2017, the Ministry of Economic Affairs approved the registration and it is announced in Company website.</p> <p>8. Deliberate on the permission for directors to engage in business competition Implementation status: Resolution passed</p>
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2. Board of Directors' Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
16th meeting of the 18th Board of Directors (1st meeting in 2017)	March 16, 2017	<ol style="list-style-type: none"> 1. Ratified endorsements/guarantees made for Union Polymer Int'l Investment Corp., Chong Loong Trading Co., Ltd., Forum Pacific Trading Ltd. and USIG (Shanghai) Co., Ltd. 2. Ratified three-year medium-term loan limit signed with KGI Bank 3. Agreed with the 2016 directors' and employee rewards distribution plan 4. Approved the 2016 Account Book 5. Approved the 2016 earnings distribution plan 6. Approved capital increase by retained earnings 7. Approved the amendment of certain articles in Regulations Governing the Election of Directors 8. Approved the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets 9. Approved the amendment of certain articles in the Procedures for Loaning of Funds to Others 10. Approved the re-election of directors at the Annual General Meeting this year 11. Approved the recommendation to lift competition restrictions against newly elected directors at the general shareholders' meeting 12. Approved matters related to the convening of the 2017 general shareholders' meeting 13. Accepted shareholders' proposals from April 1, 2017 to April 11, 2017 14. Approved the remuneration of CPAs for the year 2016 15. Approved the 2017 Evaluation of the Independence of Appointed CPAs 16. Approved the appointment of CPAs for year 2017 17. Approved the issuance of the 2016 Statement on Internal Control System 18. Approved the precious metal lease contract signed with the Bank of Nova Scotia from Canada 19. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions 20. Approved donations to the USI Education Foundation
17th meeting of the 18th Board of Directors (2nd meeting in 2017)	April 28, 2017	<ol style="list-style-type: none"> 1. Ratified endorsements/guarantees made for Union Polymer Int'l Investment Corp. 2. Reviewed the list of candidates who are directors (including independent directors) with shareholding percentage exceeding one percent at the Company
18th meeting of the 18th Board of Directors (3rd meeting in 2017)	May 8, 2017	<ol style="list-style-type: none"> 1. Ratified short-term credit loan contracts and related documents signed and delivered to financial institutions 2. Approved the Company's participation in capital increase by cash at USI Optronics Corporation



Session (Year) of Meeting	Date of Meeting	Key Resolutions
2017)		3. Approved the amendment of internal control system
1st meeting of the 19th Board of Directors (4th meeting in 2017)	June 12, 2017	<ol style="list-style-type: none"> 1. Nominated Mr. Wu Kuei-I as the Chairman of the Company 2. Approved the appointment of members of the Remuneration Committee 3. Approved the issuance of new shares
2nd meeting of the 19th Board of Directors (5th meeting in 2017)	August 10, 2017	<ol style="list-style-type: none"> 1. Ratified three-year medium-term loan limit signed with First Commercial Bank 2. Approved the 2017 Quarter 2 Consolidated Financial Statements 3. Approved the amendment of certain articles in the Rules of Procedure for Board of Directors' Meetings 4. Approved the amendment of certain articles in the Audit Committee Charter 5. Approved the formulation of the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct 6. Approved the issuance of unsecured ordinary corporate bonds 7. Approved the appointment of the Company's general manager 8. Approved the change of head of internal audit
3rd meeting of the 19th Board of Directors (6th meeting in 2017)	November 9, 2017	<ol style="list-style-type: none"> 1. Ratified the signing and delivery of short-term credit loan contracts and related documents to financial institutions 2. Ratified endorsements/guarantees made for Union Polymer Int'l Investment Corp., Chong Loong Trading Co., Ltd., Forum Pacific Trading Ltd. and USIG (Shanghai) Co., Ltd. 3. Ratified two-year medium-term loan limit signed with Yuanta Commercial Bank 4. Ratified three-year medium-term loan limit signed with Bank SinoPac 5. Ratified three-year medium-term loan limit signed with Taipei Fubon Bank 6. Approved the 2018 company budget 7. Approved the 2018 audit plan 8. Approved the formulation of the Regulations Governing the Evaluation of the Performance of the Board of Directors 9. Approved the amendment of certain articles in the Rules Governing the Scope of Powers of Independent Directors 10. Approved the amendment of certain articles in the Remuneration Committee Charter 11. Approved the lifting of competition restrictions against managerial officers
4th meeting of the 19th Board of Directors (1st meeting in 2018)	March 13, 2018	<ol style="list-style-type: none"> 1. Ratified endorsements/guarantees made for Union Polymer Int'l Investment Corp. 2. Approved the 2017 Account Book 3. Agreed with the 2017 directors' and employee rewards distribution plan 4. Approved the 2017 earnings distribution plan 5. Approved capital increase by retained earnings 6. Approved the recommendation to lift competition restrictions against directors at the Annual General Meeting 7. Approved matters related to the convening of the 2018 Annual General Meeting 8. Ratified the period for acceptance of shareholders' proposals: March 29, 2018 to April 8, 2018 9. Approved the remuneration of CPAs for the year 2017 10. Approved the 2018 Evaluation of the Independence of Appointed CPAs



Session (Year) of Meeting	Date of Meeting	Key Resolutions
		11. Approved the appointment of CPAs for year 2018 12. Approved the issuance of the 2017 Statement on Internal Control System 13. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions 14. Approved donations to the USI Education Foundation 15. Approved the lifting of competition restrictions against managerial officers

(XII). Dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors and supervisors, and are documented or issued through written statements, in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of this annual report

(XIII). Summary of the resignation and dismissal of the Company's Chairman, General Manager, Accounting Manager, Finance Manager, Head of Internal Audit and Head of Research and Development in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of this annual report

V. Information Regarding CPA Fees

(I). The Company may choose to disclose CPA fees by range or individual amount:

Name of CPA Firm	Name of CPA	Audit Period	Remark
Deloitte & Touche	CPA Kuo Tzu-Jung CPA Wu Shih-Tsung	2017	

Unit: New Taiwan Dollars (NT\$)

Range of Fees		Fee Item	Audit Fees	Non-Audit Fees	Total
1	Less than NT\$ 2,000,000		—	450	450
2	NT\$ 2,000,000 (inclusive) - NT\$ 4,000,000		—	—	—
3	NT\$ 4,000,000 (inclusive) - NT\$ 6,000,000		5,880	—	5,880
4	NT\$ 6,000,000 (inclusive) - NT\$ 8,000,000		—	—	—
5	NT\$ 8,000,000 (inclusive) - NT\$ 10,000,000		—	—	—
6	Over NT\$ 10,000,000 (inclusive)		—	—	—

1. If the non-audit fees paid to the CPAs, their accounting firm and affiliated companies of their accounting firm exceed one-fourth of the audit fees paid to them, the amount of audit and non-audit fees, and the content of non-audit services shall be disclosed:

The non-audit fees paid by the Company did not exceed one-fourth of the audit fees.



Unit: New Taiwan Dollars (NT\$)

Name of CPA Firm	Name of CPA	Audit Fees	Non-Audit Fees				Subtotal	Audit Period	Remark
			System Design	Business Registration	Human Resources	Others (Note 2)			
Deloitte & Touche	CPA Kuo Tzu-Jung	5,880	0	0	0	450	450	2017	Service Content: The assurance services over corporate social responsibility report of NT\$270 thousand, opinions on whether the issuance of corporate bonds has violated the Company Act and the Securities and Exchange Act of NT\$100 thousand and the verification of capital amount of NT\$80 thousand.
	CPA Wu Shih-Tsung								

Note 1: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column. Information regarding the audit and non-audit fees paid shall also be disclosed in order.

Note 2: Non-audit fees shall be listed by service item. If the Others column under Non-Audit Fees reaches 25 percent of the total non-audit fees, the service items associated with this column shall be listed in the Remark column.

2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed: The Company did not replace the CPA firm.
3. Where the audit fees were reduced by more than 15 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed:

The audit fees paid by the Company in 2017 has increased from 2016.



VI. Information regarding replacement of CPAs: No CPAs has been replaced in this fiscal year

(I). Previous CPAs: Not applicable

Date of Replacement			
Reason for Replacement and Explanation			
State whether the appointer or the CPAs have terminated the appointment, or whether the appointer or the CPAs have rejected the appointment	Party	CPA	Appointer
	Status		
	Terminate the appointment No longer accept (or continue with) the appointment	Not applicable	
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years			
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	Explanation:	
Other items for disclosure (where Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)			

(II). Successor CPAs: Not applicable

Name of CPA Firm	
Name of CPA	
Date of Appointment	
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	

(III). Former CPAs reply to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations: Not applicable

VII. The Company's directors, general manager, managerial officer in charge of finance or accounting who has served in a CPA's accounting firm or its affiliated companies in the most recent fiscal year: No such situation

VIII. Equity transfer or changes in equity pledged by the Company's directors, supervisors, managerial officers or shareholders with shareholding percentage exceeding ten (10) percent in the most recent fiscal year up to the publication date of this annual report:

(I). Changes in shareholdings of directors, supervisors, managerial officers and substantial shareholders



Unit: shares

Title (Note 1)	Name	2017		Current fiscal year up to up to April 30, 2017	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Director and Substantial Shareholder	Shing Lee Enterprise (Hong Kong) Limited	5,776,680	0	0	0
	Wu I-Kuei (Representative of Shing Lee Enterprise (Hong Kong) Limited)	2,174	0	0	0
	Yu Ching-Shou (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Shih Yen-Hsiang (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Dismissed on April 25, 2018)	0	0	0	0
	Wang, Ke-Shun (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Assumes the position on April 25, 2018)	Not applicable		0	0
	Kao Che-I (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Huang Kuang-Che (Representative of Shing Lee Enterprise (Hong Kong) Limited)	3,021	0	0	0
	Chang Chi-Chung (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0	0	0	0
	Wu Shou-Sung (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Dismissed on June 8, 2017)	0	0	Not applicable	
	Chou Hsin-Huai (Representative of Shing Lee Enterprise (Hong Kong) Limited) (Dismissed on June 8, 2017)	0	0	Not applicable	
Independent Director	Chen Chung	0	0	0	0
	Tsai Li-Hsing	0	0	0	0
	Hai Ying-Chun	0	0	0	0
General Manager	Wang Ke-Shun (Promoted on October 1, 2017)	5,200	0	5,000	0
General Manager	Chou Chun-Hsiung (Newly appointed on December 7, 2017)	0	0	0	0
Deputy General Manager	Wang Ping-I (Dismissed on June 5, 2017)	87,678	0	Not applicable	



Title (Note 1)	Name	2017		Current fiscal year up to up to April 30, 2017	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Deputy General Manager	Ying Pao-Luo (Dismissed on January 1, 2018)	313	0	Not applicable	
Vice President	Wu Shu-Jung	170	0	0	0
Vice President	Wu Ming-Tsung	0	0	0	0
Group Treasurer	Huang Yung-Hui	116	0	0	0
Accounting Manager	Kuo Chuan-Hua	0	0	0	0

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares shall be noted as major shareholders, and listed separately.

Note 2: Counterparties involved in equity transfer or pledging of equity are related parties and shall be listed in the following table.

(II). Information regarding equity transfer

Unit: Shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Date of Transaction	Counterparty	Relationship between the counterparty and the Company, its directors, supervisors and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Trading Price
Not applicable						

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Note 2: Fill either "Acquisition" or "Disposal".

(III). Information regarding pledging of shares

Name (Note 1)	Reason for Pledging of Shares (Note 2)	Date of Change	Counterparty	Relationship between the counterparty and the Company, its directors, supervisors and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Shareh olding Percent age	Percent age of Shares Pledged	Pledge (Redempti on) Amount
Not applicable								

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with



shareholding percentage exceeding ten (10) percent.
Note 2: Fill either “Pledged” or “Redeemed”.



IX. Information regarding the top 10 shareholders in terms of number of shares held, who are related parties or each other's spouses and relatives within the second degree of kinship:

As of April 7, 2018

NAME (NOTE 1)	SHARES HELD BY THE PERSON		SHARES HELD BY THE PERSON'S SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHER PERSONS		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3)		REMARK
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Title (or Name)	Relationship	
Shing Lee Enterprise (Hong Kong) Limited	294,610,680	25.28%	—	—	0	0%	Asia Polymer Corporation and Taita Chemical Company, Ltd.	Note 9	
Representative: Yu Ching-Shou	0	0%	12,121,229	1.04%	0	0%	Note 4	Note 9	
Asia Polymer Corporation	99,368,307	8.53%	—	—	0	0%	Shing Lee Enterprise (Hong Kong) Limited	Note 9	
Representative: Wu I-Kuei	110,904	0.01%	—	—	0	0%	Yu Ching-Shou and Wu Hsiao-Chun	Note 9	
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	20,418,325	1.75%	—	—	0	0%	None	None	
Yueh Hsing Hua Investment Co., Ltd.	20,217,081	1.73%	No information given by shareholders				None	None	
Representative: Hsueh Hui-Liang	No information given by shareholders								
Lin Su Shan Shan	19,464,517	1.67%	0	0%	0	0%	None	None	
Taita Chemical Company, Ltd.	14,813,629	1.27%	—	—	0	0%	Shing Lee Enterprise (Hong Kong) Limited	Note 9	
Representative: Wu I-Kuei	110,904	0.01%	—	—	0	0%	Yu Ching-Shou and Wu Hsiao-Chun	Note 9	
Wu Hsiao-Chun	12,121,229	1.04%	0	0%	0	0%	Note 5	Note 9	
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund	11,680,347	1.00%	—	—	0	0%	None	None	



NAME (NOTE 1)	SHARES HELD BY THE PERSON		SHARES HELD BY THE PERSON'S SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHER PERSONS		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP (NOTE 3)		REMARK
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Title (or Name)	Relationship	
Investment Account, a series of Vanguard Star Funds									
Standard Chartered Bank (Taiwan) Limited as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	11,675,060	1.00%	—	—	0	0%	None	None	
Yu Wen-Hsuan	11,000,000	0.94%	0	0%	0	0%	Note 6	Note 9	
Yu Wen-Tsung	11,000,000	0.94%	0	0%	0	0%	Note 7	Note 9	
Yu Wen-Yu	11,000,000	0.94%	0	0%	0	0%	Note 8	Note 9	

Note 1: The name of top 10 shareholders shall be listed and the names of corporate shareholders and their respective representatives shall be separately identified

Note 2: Shareholding ratio is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

Note 4: Wu I-Kuei, Wu Hsiao-Chun, Yu Wen-Hsuan, Yu Wen-Tsung and Yu Wen-Yu.

Note 5: Wu I-Kuei, Yu Ching-Shou, Yu Wen-Hsuan, Yu Wen-Tsung and Yu Wen-Yu.

Note 6: Yu Ching-Shou, Wu Hsiao-Chun, Yu Wen-Tsung and Yu Wen-Yu.

Note 7: Yu Ching-Shou, Wu Hsiao-Chun, Yu Wen-Hsuan and Yu Wen-Yu.

Note 8: Yu Ching-Shou, Wu Hsiao-Chun, Yu Wen-Hsuan and Yu Wen-Chun.

Note 9: Representative of Shing Lee Enterprise (Hong Kong) Limited, Mr. Yu Ching-Shou is the in-law of representative of Asia Polymer Corporation and Taita Chemical Company., Ltd., Mr. Wu I-Kuei, and he is also the spouse of Madam Wu Hsiao-Chun. Miss Yu Wen-Hsuan and Miss Yu Wen-Yu are Mr. Yu Ching-Shou's daughters, whereas Yu Wen-Tsung is Mr. Yu Ching-Shou's son. Representative of Asia Polymer Corporation and Taita Chemical Company., Ltd., Mr. Wu I-Kuei and Madam Wu Hsiao-Chun are relatives within the second degree of kinship. Miss Yu Wen-Hsuan and Miss Yu Wen-Yu are Madam Wu Hsiao-Chun's daughters, whereas Mr. Yu Wen-Tsung is Madam Wu Hsiao-Chun's son. Miss Yu Wen-Hsuan, Mr. Yu Wen-Tsung and Miss Yu Wen-Yu are relatives within the second degree of kinship.



X. Number of shares held by the Company, its directors, supervisors, managerial officers and directly or indirectly controlled investment companies in the same investment companies, and the combined calculation of shareholding percentages

As of December 31, 2017

Unit: shares; %

Investment Company (Note)	Invested by the Company		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
USIFE Investment Co., Ltd.	87,250,800	100.0%	0	0.0%	87,250,800	100.0%
Swanlake Traders Ltd.	30,000,000	100.0%	0	0.0%	30,000,000	100.0%
USI (Hong Kong) Company Limited	159,999	100.0%	0	0.0%	159,999	100.0%
USI Management Consulting Corp.	671,400	100.0%	0	0.0%	671,400	100.0%
Union Polymer Int'l Investment Corp.	462,758,000	100.0%	0	0.0%	462,758,000	100.0%
Taiwan United Venture Capital Corp.	32,900,000	70.0%	3,913,533	8.3%	36,813,533	78.3%
Chong Loong Trading Co., Ltd.	3,758,195	99.9%	0	0.0%	3,758,195	99.9%
Acme Electronics Corp.	49,250,733	27.0%	33,468,784	18.3%	82,719,517	45.3%
Swanson Plastics Corp.	60,792,524	40.6%	12,323,356	8.2%	73,115,880	48.8%
Thintec Materials Corporation	1,825,000	30.4%	3,925,000	65.4%	5,750,000	95.8%
Cypress Epoch Limited	5,000,000	100.0%	0	0.0%	5,000,000	100.0%
INOMA Corporation	9,126,786	93.2%	0	0.0%	9,126,786	93.2%
USI Optronics Corporation	33,000,000	50.8%	28,201,967	43.5%	61,201,967	94.3%
Ever Conquest Global Limited	77,346,000	62.6%	46,270,000	37.4%	123,616,000	100.0%

Note: Invested by the Company using the equity method

Chapter 4 Funding Status

I. Capital and Shares

(I). Source of Share Capital

1. Disclose the types of shares issued by the Company in the most recent fiscal year up to the publication date of this annual report

As of April 30, 2017; Unit: shares; New Taiwan Dollars (NT\$)

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2010.09	10	863,971,543	8,639,715,430	863,971,543	8,639,715,430	Capital increase by retained earnings NT\$ 925,683,790	None	Note 2(1)
2011.09	10	993,567,274	9,935,672,740	993,567,274	9,935,672,740	Capital increase by retained earnings NT\$ 1,295,957,310	None	Note 2(2)
2012.08	10	1,142,602,365	11,426,023,650	1,142,602,365	11,426,023,650	Capital increase by retained earnings NT\$ 1,490,350,910	None	Note 2(3)
2013.06	10	1,342,602,365	13,426,023,650	1,142,602,365	11,426,023,650	—	None	Note 2(4)
2014.08	10	1,342,602,365	13,426,023,650	1,165,454,412	11,654,544,120	Capital increase by retained earnings NT\$ 228,520,470	None	Note 2(5)

Note 1: Information for the current fiscal year shall be added as of the publication date of this annual report.

Note 2: For any capital increase, the effective (approval) date and the document number shall be added.

- (1) Approved document with Reference No. Ching Shou Shang Tzu 09901200860.
- (2) Approved document with Reference No. Ching Shou Shang Tzu 10001195590.
- (3) Approved document with Reference No. Ching Shou Shang Tzu 10101178710.
- (4) Approved document with Reference No. Ching Shou Shang Tzu 10201118240 (change of authorized capital).
- (5) Approved document with Reference No. Ching Shou Shang Tzu 10601121280.

Note 3: Shares traded below par value shall be indicated in a clear manner.

Note 4: Capital increase by currency debts or technology shall be stated, and the type and amount of assets involved in such capital increase shall be noted.

Note 5: Shares traded via private placement shall be indicated in a clear manner.

As of April 30, 2018; Unit: shares

Type of Shares	Authorized Capital			Remark
	Outstanding Shares (Note)	Unissued shares	Total	
Registered Common Shares (Merge)	1,165,454,412	177,147,953	1,342,602,365	Listed

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEX shall be noted).

2. Information regarding shelf registration: Not applicable



(II). Shareholder Structure

As of April 7, 2018; Unit: shares

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juristic Persons	Individual	Foreign Institutions and Foreigner	Total
Number of Shareholders	1	3	143	83,336	179	83,662
Number of Shares Held	306	3,902,308	150,844,390	572,977,837	437,729,571	1,165,454,412
Shareholding Percentage	0%	0.33%	12.94%	49.17%	37.56%	100%

Note: Companies primarily listed on the TWSE and the TPEX shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, legal persons, organizations, institutions or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as stipulated in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III). Distribution of Equity Ownership

1. Common shares

As of April 7, 2018; Unit: shares

Class of Shareholding (Unit: Shares)	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1 to 999	38,612	7,473,085	0.64%
1,000 to 5,000	26,896	61,076,745	5.24%
5,001 to 10,000	7,751	54,239,945	4.65%
10,001 to 15,000	3,662	42,829,358	3.67%
15,001 to 20,000	1,707	29,127,980	2.50%
20,001 to 30,000	1,911	45,428,630	3.90%
30,001 to 50,000	1,446	54,573,500	4.69%
50,001 to 100,000	964	66,174,438	5.68%
100,001 to 200,000	395	53,479,975	4.59%
200,001 to 400,000	180	49,177,705	4.22%
400,001 to 600,000	51	24,833,767	2.13%
600,001 to 800,000	16	10,882,286	0.93%
800,001 to 1,000,000	13	11,756,110	1.01%
1,000,001 and above (This range can be further classified where necessary)	58	654,400,888	56.15%
Total	83,662	1,165,454,412	100.00%

2. Preferred shares: None.

(IV). List of Major Shareholders

As of April 7, 2018

Name of Major Shareholders	Shares	Number of Shares Held (Unit: Shares)	Shareholding Percentage
Shing Lee Enterprise (Hong Kong) Limited		294,610,680	25.28%
Asia Polymer Corporation		99,368,307	8.53%
Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account		20,418,325	1.75%
Yueh Hsing Hua Investment Co., Ltd.		20,217,081	1.73%
Lin Su Shan Shan		19,464,517	1.67%
Taita Chemical Company, Ltd.		14,813,629	1.27%
Wu Hsiao-Chun		12,121,229	1.04%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund Investment Account, a series of Vanguard Star Funds		11,680,347	1.00%
Standard Chartered Bank (Taiwan) Limited as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account		11,675,060	1.00%
Yu Wen-Hsuan		11,000,000	0.94%
Yu Wen-Tsung		11,000,000	0.94%
Yu Wen-Yu		11,000,000	0.94%

(V). Market Price, Net Asset Value Per Share (NAVPS), Earnings Per Share (EPS), Dividends Per Share (DPS) and Related Information in the Most Recent Two Fiscal Years

Unit: New Taiwan Dollars (NT\$)/Share

Item	Year		Current fiscal year up to April 30, 2018 (Note 8)		
	2017	2016			
Dividend Per Share (Note 1)	Highest	18.20	17.15	17.00	
	Lowest	14.50	11.75	14.15	
	Average	15.83	14.48	15.57	
Net Asset Value Per Share (NAVPS) (Note 2)	Before distribution	15.55	15.51	15.87	
	After distribution	— ※	14.72	— ※	
Earnings Per Share (EPS) (Note 3)	Weighted average number of shares (thousand shares)	1,051,272	1,051,272	1,051,272	
	Earnings per share before adjustment	1.06	1.15	0.24	
	Earnings per share after adjustment	— ※	1.13	— ※	
Dividend Per Share (DPS)	Cash dividends	0.3 ※	0.5	—	
	Stock dividends	Dividends from retained earnings	0.2 ※	0.2	—
		Dividends from capital reserve	— ※	—	—
	Cumulative undistributed dividends (Note 4)	—	—	—	
Return on Investment	Price/earnings ratio (Note 5)	14.62	11.93	15.81	
	Price/dividend ratio (note 6)	51.67	27.44	—	
	Cash dividend yield (Note 7)	1.94%	3.64%	—	

※Based on the earnings distribution plan which has been approved by the Board of Directors but is yet to be acknowledged at the Shareholders' Meeting



*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year, and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

Note 5: Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year.

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report shall be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report shall be filled.

(VI).Company Dividend Policy and Implementation:

1. Dividend policy stipulated in the Company's Articles of Association

If the Company posts a net income after taxes (NIAT) as indicated in its final annual accounts for the current fiscal year, the Company shall use its NIAT to cover cumulative loss in the previous fiscal year. If there is remaining balance, ten (10) percent of this balance has to be set aside as statutory reserves, while the rest shall be regarded as distributable profit. This distributable profit shall then be combined with undistributed earnings that have been accumulated in previous fiscal years. Part of this combined amount shall be recognized as or transferred to special reserves as required by the law or the competent authority, while the remaining balance shall be regarded as cumulative distributable profit. The Board of Directors shall propose a earnings distribution plan which is then submitted to the Shareholders' Meetings for approval. The Shareholders' Meeting shall retain all or part of the Company's profit based on its business performance.

In regards to the resolution on earnings distribution, it has been decided that, due to the fact that the industry to which the Company belongs is in the maturity stage, and taking into account R&D needs and business diversification, dividends paid to shareholders shall not be less than ten (10) percent of distributable profit in the current fiscal year, where cash dividends shall not be less than ten (10) percent of the total dividends. However, no dividend shall be distributed if the distributable profit per share in the current fiscal year is less than NT\$0.1.

2. Distribution of dividends proposed at the most recent Shareholders' Meeting

(1) Stock dividends: The allocation of NT\$ 233,090,880 from retained earnings in 2017 for capital increase, in which 20 shares were distributed for every 1,000 shares held, has been proposed. After it is passed in the Annual General Meeting and approved in the competent authority, the Board of Directors will set the date for the distribution of stock dividends.

(2) Cash dividends: The allocation of NT\$ 349,636,323 from earnings in 2017 for the distribution of cash dividends, where a dividend of NT\$ 0.3 will be paid for every share, has been proposed. After it is resolved in the Annual General Meeting, Chairman of the Board is given the authority to set the date for the distribution of cash dividends.

3. Any expected material changes to the dividend policy shall be further explained:

The Company's dividend policy is not expected to experience any material changes as of the publication date of this annual report.



(VII). Effects on the Company’s business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting:

Unit: New Taiwan Dollars (NT\$)

Item	Year	2018 (Estimated)
Beginning paid-in capital		11,654,544,120
Distribution of dividends in the current fiscal year (Note 1)	Cash dividend per share	0.3
	Number of shares distributed per share held due to capital increase by retained earnings	0.02 share
	Number of shares distributed per share held due to capital increase by capital reserve	0 share
Changes in Operating Performance	Operating income	Not applicable (Note 2)
	Percentage of increase (decrease) in operating profit over the same period in the previous fiscal year	
	Net income after taxes (NIAT)	
	Percentage of increase (decrease) in NIAT over the same period in the previous fiscal year	
	Earnings Per Share	
	Percentage of increase (decrease) in EPS over the same period in the previous fiscal year	
	Annual average return on investment (reciprocal of average annual price/earnings ratio)	
Pro forma earnings per share and price/earnings ratio	If capital increase by retained earnings is entirely replaced by cash dividend distribution	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserve is not used for capital increase	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserve is not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share
		Pro forma average annual return on investment

Note 1: Distribution of dividends in 2017 is based on the earnings distribution plan approved by the Board of Directors on March 13, 2018.

Note 2: The Company has no regulations in place for the publication of its financial forecast. Hence, changes in the Company's operating performance, pro forma earnings per share and price-to-earnings ratio are not applicable.

(VIII). Rewards Distributed to Employees and Directors

1. Percentage or range of rewards distributed to employees and directors as stipulated in the Company's Articles of Association:
 - (1) Employee rewards: Employee rewards shall not be less than one (1) percent of the Company's profit in the current fiscal year. However, the Company shall reserve its profit to cover its loss if cumulative loss is recorded. The above-mentioned employee rewards can be distributed in the form of shares or cash. rewards shall be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.



- (2) Directors' rewards: Directors' rewards shall not exceed one (1) percent of the Company's profit in the current fiscal year. However, the Company shall reserve its profit to cover its loss if cumulative loss is recorded.
2. Basis for estimating the amount of rewards to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed for this period:
 - (1) Basis for estimating employee rewards: To be calculated based on the condition that employee rewards shall not be less than one (1) percent of the Company's profit in the current fiscal year.
 - (2) Basis for calculating the number of shares to be distributed as employee rewards: Not applicable.
 - (3) Accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed: If there is any material change made to the amount of rewards upon approval by the Board of Directors, such changes shall be adjusted as annual expenses in the current fiscal year.
 3. Distribution of rewards approved by the Board of Directors:
 - (1) rewards for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the above-mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be explained:
 Employee rewards: NT\$ 12,246,848, distributed in the form of cash
 Directors' rewards: NT\$ 5,500,000, distributed in the form of cash
 There was no discrepancy between the amount of rewards to be distributed as approved by the Board of Directors and the recognized amount of rewards for employees and directors.
 - (2) Amount of employee rewards distributed in the form of shares and its proportion to NIAT provided in the parent company-only or individual financial statements, as well as its proportion to the total amount of employee rewards:
 Not applicable as employee rewards were not distributed in the form of shares.
 4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:
 - (1) Distribution of rewards to employees and directors in the previous fiscal year:

Unit: New Taiwan Dollars (NT\$)

Item	Distribution of Remuneration to Directors and Employees in 2016		Discrepancy	Description of Reason for Discrepancy
	Approved at the Shareholders' Meeting on June 8, 2017 (Merge)	Approved at the Board of Directors' Meeting on March 18, 2017 (Merge)		
Remuneration of Directors	7,000,000	7,000,000	0	—
Remuneration of Employees	13,025,860	13,025,860	0	—

- (2) If there is any discrepancy between the actual amount and the recognized amount of remuneration for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancy shall be noted: There is no discrepancy between the actual amount and the recognized amount of remuneration distributed.

(IX).Repurchase of the Company's Own Shares: None.

II. Issuance of Corporate Bonds

(I). Unpaid Corporate Bonds:

As of April 30, 2018

Type of Corporate Bonds (Note 2)	2015-1 Unsecured Ordinary Corporate Bond A (Note 5)	2015-1 Unsecured Ordinary Corporate Bond B (Note 5)
Issue Date	February 12, 2015	February 12, 2015
Denomination	NT\$ 1 million	NT\$ 1 million
Place of issuance and transaction (Note 3)	Taipei Exchange	Taipei Exchange
Issue Price	NT\$ 1 million	NT\$ 1 million
Total	NT\$ 1 billion	NT\$ 1 billion
Interest rate	1.55% per annum	1.90% per annum
Maturity	5 years Maturity date: February 12, 2020	7 years Maturity date: February 12, 2022
Guarantor	None	None
Trustee	Trust Department, Mega International Commercial Bank Co., Ltd.	Trust Department, Mega International Commercial Bank Co., Ltd.
Underwriter	None	None
Certified Lawyer	True Honesty International Law Offices Lawyer Kuo Hui-Chi	True Honesty International Law Offices Lawyer Kuo Hui-Chi
Certified Public Accountant	Deloitte & Touche CPAs Wei Liang-Fa and Wu Shih-Tsung	Deloitte & Touche Wei Liang-Fa and Wu Shih-Tsung
Repayment method	Payment at maturity	Payment at maturity
Outstanding principal balance	NT\$ 1 billion	NT\$ 1 billion
Terms of redemption or early repayment	Not applicable	Not applicable
Restrictions (Note 4)	None	None
Name of credit rating agency, rating date and corporate bond ratings	USI was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 25, 2014	USI was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 25, 2014
Other Rights	Dollar amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this annual report	Not applicable
	Issuance and Conversion (Swap or Subscription) Methods	None
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	Not applicable	Not applicable
Name of commissioned custodian of exchangeable underlying	Not applicable	Not applicable



Type of Corporate Bonds (Note 2)	2016-1 Unsecured Ordinary Corporate Bonds (Note 5)	2017-1 Unsecured Ordinary Corporate Bonds (Note 5)
Issue Date	October 28, 2016	October 27, 2017
Face Value	NT\$ 1 million	NT\$ 1 million
Place of issuance and transaction (Note 3)	Taipei Exchange	Taipei Exchange
Issue Price	NT\$ 1 million	NT\$ 1 million
Total	NT\$ 2 billion	NT\$ 2 billion
Interest rate	0.80% per annum	1.10% per annum
Maturity	5 years Maturity date: October 28, 2021	5 years Maturity date: October 27, 2022
Guarantor	None	None
Trustee	Trust Department, Taipei Fubon Commercial Bank Co., Ltd	Trust Department, Taipei Fubon Commercial Bank Co., Ltd
Underwriter	Yuanta Securities Co., Ltd.	Masterlink Securities Corporation
Certified Lawyer	True Honesty International Law Offices Lawyer Kuo Hui-Chi	True Honesty International Law Offices Lawyer Kuo Hui-Chi
Certified Public Accountant	Deloitte & Touche CPAs Kuo Tzu-Jung and Wu Shih-Tsung	Deloitte & Touche CPAs Kuo Tzu-Jung and Wu Shih-Tsung
Repayment method	Payment at maturity	Payment at maturity
Outstanding principal balance	NT\$ 2 billion	NT\$ 2 billion
Terms of redemption or early repayment	Not applicable	Not applicable
Restrictions (Note 4)	None	None
Name of credit rating agency, rating date and corporate bond ratings	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 27, 2015	USI Group was given a long-term and short-term rating of tw A-/twA-2 by Taiwan Ratings Corporation on November 28, 2016
Other Rights	Dollar amount of common shares already converted (swapped or warranted) and global depository receipts or other negotiable securities as of the publication date of this annual report	Not applicable
	Issuance and Conversion (Swap or Subscription) Methods	None
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks	Not applicable	Not applicable
Name of commissioned custodian of exchangeable underlyings	Not applicable	Not applicable

Note 1: The issuance of corporate bonds includes public offering and private placement corporate bonds that are still under preparation. Public offering corporate bonds still under preparation refer to corporate bonds that have already been confirmed valid (approved) by SFB, whereas private placement bonds still under preparation refer to corporate bonds that have already been approved by the Company's Board of Directors.

Note 2: Adjust the number of rows based on the number of issuances.

Note 3: To be filled as well if corporate bonds are issued overseas.

Note 4: Such as restrictions on the distribution of cash dividends, foreign investments or requirement for



maintaining asset ratio at a certain level.

Note 5: Private placement of corporate bonds shall be indicated in a clear manner.

Note 6: Information regarding corporate bond conversion, information regarding corporate bond swap, status of shelf registration for corporate bonds and information regarding equity warrant bonds shall be disclosed in table form according to characteristics.

(II). Corporate Bonds Still Under Preparation: None.

(III). Information regarding the Conversion of Corporate Bonds: None.

(IV). Information regarding Corporate Bond Swap: None.

(V). Information regarding Shelf Registration for Corporate Bonds: None.

(VI). Information regarding Equity Warrant Bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. Issuance of Employee Stock Options: None.

VI. Issuance of New Restricted Employee Shares: None.

**VII. Status of New Share Issuance in Connection with Mergers and Acquisitions:
None.**

VIII. Implementation of Capital Utilization Plan

(I). Content:

As of one quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have not been completed, or that have been completed but are yet to record any benefit within the past three fiscal years: None.

(II). Status of Implementation:

Not applicable.



Chapter 5 Operations Overview - Consolidated Information

I. Business Content:

(I). Scope of Business:

1. Main purpose of the Company's businesses

- (1) Manufacture, process and sell polyethylene plastic raw materials (including ethylene vinyl acetate resin)
- (2) Manufacture, process and sell polyethylene plastic products (including ethylene vinyl acetate resin products)
- (3) Manufacture, process and sell catalyzers and related chemicals required by the plastics industry
- (4) Engage in the research and development of technologies related to the plastic industry, the acquisition and sale of proprietary technologies and patents in the plastic industry, and authorize for use of such technologies and patents to others
- (5) Design, manufacture, process and sell plastic processing equipment
- (6) General import/export trade businesses (except those subject to special approval)
- (7) Businesses that are not prohibited or restricted by law, except those which are subject to special approval
- (8) Manufacture plastic and its required raw materials
- (9) Manufacture plastic processed products and their required chemical products
- (10) Manufacture and sell technical services (including design and installation) for chemical machinery equipment (including vinyl chloride monomer plant equipment)
- (11) Manufacture, store, transport, sell, trade and resell vinyl chloride monomer
- (12) Produce and manufacture, trade, store and sell dichloroethane
- (13) Manufacture and sell degradable plastic materials
- (14) Machinery wholesaling



- (15) Manufacture and sell polystyrene and processed products (EPS/GPS/IPS)
- (16) Manufacture and sell acrylonitrile-butadiene-styrene copolymer resin (ABS)
- (17) Produce and sell styrene-acrylonitrile copolymer resin (SAN)
- (18) Manufacture and sell glass wool and related products
- (19) Manufacture and sell plastic raw materials and processed products
- (20) E303020 noise and vibration control engineering
- (21) E801010 interior decoration
- (22) Manufacture and sell manganese-zinc and nickel-zinc soft ferrite powder, ferrite cores and other components related to inductors
- (23) Manufacture and sell sapphire ingots and other related crystals
- (24) Engage in venture capital investments in invested businesses
- (25) Provide business management and consulting services to invested businesses and other venture capital investments

2. Proportion of each business

The revenue and proportion of the Company's main products are as follows:

Product Item	Proportion of Revenue (%)
Plastic Raw Materials	95
Electronic Materials	4
Others	1

3. The Company's current product items

- (1) Low-density polyethylene (LDPE)
- (2) Ethylene vinyl acetate resin (EVA)
- (3) High-density polyethylene (HDPE)
- (4) Linear low density polyethylene (LLDPE)
- (5) Vinyl chloride monomer (VCM) products
- (6) Plastic powder and chemicals
- (7) PVC building materials and products: Plastic tubes, pipe fittings, plastic door panels and anti-corrosion protection films



- (8) Plastic sheets: Soft plastic sheets, rigid plastic sheets, semi-rigid plastic sheets, adhesive plastic sheets and print plastic sheets
 - (9) Plastic leather and soft plastic leather
 - (10) Expanded polystyrene (EPS)
 - (11) Acrylonitrile-butadiene-styrene copolymer resin (ABS)
 - (12) General purpose polystyrene (GPS)
 - (13) Styrene acrylonitrile copolymer resin (SAN)
 - (14) Glass wool products
 - (15) Cubic printing
 - (16) Impact-resistant polystyrene (IPS)
 - (17) Manganese-zinc (Mn-Zn) soft ferrite powder
 - (18) Nickel-zinc (Ni-Zn) soft ferrite powder
 - (19) Manganese-zinc (Mn-Zn) soft ferrite cores (hereinafter referred to as "Mn-Zn cores")
 - (20) Nickel-zinc (Ni-Zn) soft ferrite powder (hereinafter referred to as "Ni-Zn cores")
 - (21) Sapphire ingots, substrates and other related sapphires
4. Plans for new product development
- (1) Development of new optical-grade applied materials - Cyclic block copolymer
 - (2) Third generation stain-resistant PVC leather
 - (3) PU casting stain-resistant PVC leather
 - (4) American 66" leather for school bus seats
 - (5) Australian anti-fouling soft leather for dashboards
 - (6) Breathable PVC faux soft leather for furniture
 - (7) Water-based scratch-resistant soft PVC leather for automobiles
 - (8) TPE leather series for sporting goods
 - (9) TPE leather series for furniture
 - (10) TPE leather series for automobiles
 - (11) TPE leather series for building materials
 - (12) Low film gelatinization PVC powder



- (13) Hot melt-grade, medical-grade and other special-grade ethylene vinyl acetate resin products
- (14) Development of low residual monomer ABS
- (15) Development of acrylonitrile-butadiene-styrene (ABS) polymer for electroplating application
- (16) Development of antistatic-grade EPS
- (17) Development of low molding cycle expanded polystyrene (EPS)
- (18) Development of low VOC expanded polystyrene (EPS)
- (19) Development of non-HBCD expandable polystyrene (EPS) for civil construction
- (20) Development of customized products (ABS, GPS, SAN and EPS)
- (21) Development of encapsulated glass wool products
- (22) Patent application for the Porter panel
- (23) Development of high-frequency ferrite cores for servers up to 5MHz
- (24) Development of ferrite cores for RFID antennas
- (25) Development of high-power ferrite cores for automotive
- (26) Development of new high-frequency material for MHz
- (27) Development of SiC crystal growth powder and SiC ceramic powder

(II). Industry Overview:

1. Current state and development of the industry

Since the 6th Naphtha Cracking Project by Formosa Chemicals & Fibre Corporation began operations, PE/EVA production volume in our country gradually increased year over year, and has generally remained stable in recent years. Currently, there are three PE / EVA manufacturers in our country, namely the Company (including both USI and APC) and Formosa Plastics Corporation. With both USI and APC each having one new EVA production line in operation in 2016, the Company's total production volume in 2017 was 1.269 million metric tons, an increase of 6.1% from the previous year, where the production volume of HDPE, LLDPE and LDPE (including EVA) in 2017 was 582 thousand metric tons, 216 thousand metric tons and 471 thousand metric tons respectively. On the other hand, the total



domestic demand for HDPE, LLDPE and LDPE (including EVA) in 2017 was 358 thousand metric tons, 235 thousand metric tons and 248 thousand metric tons respectively. Despite an oversupply in the overall domestic market, imported materials still account for a certain percentage due to low import tariffs and competitive prices.

Operations in 2017: Since the second quarter, the global caustic soda market has been bullish due to strong demand from the aluminum industry and the continued environmental protection audit policy in Mainland China, thus causing the operating rate of chlorine-alkali plants around the world to continuously peak and leading to excellent profitability. Due to the surplus of chlorine which was then channeled to PVC production in Mainland China, along with the the Indian rainy season in June and the month of Ramadhan which had inhibited PVC demands, the oversupply situation has resulted in a weak season for the PVC market. After the gradual decrease in the adverse effects of policies including banknote exchange and goods service tax, as well as the rainy season came to an end in India, PVC demands and sales rebounded, and production quickly remained stable after annual plant maintenance in the U.S. and Asia in the fourth quarter. In addition, PVC prices were revised downward due to the monopoly of PVC prices in Mainland China. VCM prices generally fluctuated through the year. However, due to the continuous launch of new production capacity in Asia, VCM supply became stable and sufficient, and the price difference in PVC has gradually increased from the previous year. Good ethylene demand due to products such as SM, along with the peak season of annual plant maintenance in naphtha cracking plants, led to high ethylene prices for most of the year. On the other hand, EDC supply was tight in the first half of the year due to annual plant maintenance in the Middle East. However, EDC oversupply resulted from production resumption in the second half of the year, led to relatively low prices till the end of the year. By upholding the spirit of vertical integration of the vinyl chain, the Company actively planned and updated production equipment to enhance production efficiency. The Company's goals included maximizing the production and sale of VCM, PVC and processed products, smooth production and sales in the upstream and downstream and cost control. The selling price of the Company's VCM products and the costs and margin for raw materials such as EDC have helped maintain favorable profitability for the Company.

In Taiwan's ABS/PS industry, there are four ABS producers and



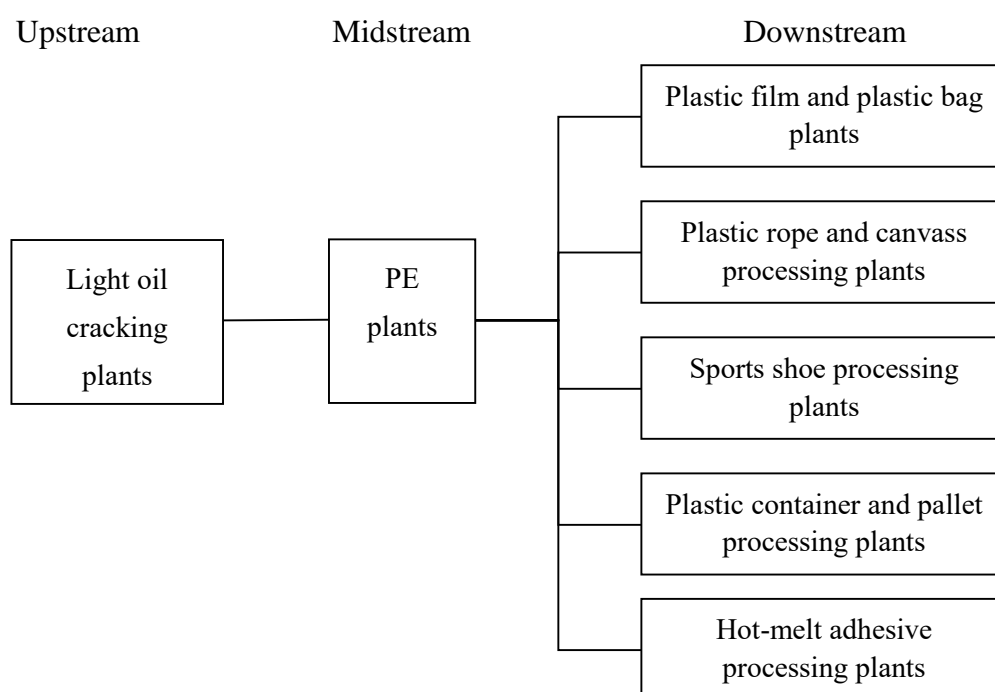
five PS and EPS products, and the total production capacity far exceeds the domestic demand. At present, over 85% of the annual production of various products in our country relies on export to maintain normal operations. Mainland China is the main target market for plastic raw materials due to the following reasons: 1) Mainland China is the world's production factory, where not only does its processed products get exported, but its domestic demand also gradually increases every year; 2) A large number of downstream processing plants in Taiwan have set up plants in Mainland China due to considerations related to cost competitiveness. The total production capacity of EPS producers in Mainland China is also far greater than its domestic demand. According to statistics at the end of 2017, the total domestic production volume for EPS in Mainland China exceeded 6.8 million tons, while the country's domestic demand was only 3 million tons. Demand for EPS can generally be classified into four major areas based on applications - packaging for electric appliances, vegetable and fruit boxes, ceramic packaging and building slabs. At present, building slabs account for approximately 40% of the total demand, while packaging for electrical appliances accounts for approximately 40%. Vegetable and fruit boxes and ceramic packaging constitute roughly 10% each. Based on market distribution, demand for EPS is mainly concentrated in South China (Guangdong), East China (Zhejiang), North China (Shanxi, Hebei and Shandong) and Northeast China (Heilongjiang, Jilin and Liaoning). The South and East China regions focus on packaging for electrical appliances, while the North and Northeast China regions concentrate on building slabs. Regions including the Middle East, Africa, Russia and South America are emerging markets with relatively strong potential for growing demand. In addition, in Japan where the domestic market is relatively closed off, customers' mentality towards imported materials have gradually changed due to high plastic prices within the country in the long term; however, customers' quality standards have remained high.

Ferrite powder and cores are mainly applied to coil inductors, and belong to inductive materials in passive components. Inductors are mainly used for preventing electromagnetic interference, filtering noise in electric current and power conversion. In addition to the aforementioned functions, inductors can also be used along with resistors and capacitors to demonstrate filtering functions. This electronic component, which can be used as materials for the upstream such as filters, chokes, ballasts, switch power supplies, various transformers (e.g. inverters, converters, inductors and telecoms), can



be further applied to common electronic products such as (wireless) chargers, desktop computers, notebook computers, liquid crystal displays, LCD or LED TVs, smartphones, automotive electronics and communication network devices. Because inductors can stabilize electric current, remove noise and suppress electromagnetic radiation, inductors are widely used in electronic information and consumer products.

2. Correlations between upstream, midstream and downstream Industries



The Company has maintained a good upstream and downstream relationship with CPC Corporation, Taiwan, and they have complemented each other over a long period. In the future, the Company will actively seek to establish a closer partnership with CPC Corporation, Taiwan. There are three PE manufacturers in Taiwan and each of these manufacturers has its own supply and sales system. We are the only company that continuously strives for excellence by improving product quality and quantity, thereby providing outstanding products to a large number of downstream processing companies so as to enhance processing quality and engage in joint development of the market.

Ethylene dichloride (EDC), the raw material for VCM in the upstream, is supplied by Formosa Plastics Corporation and overseas



manufacturers. Ethylene is supplied by CPC Corporation, Taiwan and overseas manufacturers. while liquid chlorine is supplied by Taiwan Chlorine Industries Ltd. EDC is cracked to produce vinyl chloride monomer (VCM) and hydrochloric acid gas. Ethylene, oxygen and hydrochloric acid produce EDC via oxychlorination. VCM produces polyvinyl chloride (PVC powder) via polymerization, which is then supplied to secondary plastic processing plants in Taiwan in order to produce a series of plastic products such as plastic leather, plastic sheets, plastic pipes and pellets.

ABS / PS are mainly supplied to the downstream in order to carry out injection molding for products such as information products, household appliances, daily household products and toys. The main target for EPS supply is molding or slab manufacturers. The main raw material for EPS is styrene monomer (SM). SM is not suitable for land transportation over long distances and is also a prohibited item on waterway transportation along Yangtze River. The production base for manufacturers is therefore built around SM production facilities.



In regards to magnetic iron oxide powder and cores:

Upstream	Midstream	Downstream	Product Application
Iron oxide Manganese oxide Zinc oxide	Manganese-zinc ferrite core Nickel-zinc ferrite core	Upstream component for power transformers, load coils, choke coils and degaussing coils	Information products: Power supplies, monitors, motherboards, hard drives, optical drives, printers, scanners and other computer peripheral devices
Nickel oxide Copper oxide	Manganese-zinc ferrite powder Nickel-zinc ferrite powder		Communication products: Equipment for central offices and individual clients such as smartphones, telephones, fax machines, switches and servers
			Consumer electronics: MP3 players, tablet PCs, digital cameras, game consoles, CD / DVD players, LCD / LED TV and audio systems Others: Automobile electronics, medical instruments, solar energy, wireless chargers etc.

3. Product development trends and competition

In terms of domestic sales, there are currently three PE and EVA manufacturers in Taiwan and each of them has established its own supply and sales systems. Yet, the proportion of imported materials such as LDPE, HDPE and LLDPE is still relatively high due to low import tariffs. In the export market, Taiwan is a major exporter of petrochemical products such as PE and EVA, and our country mainly exports such products to Mainland China, Southeast Asia and South Asia. In addition to the Middle East, the U.S. and some European countries, our main competitors also include Asian manufacturers, including those in Japan, South Korea, Thailand, Singapore, Malaysia, India, Indonesia and Mainland China. Due to the rise of local protectionism in recent years, ASEAN countries, Mainland China and India have successively implemented differentiated tariff policies. Our main competitor, South Korea, has taken a big leap in trade negotiations. Even ASEAN countries like Thailand and Singapore have continuously increased their production capacity in recent years due to benefits of preferential tariffs, thereby severely affecting the competitiveness of our country's petrochemical products. Furthermore, beginning from the second half of this year, millions of tons of new PE production capacity in North America is expected to begin operations within 3 to 5 years. Costs for producing ethylene using shale gas as raw material are low, and their threat to light cracking plants which feeds Naphtha cannot be underestimated. Facing such a severe challenge, the Company has continuously diversified its market in recent years so as to avoid price competition



in the general purpose market. At the same time, the Company is actively enhancing its international marketing capabilities, and expanding to regions such as Russia, Pakistan, Vietnam, the Middle East and Eastern Europe in order to avoid the risk of excessive market concentration.

In the current PVC industry in Taiwan, the annual production volume of VCM at the Company and Formosa Plastics Corporation is 450 thousand tons and 1.58 million tons respectively. The annual production volume of PVC at the Company, Formosa Plastics Corporation and Ocean Plastics Co., Ltd. is 400 thousand tons, 1.35 million tons and 120 thousand tons respectively. Processed products in the downstream consist mainly of PVC adhesive tape, PVC leather and PVC pipes. These products are made by the Company, Nan Ya Plastics Corporation and Ocean Plastics Corporation. Based on product classification, there are 12 PVC adhesive tape manufacturers, 9 PVC leather manufacturers (including adhesives) and 17 PVC pipe manufacturers.

In 2017, the total annual import of PVC powder in Taiwan was 20 thousand tons. On the other hand, the combined domestic sales at three PVC powder manufacturers was 220 thousand tons, while the total amount of PVC exports and total amount of PVC produced for personal use was 1.1 million tons and 260 thousand tons respectively.

Due to the fact that the housing sales and housing transactions in the domestic construction industry in 2017 posted a growth from 2016, and major public projects in the country were gradually launched, along with the flat prices of plastic raw materials, downstream manufacturers demonstrated increasing purchase intention, thus resulting in increasingly strong demand for related plastic construction materials. In terms of export markets, buying sentiment was affected by policy factors in the Indian market in 2017, thus leading to a sharp decline in sales. Fortunately, exports to Mainland China, the Middle East and Brazil grew by 100%, thereby compensating the sales gap caused by India.

ABS was originally classified as a high-priced / high-profit engineering plastic. However, ABS has gradually lost its high-priced / high-profit position and become more of a general-purpose plastic after Taiwan's Chi Mei Corporation and South Korea's LG Corporation increased their capacity and became the largest and second largest plants in the world respectively. Mainland China is the biggest ABS market in the world. After the 2008 economic crisis,



China introduced the Home Appliance Subsidy Program in rural areas, which has successfully lifted demand for ABS in 2009 and 2010, thereby creating the facade of prosperity in the ABS market in 2009 and 2010. Thereafter, the industry suffered severe losses due to stagnant growth in market demand and continuous increase in production capacity leading to intense competition between 2011 and 2016. After the fourth quarter of 2016, the industry benefited from low inventory of home appliances, while the post-cycle housing market drove demand. In addition, there was an increase in consumption in rural areas and third and fourth tier cities, where product consumption improved. Multiple positive factors have led to a significant increase and stable growth of the production and sales of home appliance in Mainland China in 2017, where the operating rate of peers in the ABS industry exceeded 90% on average. ABS has brought in reasonable profit, and thus has become a major source of profit. Although there were new ABS production capacities set up by the Company's peers in the past few years, these new production capacities are expected to be immediately absorbed by the market. GPPS is a general-purpose plastic, whose market value mainly fluctuates with the price of raw material SM. Due to the benefits of vertical integration and relatively good SM prices in recent years, Taiwan's largest GPS production plant, Formosa Chemicals and Fibre Corporation, has experienced relatively lower production costs than other manufacturers, and offers flexible prices, thereby becoming the leading manufacturer in this market. Other GPS manufacturers in Taiwan (including the Company) purchase SM to produce GPS. In contrast, SM prices have a greater effect on competition for these manufacturers. The Company is the only GPS manufacturer in Asia which adopts the NOVA manufacturing process. This process produces GPS with low-free monomers, and the quality of GPS produced enables the Company to compete in the high-end international market. EPS is listed as a Class 9 dangerous good in maritime transportation as it contains penthane. Due to the frequent occurrence of shipping accidents in recent years, the packaging standards and acceptance level for EPS vary greatly at different shipping companies. The fire-retardant EPS, a heat-and sound-insulating building material, is replaced, because the traditional fire-retardant, HBCD has gradually been restricted by all countries in the world (the EU has listed HBCD as SVHC), and thus non-HBCD fire-retardant is fully used in the market. Demand for EPS in packaging for appliances in Taiwan has decreased because large-scale processing plants have successfully shifted out of Taiwan. Hence,



over 90% of EPS produced in Taiwan is exported overseas. The Company mainly exports EPS to places all over the world. Contrary to other peers which mainly export EPS to Mainland China with a larger bid, the Company exports EPS to a large region. Coupled with EPS's position as a Class 9 dangerous good in maritime transportation and transformation of EPS application in fire retardants, EPS is easily affected by changes in politics, economy, regulations and so on in different regions all over the world. The direction of EPS sales must be adjusted at any time to meet changes in the external environment.

For ferrite powder and cores, due to rapid development of 3C products, downstream manufacturers continuously launch new products in response to changes in market demand. With increasingly enhanced functions of electronic products and the polarized development of large-sized transformers and micro-miniature inductors, it is necessary to design product characteristics such as materials, formulas, impedances, dimensions and appearances according to customers' requirements for product functions, materials and shapes, as well as follow the trend of developing complicated products with wide temperature range, high frequency, resistance to high current and micro-miniature size. Most of these products are exported overseas, with Mainland China being the main market for export. Major competitors in this industry are ferrite core manufacturers in Japan and China. The large number of competing manufacturers has led to fierce price competition in this industry. Therefore, increasing the added value of these products and improving manufacturing processes to lower product costs and enhance overall product quality can effectively segment the market and establish a competitive advantage. In addition, establish all-around support service capabilities in line with customers' product development needs, shape the Company's competitive advantage over other competitors, as well as jointly develop future products according to development trends in order to quickly grasp market developments and enhance competitiveness.



(III). Overview of Technology and Research & Development:

1. R&D expenses invested in the most recent fiscal year

Unit: NT\$ thousands

	2017	As of end of April 2018
R&D Expenses	388,920	107,679

2. Successfully developed technologies or products

- (1) Development of new specifications for ethylene vinyl acetate copolymer plastic raw materials
- (2) Performance enhancement of high-density coating materials
- (3) Development and application of high-performance foam material for shoes
- (4) Development of fire-retardant additive formula and its applications
- (5) Application and performance enhancement of hot-melt adhesives
- (6) Development of high-flow hot-melt adhesives
- (7) Development of shock-absorbing eco-friendly elastic materials without adhesives
- (8) Development of polyolefin used in LCD monitors and biomedical testing equipment, and its applied materials
- (9) Addition of chain extender to H73PVC powder polymerization to shorten reaction time
- (10) Second generation anti-fouling PVC furniture leather process technology
- (11) Rigid PVC foam pipe production technology
- (12) TPE soft foam leather production technology
- (13) TPE leather surface treatment production technology
- (14) PVC rigid foam door panel product technology and formula
- (15) Addition of new pure water deoxidation equipment to improve the whiteness of PVC powder
- (16) PVC adhesive anti-slip pad
- (17) Australian PVC faux leather for automobiles
- (18) European PVC anti-fouling soft leather for printing
- (19) Second generation PVC leather with anti-fouling effects
- (20) 60" PVC leather for agricultural machinery



- (21) Double-color rolled hole PVC leather
- (22) Second generation soft PVC leather for anti-cat scratch furniture
- (23) Soft PVC leather for agricultural machinery seats
- (24) Rigid PVC foam pipe
- (25) TPE soft foam leather
- (26) TPE leather for industrial exhaust pipes
- (27) TPE leather for bags
- (28) TPE anti-slip leather
- (29) PVC building materials (foam door panels)
- (30) Development of high-end, high VA and low MI foam/injection-molded foam EVA products for shoe materials, V33121
- (31) Low VOC acrylonitrile-butadiene-styrene (ABS) emulsion synthesis technology
Outcome: High-rubber powder VOC was successfully reduced to 50% through formula at the reaction end and process control, thereby reducing processing of VOC outputs and improving the surface gloss of molded products.
- (32) Development of acrylonitrile-butadiene-styrene (ABS) polymer for electroplating
Outcome: Formula correction and additive adjustment effectively enhanced the appearance and adhesion strength of finished products for electroplating. Hot and cold tests were also improved to penetrate into the electroplating and bathroom facilities markets, thereby continuously developing potential markets in other countries.
- (33) ABS for alloys
Outcome: Formula correction improved the dispersion effect of ABS products in modified compounding, enhanced alloy performance and product stability, thereby increasing the elasticity of the alloy performance formula ratio.
- (34) Development of customized high expandable polystyrene (EPS) products
Outcome: Additive adjustment and types of anti-static, along with the adjustment of operating procedures in production can shorten molding time and effectively reduce the generation of static electricity in high-end electronic products and component packaging materials, thereby enhancing the added value of the products. Its quality has been recognized by customers, and it is continuously sold in the market.



- (35) Development of non-HBCD expandable polystyrene (EPS) for civil construction
Outcome: Products that meet strength specifications in civil constructions were developed through formula adjustment. In addition, the relevant test reports were also obtained. These products are currently being promoted in collaboration with customers and partners in the downstream.
- (36) Development of low VOC expanded polystyrene (EPS) for automobiles
Outcome: Through formula correction, product test results complied with the specifications of Nissan NES M0402. It is proposed that mass production will be carried out in Tianjin plant.
- (37) Case study on cost reduction
Outcome: Studies on the rationalization of substitutes of raw materials and formulas were completed in 2017, where the costs of raw materials were effectively reduced. A total cost savings of NT\$ 3,242 thousand was achieved at Cianjhen / Linyuan plants.
- (38) Improvement of ABS / GPS / EPS manufacturing processes
Outcome: A total of 6 areas were completed, including the improvement of major ABS / GPS / EPS equipment, energy and carbon reduction, as well as recycling and reuse.
- (39) High Tc and high u Mn-Zn material A104 / A071 / A072
- (40) Wide temperature and stability Ni-Zn material F80
- (41) High Permeability Ni-Zn K25
- (42) High frequency and low loss Mn-Zn material P452
- (43) High-purity 5N SiC Powder

(IV). Long-term and Short-term Business Development Plans

1. Short-term business development plans:

For short-term business planning, due to lack of ethylene supply based on the contract with CPC Corporation, the Company not only is committed to searching for sources of low-priced ethylene, but also continuously develop differentiated products, optimizes product mixes, and reduces production costs, thereby enhancing product profitability and the competitiveness of domestic processing plants. In terms of exports, the Company plans to continuously solidify its



position in the Mainland Chinese market. Additionally, the Company will comprehensively enhance service quality, improve product structure and focus on differentiation and customization to address niche market needs in order to avoid vicious low-price competition. The Company has a reputation for high quality and enjoys the benefit of word-of-mouth in the market of hot-melt adhesives for solar modules and special hot-melt adhesives. In addition, as the solar energy market has been booming in recent years, the Company has constructed two new EVA production lines with a total annual production capacity of 90 thousand tons in order to meet customers' eager demands. Both production lines went into operation in 2016, and the products immediately gained recognition from customers. The overall sales of EVA have been smooth at present. By investing in the Gulei project, the Company can produce a stable supply of raw materials for the upstream and integrate both petrochemical raw materials and plastics refining, which enhances its overall cost support and reduces transportation costs and competition in the international market, thereby enabling the Company to get a foothold in the Greater China market. The Company will continue to engage in the research and development of CBC optical materials and food-grade milk bottle materials, and continuously investigate and evaluate the market potential for high-value ethylene derivatives / copolymer and the feasibility of mass production for these products.

The Company will strengthen integrated operations of VCM-related industry chain in order to stabilize high production volume and quality and actively explore stable sources of raw material supply. Furthermore, the Company will actively establish cooperative relationships with major customers of PVC powder, and continuously acquire new customers. The Company's domestic sales of PVC powder and its related market share are still expected to maintain stable growth in 2018. Flexible use of product diversification and division of labor at both its Toufen plant and Linyuan plant will fragment the market and customers, screen for customers with good credit ratings, strengthen sales and distribution channels in the main market and increase the proportion of downstream manufacturers, so as to balance market fluctuations due to peak and off-peak seasons and eliminate bottlenecks that resulted from excessive concentration of sales orders on traders. In 2018, the global economic is expected to grow. The Company will continue to strengthen its relationships with sales and distribution channels and engage in sales expansion. Moreover, the Company will enhance overall service quality, ensure



stable supply of goods and increase sales. Among them are 45% of liquid caustic soda which faces competition from imported products. Hence, the Company's salespeople will continuously enhance their core relationships with customers in order to maintain its market share. The Company will also continue to develop a niche new product, namely PVC pellets. In the short term, the Company will develop plastic pellets for medical equipment and rigid pipe fittings, as well as low-odor and transparent plastic pellets. Besides, the Company will continue to enhance product quality, accurate delivery and services in order to solidify its sources of sales orders for PVC plastic pellets from Nepal and India. The Company will also promote and sell plastic pellets to emerging markets via trade service networks and by participating in exhibitions held in major markets. With respect to PVC plastic products, the pipe product portfolio will be adjusted in order to increase its market share in construction pipes and waterproof materials. The Company will also actively engage in the supply of such products to public works in order to improve profitability. At the same time, the Company will promote composite materials and materials for environmental protection in order to increase the added value, differentiation and brand image of such products. On top of that, the Company will enhance product awareness and expand business opportunities for plastic leather / sheets through media advertising, website design and participation in various major exhibitions. The Company will also join forces with its peers to strengthen the supply of various types of artificial leather, with the purpose of increasing its product portfolio and enhancing horizontal competitiveness. The Company will upgrade the Forbid anti-fouling treatment agent by not only improving the formula to enhance decontamination effect, but also by developing water-based formula to expand the market. The business of leather for agricultural equipment and seats in North America has been stable. In this market, the Company has successfully clinched an order from a major tractor seat manufacturer in the U.S. This order serves as a stable source of revenue for the year. The Company's product portfolio and sales performance will also experience a strong rise, thereby significantly benefiting the Company. The upgraded anti-mold formula for plastic leather used in ships have met the REACH requirements. Hence, the Company is expected to establish and benefit from a stable source of orders for this product in the European market. The Company will also improve formulas and related labels in line with regulatory requirements of Prop #65 in the North American market; hence, market operations in this region is



expected to be more sound and robust. The Company will enhance the promotion of eco-friendly materials, and promote new products for furniture and ships, with hopes that material innovation can improve sales performance in the market. Meanwhile, the Company will strengthen its efforts to run its rigid plastic sheet business in the Asian market, where its market share for this product has effectively increased. The Company will develop the colored rigid plastic sheet market in the Middle East and India, add new production capacities to continuously develop the customer base for tape cloth, pool cloth and waterproof cloth. The Company plans to participate in a trade show held in China in 2018, in order to promote and introduce the uses and development of its products to overseas customers.

With the quality advantage of GPS due to using the NOVA manufacturing process in its production, GPS has an opportunity to grow continuously in the optoelectronics market and can continuously enter the food-grade GPS market in developed countries such as the U.S. and Japan. This will assist in the profitability obtained from GPS sales. After the introduction of the Toyo SAN manufacturing process in the production of ABS, the background color and physical properties of existing ABS have improved. In the future, the Company will actively make good use of this advantage to reach out to customer groups of higher quality. The Company's antistatic-grade EPS has been approved for use by various panel manufacturers. Furthermore, the Company will continuously understand customer needs, and further improve quality in order to increase sales. The Company will grasp the business opportunities in Mainland China's continuous economic expansion and expand to its inner market. The Company will advance new product development projects for major customers in important market in order to expand into new markets and niche markets with high added value. The Company will strengthen profit analysis of product specifications at the customers' end, select more favorable customers and products, and plan and implement market segmentation strategies to maximize benefits. The Company will develop and advance high value-added products and form strategic alliances with European and American producers that use different products for the same purpose to strengthen market competitiveness. The Company will expand functionality and flexible organization and actively expand export sales, particularly develop the market in emerging and developing countries. The Company will work with main customers in product development to launch new product range and expand into new markets. The Company will also enhance smart



management in coordination with the SharePoint computer systems, thereby enhancing production and sales capabilities through file sharing. In the South China market, the Company will continue to maintain the stability of raw materials, enhance the quality of ultra-light materials and rapid materials, stabilize basic sales volume and expand sales in favorable markets. The Company will also continue to improve the quality of ultra-light materials to expand sales in the ultra-light slab market. The Company will continue to strengthen core markets (in Guangdong Province) and develop markets in Guangxi, Yunnan, and Guizhou so as to further enhance regions that favor market sales. The Company will actively seek out and maintains markets for inactive products and uses complementary specifications in market demand to balance sales. Besides, the Company will continue to increase and expand technical service capabilities and scope for customers to increase value-added products and develop customer loyalty. In the North China and Northeast China markets, the Company will actively develop customer base for packaging, stabilize product quality, and make use of its advantage of product quality in order to respond to the passive situation of overdependence on building materials before changes in market competition. We seek out or improve sales channels (both distributors and direct sales) in each region and follow more effective sales policies. We integrate sales in the southern markets (southern China/Anhui/eastern China) and change the existing sales strategies to seek appropriate markets during traditional low seasons. The Company will continuously develop export business, engage in stable supply to overseas markets, and actively cooperate with the Taipei sales team in order to expand sales. The development of market for selling materials from Tianjin in South China on commission is to balance sales specifications and enhance the rate of transfer-between-factories.

In terms of ferrite powder and cores, the Company will continue to develop new materials, new technology and new products, and integrate the cost advantage of factories in Mainland China to increase competitiveness and market share. The Company's existing sales offices in South China, East China and Chengdu, and Weihai will continue to enhance services for downstream customers, and stay close to the customers in order to respond quickly to customer needs. The Company will also recognize new products in conjunction with the Design-in and Spec-in processes implemented by international manufacturers. Product portfolio will also be adjusted in order to increase profitability.



2. Long-term business development plans

In the long-term planning of its PE / EVA business, the Company will actively expand this business into markets including Southeast Asia, South Asia, East Asia, the Middle East and the Americas in order to diversify risks due to excessive market concentration. In addition, the Company will find a stable source of ethylene and seek opportunities for vertical integration, thereby controlling the cost of raw materials in the upstream to get a foothold in the global market, and expanding its sales strategies by integrating refineries in both the upstream and the downstream.

In regards to VCM, the Company will implement occupational safety and health policies and stabilize manufacturing and production, with hopes of reducing cost and ensuring the long-term stability of product supply. The differentiation of PVC powder product processability will be enhanced in order to continuously promote the uses of special specifications. The Company will also fully utilize its existing production capacity and improve the debottlenecking of its equipment in order to increase product quality and establish stable sales and distribution channels. In the meantime, the Company will continue to enhance the quality of its PVC pellet products and engage in joint development new functional formulas. Besides, the Company will also engage in the research and development of high-end products in response to market demand, so as to increase the profitability of PVC pellet products. The Company will enhance research on processing technologies for PVC plastic products, and improve equipment and its environment in order to produce differentiated products, thereby segmenting the increasingly competitive traditional product market. The Company will also improve the production capability of the PVC plastic product machinery and raw material formulas in order to develop high value-added products. Furthermore, the Company will expand the production capacity for professional products to increase market share. The Company's products will then be continuously promoted to countries and regions with high economic growth such as Southeast Asia, Bangladesh, Vietnam and South America. The product portfolio for PVC plastic products to be promoted includes SRT anti-fouling leather, automotive leather and stationery / universal / pool adhesive sheets. The Company will search for information on fashion and trends to continuously develop trendy emboss and color combinations, and jointly develop new PVC plastic



products with its peers to create a more complete product portfolio, thereby allowing for the acquisition of more customers. In line with the updated environmental protection regulations, the Company will continue to engage in formula adjustment and improve its corresponding measures. The Company will also continuously promote eco-friendly materials such as TPO and TPU plastic sheets/plastic leather, and primarily target the markets of products such as door trims, shoes, automobiles, furniture, ships and flooring.

The Company will collect information on trends in the selection of materials in the electronics, communications and information industry and cooperate with large electronics manufacturers in developing suitable product materials. With the improvement of physical properties of its products, the Company will increase market share in the "high-quality, high-priced" market segment. Furthermore, the Company will continuously evaluate the pros and cons of different production bases in terms of production and transportation costs and maintain our competitive advantage and while increasing market share. The Company will increase its market share in overseas emerging markets. The Company will also reduce its reliance on materials suppliers and acquire direct customers. The Company will also lower inventory levels and reduce dollar amount of inventory without affecting the delivery of customer orders. The Company will collect information on trends in the selection of industrial materials so as to adapt to industry adjustments and develop suitable product materials. The Company will balance and overcome off-peak and peak seasons starting from sales specifications, and actively engage in market development.

The Group's related resources will also be integrated in order to continuously develop businesses related to ferrite powder and cores, as well as new materials. The Company will also actively acquire potential customers and develop new locations so as to increase its market share. Additionally, the Company will continue to nurture international marketing talents, set up overseas sales offices, and keep abreast of information related to international markets in order to achieve the goal of internationalization.

II. Market, Production and Sales Overview:

(I). Market Analysis:



1. Sales regions and market share for major products

Domestic polyethylene (PE) plastic raw materials are used by both USI, APC and Formosa Plastics Corporation to manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA). High-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) are manufactured by both USI and Formosa Plastics Corporation as well. USI's PE / EVA sales account for 41% of the total domestic sales, where its PE / EVA exports account for 59%. These products are sold mainly to United Arab Emirates, Australia, Bangladesh, Brazil, China, Ecuador, Egypt, United Kingdom, Hong Kong, Indonesia, Israel, India, Iran, Japan, Cambodia, Sri Lanka, Myanmar, Mexico, Malaysia, Nigeria, New Zealand, Peru, the Philippines, Pakistan, Poland, Russia, Senegal, Thailand, Turkey, United States, Venezuela, Vietnam and South Africa, where 86% of total export orders come from Hong Kong and Mainland China. In the export of plastic materials, ethylene vinyl acetate (EVA) is the main exported plastic material, followed by high-density polyethylene (HDPE). The rest are low-density polyethylene (LDPE) and linear low-density polyethylene (LLDPE). Domestic sales for low-density polyethylene (LDPE) at USI constitutes 3.3% of the total domestic sales, whereas APC and Formosa Plastics Corporation supply 24.3% of the product domestically. The remaining 72.4% are imported products. In the domestic market for ethylene vinyl acetate (EVA), USI accounts for 47%, whereas APC and Formosa Plastics Corporation supply 29% of the product domestically. The remaining 24% were imported products. In regard to high-density polyethylene (HDPE), USI constitutes approximately 21 % of the total domestic sales. On the other hand, its market share in the domestic linear low-density polyethylene (LLDPE) market is 4% while the rest of this product are supplied by Formosa Plastics Corporation and imported products. As total domestic production volume has exceeded domestic demand, the Company is committed to developing the export market to absorb excess production in order to achieve a balance between production and sales.

For VCM, the ratio of domestic sales to exports to personal use is 9 : 1 : 90. For PVC powder, the ratio of domestic sales to exports to personal use is 13 : 76 : 11. The Company's market share in the domestic market is between 22% and 23%. The main export regions include India, Bangladesh, China, Southeast Asia, the Middle East, South America and Australia. Chemical products are sold mainly to



Hsinchu Science Park, Central Taiwan Science Park and northern regions, accounting for 70% to 80% of total sales. The main customers for these products are the electronics and petrochemical industries. The Company's market share in the domestic market is approximately 3% to 4% for liquid caustic soda and approximately 16% to 18% for hydrochloric acid and liquid bleach. At present, the sales of PVC plastic pellets focus on domestic sales, while this product is mainly exported to shoe manufacturers in India and Nepal. PVC plastic products consist of: (1) building products: Sales of such products mostly comprise domestic sales, and the ratio of domestic sales to exports is 97% : 3%. Domestic market share: approximately 17% for PVC pipes and approximately 38% for PVC door panels. (2) Plastic sheets: The ratio of domestic sales to exports is 60% : 40%, and its market share in the domestic market is approximately 23%. PVC plastic products are sold mainly to the Americas, Europe, Australia, South Africa, Russia, Japan, Mainland China, Bangladesh and Southeast Asia. (3) Plastic leather: The ratio of domestic sales to exports is 45% : 55%, while its market share in the domestic market is approximately 28%. These products are exported mainly to North America, Europe, Australia, Japan, Mainland China, Malaysia and India.

ABS / PS are mainly exported and constitute 89% of the Company's business turnover. These products are exported mainly to Mainland China and Hong Kong, but sales of these products are gradually increasing in other regions such as the Middle East, Africa, Europe, the U.S., Australia and New Zealand. The percentage of sales in the domestic market is as follows: 12% for ABS / PS and 57% for glass wool products. Additionally, the Company's subsidiary in Mainland China has a market share of 11% in the EPS market, and the current sales of this product is generated mainly from domestic sales in Mainland China.

In regards to ferrite powder and cores, the size of the inductor market in Taiwan accounts for 10% of the passive component market in Taiwan, and the Company's market share for these products is estimated to be around 8%.

2. Market supply and demand and market growth in the future

In recent years, domestic demand for PE and EVA have remained stable in general. In terms of export, global demand for PE shows stable growth as the global economy recovers. However, in the next 3 to 5 years, 7 million tons of new PE production capacity will begin



operations in North America. These plants will use shale gas to extract ethylene, thus giving them a huge cost advantage. Its threat to Asian light cracker plants which feed with Naphtha cannot be underestimated. Fortunately, the wave of new EVA production capacity expansion in North America has very little impact on the sale of the Company's main exports. The Company's PE products are mainly sold in Taiwan. In recent years, the Company has gradually shifted to differentiated products as it has gained experience from the previous wave of plant construction in the Middle East. The Company believes it can respond to this wave of severe challenges smoothly.

In the first half of 2018, crude oil prices are expected to remain stable at WTI \$60 - 65/BL, whereas the prices of petrochemical raw materials are expected to be volatile. In general, demand for PVC in India and emerging markets remain strong, while Mainland China has been actively implementing its plans to reduce production capacity. On the other hand, domestic demand in the U.S. remains strong. Hence, the Company is optimistic about the medium- and long-term PVC market. Although new production capacities for VCM have been launched continuously, it is expected that VCM may still be in short supply, but the VCM market will be supported by the PVC market, thus stabilizing the profits gained from this product. Looking forward to the industrial supply and demand for PVC powder in 2018, environmental protection inspection has led to a sharp decline in exports from Mainland China, while PVC powder manufacturers are consecutively carrying out annual plant maintenance in the second half of the year. Along with low inventory in India and Bangladesh, all these factors will defer stock demand, thereby pushing up quantity prices. In this favorable atmosphere, the sales and production team will strive to achieve new heights in revenue performance. Domestic demand for PVC powder in 2018 is expected to grow marginally by 2% to 3% compared to that in 2017, mainly due to gradual recovery of PVC demand resulting from the price rising at the beginning of the year. In addition, PVC demand is also expected to maintain moderate growth, thanks to the expansion of production capacity for products such as floor tiles and building materials in the downstream. It is expected that demand from domestic large-scale chemical users will remain stable in 2018. The production capacity requirement for the upstream petrochemical industry of major customer, TSMC, will grow annually from 2018 onward. The domestic PVC plastic pellet market is expected to grow slightly in 2018 compared to that in 2017. Plastic pellet exports, whose performance was affected by product hue



difference in 2017, are expected to be resolved in 2018. Besides, the Company will continue to develop new business opportunities for plastic pellet users in Mainland China. PVC building materials were affected by sluggish sales in the housing market in 2017 due to the decrease in public and private construction projects. In 2018, the government has not intervened the housing market, and continued to launch new public infrastructure projects. Thus, sales of building materials are expected to grow. Looking forward to 2018, the domestic and overseas PVC plastic sheet markets are yet to recover strongly. The Company continues to keep niche products in its product portfolio, and mainly promote high value-added products. In the export market, pressure on businesses has multiplied due to appreciation of Taiwanese dollar. However, the Company's customer base is stable and well-coordinated. Both the Company and its customers have spared no effort in developing new products and new markets, and have achieved significant results in this respect. At the same time, the Company's export team continued to develop a new customer base and new market. Such efforts are expected to contribute to the Company's sales volume and profitability. Domestic sales for PVC plastic leather will continue to expand, and indirectly link to export channels. A series of functional and eco-friendly materials will be promoted. Exports-wise, the Company will continue to stabilize the U.S. market mainly. Despite low price competition from Vietnam, India, Mexico and Mainland China, the Company's production and sales team implements measures to develop new products, increase product mixes, and develop new markets. Sales are expected to increase in 2018 from 2017.

With regards to ABS, after the completion of the 40 thousand ton expansion in 2014, the background color of products have improved. In addition, the Company has improved the physical properties of this product according to needs of different markets, thereby enhancing the competitiveness of its products in the market. ABS sales have increased from year to year. However, the Company recorded a loss in the ABS market in the second half of 2015 due to stiff market competition with LG Corporation from South Korea which has expanded its new ABS production capacity from 750 thousand MT/year to 850 thousand MT/year. Up to 2016, the ABS market has gradually recovered and returned to order. In the fourth quarter of the same year, the Company's ABS sales increased once more as demand for ABS rose due to booming electrical appliance sales in Mainland China. As this trend continued in 2017, the sales volume of home



appliances in Mainland China grew significantly and stably, where production and sales in the air-conditioner market have reached new heights. The home appliance market is expected to remain stable in 2018. Therefore, demand for ABS in the home appliance sector will continue to remain good. With regard to ABS supply, it is less possible for the peers to increase new production capacities in the near future. Growth in market demand can absorb new production capacities, while supply and demand should still remain balanced. For GPS / EPS, GPS performance has been relatively stable in recent years. With the Lunar New Year celebration and annual plant maintenance in the first quarter of 2018, it is expected that the upstream SM supply will return to be stable and sales will increase. In terms of EPS, after BASF stopped production at its Malaysian plant, the Company took the opportunity to increase its market share in the export market, where sales increased by 7% in 2017. In 2018, increasing environmental awareness all around the world has led to an increase in demand for non-halogen fire-resistant EPS, and the application of antistatic-grade EPS to panel packaging materials will also benefit our future business expansion. As for EPS in Mainland China, there are only three major EPS manufacturers due to relatively balanced supply and demand of styrene resources in South China. Recently, in the South China region, only our peer, Xingda has added new EPS production capacity totaling 180,000 tons per year. Although there are changes in the overall market supply, such changes were still relatively healthy. Our peer constructs a new plant with a production capacity of 500,000 tons in 2017. This plant is expected to go into production in the second half of 2019, thereby further increasing the production capacity in the South China market. The Company stabilizes the quality of raw materials to improve the quality of ultra-light materials and rapid materials, enhance the Company's competitiveness in its main markets in South China, including the electrical appliance packaging and slab markets, enhance output ratio of effective specifications, and reduce the production of inactive inventory. In addition, the Company's main goals are still to increase utilization, reduce the inventory of raw materials and finished good inventory, actively sell rapid materials and ultra-light materials, as well as achieve synergy with Tianjin Plant to enhance the profitability of the Company. In recent years, there has been an increase in the number of new EPS production capacities in North China and Northeast China. In 2017, EPS production capacity in the North China, Northeast China and Northwest China regions remained at 2.25 million tons. EPS supply



and demand in the entire northern market will continue to face the situation in which production exceeds sales in a certain period of time. Therefore, the Company in Tianjin has to increase its consolidated sales volume, solidify existing markets and develop new packaging materials market to enhance the overall production and sales model, reduce costs and ease operating pressure. In 2017, domestic demand for glass wool dropped by 7%. On the other hand, glass wool imports accounted for 13% of the overall market as glass wool was imported mainly from South Korea and India, accounting for 26% and 70% of total glass wool import respectively. As the economy gradually recovers, domestic demand for glass wool in 2018 is expected to grow between 5% and 6% from 2017. Due to stiff competition and low unit price in the Southeast Asian market, the Company has shifted its sales focus to markets with a higher unit price such as New Zealand, Australia, and developed new markets with a higher unit price. Along the way, the Company has successfully consolidated its position in the Australian market and is continuously developing the South African market to actively increase the marginal contribution of the export market. It is estimated that the ratio of domestic sales to exports in 2018 is 55% to 45%.

As regards, ferrite powder and cores, the sales of electronic components rebounded due to the launch and sale of electronic end products, where its market demand in 2017 continued to grow from 2016. The key to the electronic components and parts industry in Taiwan in the future is to focus on key components and parts required for the production of niche products including various new-generation end product technologies, energy-saving and new energy vehicles. How to obtain key components and parts required for this type of niche product will serve as an opportunity to transform the electronic components and parts industry in Taiwan.

3. Competitive Niches

The Company has always been known for its decent management. Our business philosophy is "Solid Operation, Professional Management, Seeking Excellence and Serving the Society". The Company's current business strategy is to manufacture and sell PE / EVA products with higher added value using limited sources of ethylene, and continuously change its product portfolio in order to generate higher profits. The Company has set up an office in Tainan and a research and development division in Linkou in order to focus on customer service and product research and development. In



addition to the research and development of new products, the Company is committed to developing products for new applications and introducing new products in order to assist customers in improving their processing technologies. Such efforts have been well recognized by processing manufacturers.

The Company also improves VCM manufacturing processes and equipment to stabilize production and maximize production capacity, purchases competitive raw materials, improves production performance and reduces costs in order to increase the overall profitability of the entire industry chain. Stable and suitable quality, fast and accurate delivery, fully understanding customer needs and offering full cooperation are some of the keys to the Company's competitiveness in domestic sale and export of PVC powder. The Company has built a good reputation through long-term cooperation with Hsinchu Science Park and Central Taiwan Science Park, and the quality of its chemical products and services. In addition, due to its close proximity to Hsinchu Science Park and Central Taiwan Science Park, the Company has the upper hand in delivery speed. The Company holds the advantage of offering a stable supply of PVC pellets, and possesses experienced R&D teams that strive to improve quality and develop high value-added new products for its customers. Due to (1) establishing its own brand and brand recognition, (2) good quality control and after-sales service, (3) a wide range of existing product lines and downstream sales that are not easily affected by peak and off-peak season in a single industry in which overall sales are usually affected, (4) vertical integration of upstream and downstream processing for VCM and PVC powder, (5) availability of technical professionals, (6) complete international sales locations, (7) complete TS16949 and ISO9000 management systems in order to provide excellent quality certification systems, and (8) increasingly stringent environmental regulations such as Prop #65, REACH and RoHZ, the Company is able to meet these requirements for PVC plastic products, and use them as one of the weapons to demonstrate its competitiveness in the export market.

The competitive niches of the Company's ABS / PS and glass wool products are: (1) continuously increasing the proportion of sales in overseas niche markets, (2) effectively increasing the capacity utilization rate and market share of TTC's Zhongshan Plant and Tianjin Plant in Mainland China, and applying the competitive advantage of division of labor in three places across the Strait, (3)



successfully commercializing the Company's newly developed optical-grade and low residue-monomer food-grade GPS, which has entered the Japanese market, (4) effectively developing new markets and expanding export channels in order to enhance its ability to respond to changes in the market environment, (5) establishing strategic alliances with its peers to create a win-win situation, (6) flexibly enhancing raw material purchasing strategies, (7) establishing quality advantage according to market needs, and (8) engaging in fast and timely customer service and implementing regular customer visit plans in order to enhance the added value of products by enhancing after-sales service systems.

The Company has invested in Zengcheng City, Guangdong Province, and Kunshan City to engage in molding, sintering and grinding of magnetic cores in Mainland China and provide services to its customers in the South China region. In order to meet customers' need for promptness, the Company has shortened delivery time, and provides products of stable quality, so as to establish a brand image with competitive advantage. Europe, the U.S. and Japan still maintain their leading positions in the aspect of technical experience and scale of products. However, it is difficult for Taiwan to focus on product research and development due to lack of industrial scale. Therefore, Taiwan is lagging behind in products that require higher levels of technology and higher added value. For example, formulas for magnetic powder greatly affect the manufacturing process and final quality of magnets because the content of formulas is closely related to the magnetic permeability, density, energy conversion efficiency of manganese-zinc ferrites, and the time required for future sintering and sinter yield. Since its founding, the Company has continuously accelerated talent cultivation and development of technology research in order to establish its own material development capabilities.

4. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

Favorable factors affecting the Company's development prospects:

- (1) With regards to PE / EVA, the Company has established an excellent supply chain relationship with CPC Corporation, and has implemented flexible measures to obtain a stable supply of ethylene from various sources and maintain the stability of raw material supply.
- (2) With regards to PE / EVA, the Company has established long-term cooperation with downstream customers and developed



such cooperation into cooperative partnerships. Apart from meeting each other's supply and sales in a stable manner, the Company has also engaged in technical cooperation and exchanges to jointly develop new products and their applications.

- (3) With the rise of environmental awareness, global demand for solar cells has been growing continuously. The Company's EVA used in membrane-encapsulated solar cells has a leading edge in terms of quality and technology. In addition, the Company's customers play a vital role for its key position in the industry today as its customers have collaborated and grown with the Company over the years, and thus have established deep and solid partnerships with the Company.
- (4) In regards to PE / EVA, the Company's efforts to actively expand its related business in a number of emerging markets have shown excellent results. The Company will continue to target different regions and products in order to meet the product needs of these market segments, thereby expanding into the market of emerging economies.
- (5) The newly constructed EVA production capacity has gone into operation, thereby expanding its market and increasing company revenue.
- (6) Vertical integration for VCM and PVC powder
- (7) Fully seizing sources of EDC, the main raw material for VCM
- (8) Fully utilizing the Company's VCM production capacity to effectively reduce production costs
- (9) The production of PVC at the Company's Toufen plant and Linyuan plant complement each other, thereby diversifying product features and ensuring faster delivery of goods with a higher degree of flexibility.
- (10) Vertical integration for VCM, PVC powder and secondary processed products
- (11) The Company's relationship with PVC powder customers and services deepening are better than its peers.
- (12) Increasing PVC powder production capacity utilization rate to effectively reduce production costs
- (13) The Company continues to break bottlenecks in PVC powder production and sales, thereby effectively reducing production costs.



- (14) The Company has long established an image of good quality for its chemical products.
- (15) For chemical products, the Company has a good customer portfolio as market demand for these products is experiencing stable growth.
- (16) Vertical integration of upstream and downstream processing of PVC plastic products
- (17) The Company has its own brand for PVC plastic products, along with good quality control and after-sales services.
- (18) The Company has readily available professionals in the area of PVC plastic product technology.
- (19) The Company has successfully obtained TS16949 certification for its PVC plastic product, namely automotive leather.
- (20) With regards to PVC plastic products, the Company is engaging in the research and development of new products including high value-added and eco-friendly materials.
- (21) For PVC plastic products, the Company continues to improve its equipment, manufacturing processes and product quality.
- (22) The Company has established overseas sales offices and stabilized sales and distribution channels, thereby facilitating market expansion for PVC plastic products.
- (23) For PVC plastic products, the Company has printed its identification labels on plastic leather and plastic sheets sold domestically and abroad in order to increase brand awareness, thereby effectively increasing customers' willingness to purchase.
- (24) Continuous research and development of environmentally friendly materials for PVC plastic products will help enhance product segmentation and market promotion. In 2018, the Company will plan consecutive new product launches focusing on upholstery for furniture, passenger cars and trucks. The Company is expected to experience an increase in profit and performance in the Americas in the same year.
- (25) In regard to PVC plastic products, the application of surface resin processing technology has been expanded to cover products such as plastic leather or plastic sheets. It is expected to increase sales in the market of upholstery for agricultural equipment.



- (26) Stable quality of ABS / PS products, active research and development capabilities, enhanced customer service and implementation of management systems can help increase customers' confidence in our products.
- (27) GPS produced using the NOVA manufacturing process technology is resistant to heat and has low residual monomers, thereby significantly increasing its market competitiveness.
- (28) The development of new EPS product has taken a leading position in the domestic market. The Company is the first to develop fire-rated and anti-static products, and has gained considerable reputation in the international market.
- (29) In recent times, international TFT-LCD panel manufacturers changed their panel packaging materials from EP to antistatic-grade EPS. TTC's antistatic-grade EPS has been approved by many panel manufacturers, and it is expected that its use will gradually increase.
- (30) China's internal market still has room for growth and the continuous expansion of the construction industry in China will increase the demand for EPS. This will benefit the operations of our EPS plants in Zhongshan and Tianjin.
- (31) Both Sekisui and BASF, two of the Company's EPS competitors, have closed their EPS plants in Southeast Asia. This benefits our sales in that region.
- (32) As Japan and New Zealand have announced a ban on HBCD and REACH in Europe required the phase-out of HBCD by the sunset date of August 21, 2015, there will be more room for growth for our newly developed Non-HBCD Fireproof EPS.
- (33) The expansion of ABS production capacity involved the adoption of the Toyo SAN manufacturing process, which can help improve background color and enhance physical properties.
- (34) The Company is a leading brand in the glass wool market, and its quality is well recognized.
- (35) The Company offers high level of services associated with its glass wool products to effectively eliminate competition against foreign goods.
- (36) The Company's marketing channels for glass wool products are stable, thereby facilitating market development and competition.



- (37) Glass wool is used as a filler in calcium silicate board partition systems. This application has been gradually accepted in the market.
- (38) With annual increases in sales for gypsum board partition systems, the use of glass wool is expected to increase too.
- (39) The conversion of CNS6532, the standard for non-combustibility test, to CNS14705 has helped fiberglass ceilings pass the non-combustibility test.
- (40) In addition to the successful renewal of Branz certification in New Zealand and Australia, the Company has also helped its New Zealand customers to successfully obtain the Environmental Choice New Zealand (ECNZ) eco-friendly label in March 2017, and was qualified to bid for New Zealand government projects.
- (41) The market for fire-retardant glass wool for roof and exterior walls was continuously developed, where sales of such products in 2017 grew by 197% from 2016.
- (42) Regulations related to floor impact sound will be implemented in July 2019. Newly developed product, i.e. Porter panel has passed the test, thus facilitating new market development.
- (43) Electromagnetic radiation interference between electronic products has been attracting growing attention. Europe and the U.S. were the first to pay attention to the issue of electromagnetic radiation, and have established strict electromagnetic test standards. In the future, products must pass these electromagnetic radiation tests, which will help increase demand for products such as ferrite cores and inductors.
- (44) With a boom in global information, communication and consumer electronics industries, market size continues to expand, thereby increasing demand for products including magnetic cores and inductors. Moreover, due to a wide range of applications for downstream products, the Company will be less affected by the condition of a single industry.
- (45) The Company has gained extensive experience in product development trends, manufacturing and sales in the industries to which it belongs. In addition, the Company's senior management knows very well that quality is the cornerstone of sales and promotion. Therefore, the Company focuses on total quality improvement, and comprehensively promotes quality control in



the entire company to ensure that product quality and environmental requirements are met.

- (46) With large production scale and excellent production efficiency, the Company has been focusing on the improvement and enhancement of production processes in order to facilitate smooth management of production lines. In response to industry development trends, the Company has shifted the production of its products abroad, where it effectively uses local resources and adopts the method of mass production in order to achieve economies of scale and effectively reduce costs, so that the Company can provide products and services to its customers.

Unfavorable factors and response measures:

PE / EVA:

- (1) Millions of tons of new PE production capacity in North America are expected to go into operation within 3 to 5 years, where costs for producing ethylene using shale gas as raw material is low, and thus their threat to light cracking plants which feed Naphtha in Asia cannot be underestimated.
- (2) Due to the Kaohsiung gas explosion incident and increasing environmental awareness in Taiwan, it is difficult to expand petrochemical plants, thereby affecting the international competitiveness of petrochemical-related downstream industries.
- (3) In recent years, regional trade integration has been taking place in full swing, and countries have been competing to sign agreements on tariff exemptions. However, our country's progress has been lagging behind other competing countries. Since 2009, tariffs on LDPE and EVA sold by Mainland China to ASEAN countries have been adjusted to zero. In addition, both China and South Korea have signed a free trade agreement (FTA), where South Korea is expected to lower tariffs on PE imported from China from 6.5% to 6% within five years. Under various economic and trade conditions, Taiwan is currently suffering from unfair tariffs on its PE products.
- (4) Lack of ethylene supply from CPC Corporation, unstable available ethylene sources and relatively high costs
- (5) Small production lines and high unit costs

Response measures:

- (1) The Company has invested in the Gulei project to engage in vertical integration of petrochemical refining, intermediate



petrochemical raw materials and plastic products, with a view to enhancing competitive niche.

- (2) The Company will continue to urge the government to actively initiate foreign trade negotiations through trade associations in order to eliminate unfair competition caused by differential tariffs.
- (3) In addition to continuously seeking sources of low-cost ethylene, improving and upgrading existing production equipment, and enhancing equipment maintenance and repair in order to increase production volume and reduce production costs, the Company is committed to the rationalization of selling prices of products and the provision of customer services. Moreover, the Company will develop high value-added products in line with market trends, and develop export markets in developing countries in order to establish a stable customer base for the long term.
- (4) In addition to actively developing differentiated products with high unit prices in order to obtain higher profits, the Company is also actively developing new markets and new applications for its products, as well as improving production technology efficiency to reduce production costs.

VCM:

- (1) With the increasingly strict domestic environmental protection policy, accelerated implementation of draft resolutions related to energy conservation and carbon reduction, along with the direction of amendment of the Labor Standards Act, supporting measures and grace periods were below expectations, thereby limiting the transformation and development of the petrochemical industry.
- (2) In some parts of China's coastal areas, new ethylene-based PVC plants have been built, whereas existing PVC plants have switched from calcium carbide to ethylene. Hence, competition for raw materials including EDC and ethylene has led to price fluctuations. In addition, Mainland China has opened up requirements for the application and approval of imported spot EDC batches, thereby leading to instantaneous increase in fluctuations which is not good for controlling VCM raw material costs in a stable manner.
- (3) Domestic supply of ethylene is unstable, while imported ethylene is expensive.

Corresponding countermeasures:



- (1) Accelerate the enhancement of energy-saving / water-saving / power-saving / carbon-reduction improvements and investments in production facilities, while improving operational efficiency and maintaining high productivity.
- (2) Continue to communicate with the relevant government agencies on plans related to corporate social responsibility and environmental responsibility to reach a consensus between both parties
- (3) Continue to obtain sources of competitive raw materials, and respond to ever-changing market changes using flexible production and sales strategies

PVC powder:

- (1) Due to low U.S. shale oil prices, competitors enjoy cost advantage and are able to compete for orders from major markets.
- (2) Due to the high volatility of ethylene prices, plants in Mainland China have used their idle capacity resulting from excess calcium carbide to get orders at low prices, thereby interfering with market order.
- (3) Sharp appreciation in the New Taiwan dollar has squeezed profits from exports.
- (4) Taiwan has yet to sign FTA with major PVC consuming countries, and thus export opportunities have gradually gone to Japan, South Korea and Southeast Asian countries.

Corresponding countermeasures:

- (1) Actively acquire the market of commercial materials for downstream manufacturers in Mainland China, Australia and Brazil, and establish stable cooperative relationships with them
- (2) Actively establish strong customer base in India, Bangladesh and the Middle East through agents and traders as demand for PVC in these three countries is rapidly increasing, with the purpose of expanding sources of sales orders.
- (3) Seek long-term support from key customers in every region
- (4) Enhance product quality and develop products with unique specifications and market differentiation
- (5) Streamline organization, improve operational efficiency and enhance customer service

Chemical products:



- (1) Expansion of domestic potassium sulfate plants has led to an increase in the production of secondary hydrochloric acid, thereby impacting the hydrochloric acid market.
- (2) Domestic sales of alkali faces competition from those imported from Mainland China, thus squeezing profit margins for this product.

Response measures:

- (1) Segment sales markets to establish stable sales and distribution channels
- (2) Continuously increase production quality and efficiency, and optimize production and sales planning

PVC plastic products:

- (1) Development of high value-added and differentiated products is not ready.
- (2) The cost of green eco-friendly materials is high.
- (3) Export of OEM automotive leather is subject to stringent quality requirements. Test development takes a long time, thereby delaying the time taken to obtain the necessary certifications.
- (4) Environmental regulations in Europe and the U.S. are becoming more stringent.
- (5) Low-cost competition with the Company's foreign peers and tariff barriers have led to bottlenecks in its export expansion plans.
- (6) New Taiwan dollar continues to encounter upward pressure, thereby weakening its export competitiveness.

Corresponding countermeasures:

- (1) Win public projects and obtain rights to supply building materials for private construction projects
- (2) Continuously engage in the research and development of eco-friendly materials and high value-added products
- (3) Engage in product and market segmentation to acquire markets for high value-added products
- (4) Continuously reduce production costs and improve production technologies
- (5) Develop business opportunities in emerging markets and launch new products to capture market share



- (6) Use North America's successful high-end product portfolio and promote them in shipping or furniture markets abroad, where the main target regions are Europe, Australia and Asia
- (7) Cooperate with professional companies specializing in channels related to U.S. OEM automotive leather, and utilize collaborations with such professional companies to accelerate the Company's entry into the supply chain of the automobile industry
- (8) Establish strategic alliances with domestic and overseas brands, as well as develop new materials
- (9) Engage in horizontal promotion of unique products in each individual region to each major markets through exchange of product information

ABS / PS products:

- (1) PS manufacturers in Asia are still experiencing overcapacity, and market bidding remains extremely intense.
- (2) EPS manufacturers in Mainland China are also facing overcapacity, and market bidding also remains extremely intense.
- (3) The volatile and unstable SM market has led to difficulties in production and sales control.

Corresponding countermeasures:

- (1) Transform and enhance product quality, increase the added value of products, segment the market and avoid competition in market prices
- (2) Maximize capacity, reduce costs, as well as select and sell relatively favorable products
- (3) Analyze and keep abreast of market and economic developments so as to enter potential emerging markets as early as possible, as well as expand the Company's existing capacity to compete with its peers in the market so that it can get closer to the market
- (4) To effectively bring the integrated supply chain management into full play and lower raw material and finished goods inventories so as to reduce risk.

Glass wool products:

- (1) India's import cost is low and its products have passed the one-hour calcium silicate board fire test, thus making a big impact on the domestic market.



- (2) Substitutes are flooding the market.
- (3) Products from Mainland China have entered the Taiwanese market through importing via application for projects.

Response measures:

- (1) Consolidate the Company's distribution networks through promotion of export specifications, as well as enhance project tracking to sell its products directly to customers
- (2) Enhance project visits and control to prevent changes in glass wool materials
- (3) Actively participate in related trade associations, maintain contact with the Industrial Development Bureau, and keep an eye on product trends in Mainland China at all times

In regard to ferrite powder and cores:

- (1) Costs of domestic and foreign workers are gradually increasing every year, thereby increasing production and operating costs.
- (2) There are many competing manufacturers in this industry, leading to intense price competition.

Response measures:

- (1) Improve quality and production automation through the purchase of advanced machines and equipment and improvement of manufacturing processes, as well as enhance employees' on-the-job training in order to improve the qualities and productivity of manpower.
- (2) Increase the added value of products, implement the refinement of various manufacturing processes and improve such processes to reduce production costs and enhance overall product quality, thereby engaging in effective market segmentation and establishing a competitive advantage in the market. In addition, establish all-around support service capabilities in line with customers' product development needs, shape the Company's competitive advantage over other competitors, as well as jointly develop future products according to development trends in order to quickly grasp market developments and enhance competitiveness.

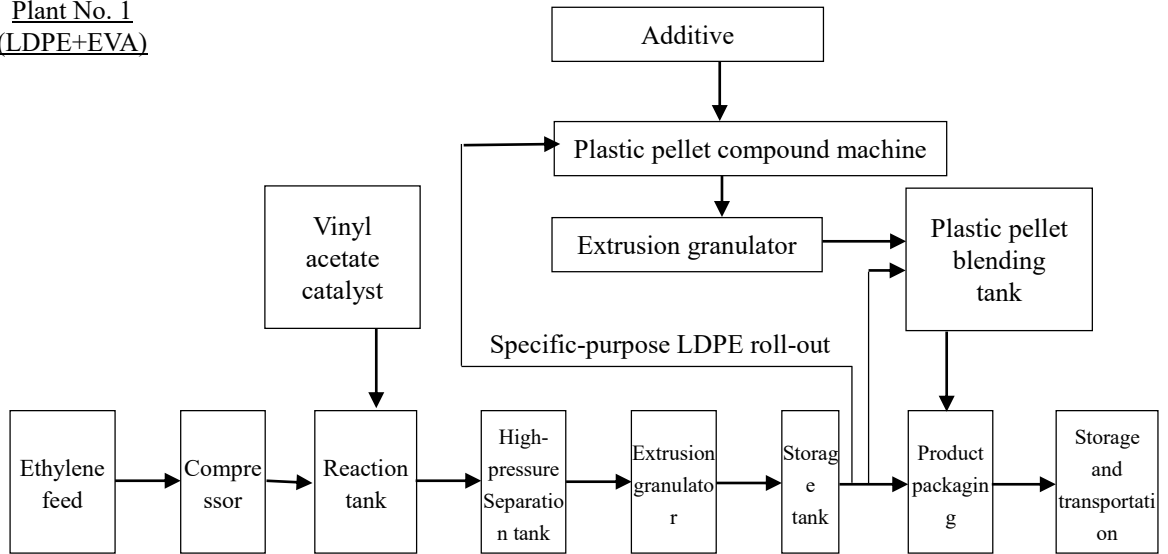
(II). Important Uses and Production Processes of Major Products

The Company's polyethylene plastic pellets are supplied to domestic and overseas processing plants. These pellets are processed into a wide range of plastic products for daily use, such as plastic bags,



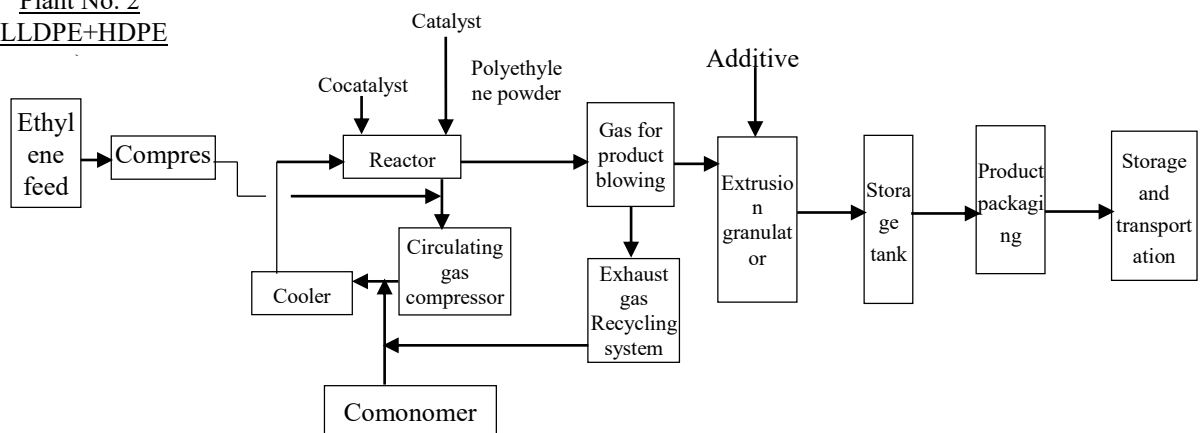
handbags, food bags, plastic films, bubble cloth, woven bags, woven canvas, window nets, fishing nets, ropes, plastic tubes, plastic flowers (trees), plastic turf, plastic lunch boxes, plastic containers, bottles, baskets, boxes, beer boxes, bottle caps, non-woven fabrics, carpet adhesives, and even hot-melt adhesives for sticky cartons, just to name a few. As PE is non-toxic and easy to process, the number of new products made from PE is still increasing. Another product, ethylene vinyl acetate copolymer resin (EVA), is mainly used in the production of foam shoes, sports equipment, various types of films, solar cell packaging films, hot-melt adhesives, protective films, wire and cable insulation shields, and low-smoke halogen-free materials due to its high toughness and flexibility. The process of producing low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) is as follows. Raw materials, ethylene (its finished product is LDPE) or ethylene vinyl acetate (its finished product is EVA) is fed into a high-pressure reactor after going through multiple times of pressurization. Next, organic peroxides are used as catalysts to carry out polymerization. Semi-finished polymer products are then packaged into pellets after pelletizing, and unreacted gases are repeatedly recycled.

Plant No. 1
(LDPE+EVA)



The process of producing high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) is as follows. First, raw materials, ethylene (its finished product is HDPE) or ethylene and butene (their finished product are LLDPE) are fed into a reactor after pressurization. Next, transition-metal catalysts are added to carry out polymerization. Granular semi-finished products are then packaged into commercially available products after granulation, and unreacted gases are recycled after separation.

Plant No. 2
(LLDPE+HDPE)





VCM is mainly used in the production of PVC powder, where EDC is used as a raw material. After cracking, VCM and hydrochloric acid gas are produced. Through oxychlorination reactions on ethylene, oxygen and hydrochloric acid gas, EDC is then produced (back to cracking process). PVC powder is used mainly for producing products such as soft plastic sheets, plastic sheets, rigid plastic sheets, rigid tube and building materials for shaped extrusion. VCM, starter and dispersant are used as raw materials in the production of PVC powder, which involves polymerization and drying processes. Chemical products are used mainly in water treatment and manufacture of MSG, synthetic fibers, detergents, dyes, pulp, steel and many others. Industrial salt, other excipients and water are used as raw materials in the production of chemical products. These raw materials are first purified into pure brine, which is then electrolyzed into liquid caustic soda, hydrogen and chlorine using ion-exchange membranes. Chlorine gas is then reacted with hydrogen and liquid alkali to synthesize hydrochloric acid and bleaching liquid. PVC building materials are used for housing construction (tap water pipes, drainage pipes, electrical conduits, door panels in toilets and rooms), public works (tap water supply projects, power line projects and sewerage projects). Plastic powder and stabilizers are used as raw materials in the production of PVC building materials, which are made through various processes including mixing, gelling, cooling and cutting. Soft plastic sheets are used for producing tape cloth, semi-rigid cloth, stationery cloth, transparent cloth, waterproof cloth, swimming pool cloth, mesh cloth, air blown cloth, laminating cloth, furniture cloth, advertising cloth, screen cloth, raincoat cloth, shower curtain cloth and curtain cloth. They are made of plastic powder, plasticizers and other excipients, which are put through various processes including hot and cold mixing, gelling, filtration, pressing, cooling, coiling and so on. These sheets can also be printed and laminated to increase their added value. Rigid plastic sheets can be used for producing vacuum-forming cloth, medicine packaging cloth, drip cloth for cooling towers, board cloth, protective cloth, printing cloth, stationery cloth and ceiling cloth. These plastic sheets are made of plastic powder and other excipients, which are put through various processes including mixing, gelatinization, extrusion, pressing, cooling, coiling and so on. In addition, these plastic sheets can also be treated or embossed to increase their added value. Plastic leather are used for producing soft foam leather, while non-foam leather undergoes surface treatment and needle punching for ventilation, and is mainly used in various automobiles, scooters, bicycles, seats for ships, sofa fabric, SPA

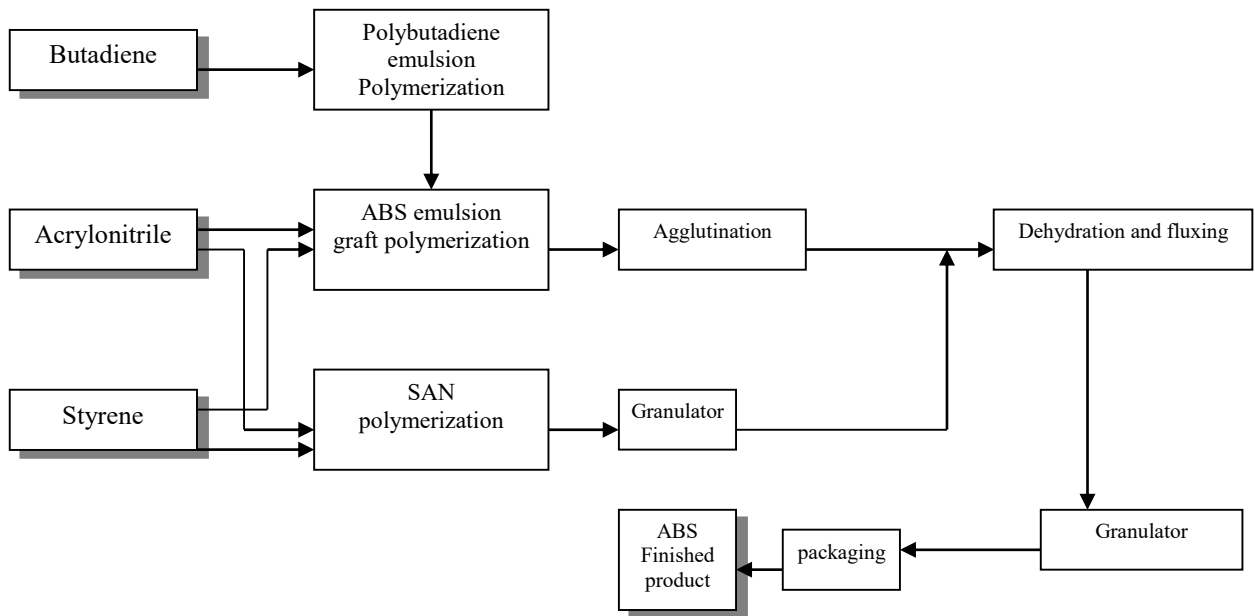


covers, shoe leather, baseball gloves, sport equipment and leather for medical seats. This product is made of plastic powder, plasticizers and other excipients, which are put through various processes including mixing, gelatinization, filtration, pressing, adhesive backing, lamination embossing and foaming. In addition, this product can also be further processed through special treatment such as one to two versions of printing, as well as anti-fouling and scratch-resistant treatments to increase its added value. Plastic pellets are used in the manufacture of electric wires, automotive pedal pads, shrink films and many others. Plastic pellets are made of plastic powder, plasticizers and other excipients, which are put through various processes including mixing, gelatinization, extrusion, and cooling.

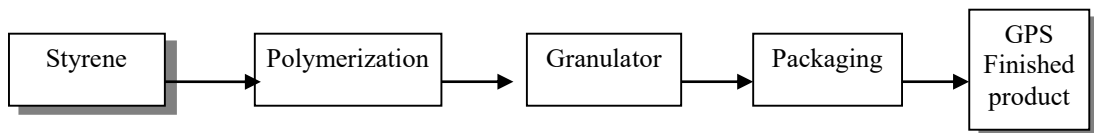
ABS resins are used mainly for producing information equipment, OA equipment, home appliances and electronic parts and appliances, sanitary ware, toys, automotive and machine components, heels, suitcases, everyday items, telephones, stationery, video tapes, sports equipment, batteries and safety helmets. SAN resins are used mainly in juicer casings, makeup boxes, water tanks for coffee machines and transparent decorations. General-purpose polystyrene is used mainly in lighting, stationery, pearl paper, home appliance parts, everyday items, audio (video) tapes, diffusion plates, insulation boards, food and pharmaceutical packaging materials. Impact-resistant polystyrene is used mainly in information equipment, home appliances, toys, everyday items, stationery, audio (video) tapes, electronic components and menstrual cups. Expanded polystyrene is used mainly in insulation boards for buildings, packaging materials, vegetable and fruit boxes, fishing boxes, heat-insulating materials and slabs. Cubic printing is used mainly in special printing techniques for plastics, metals, wood, plaster, glass and ceramics. Glass wool is mainly used in cooling materials for air-conditioning ducts, metal roofs, heat-insulating materials for walls, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, heat-insulating materials for the petrochemical industry, machinery and equipment, heat-insulating and sound-absorbing materials for home appliances, vehicles, heat- and sound-insulating materials for ships and heat-insulating materials for curtain walls. The production processes for major products are as follows:



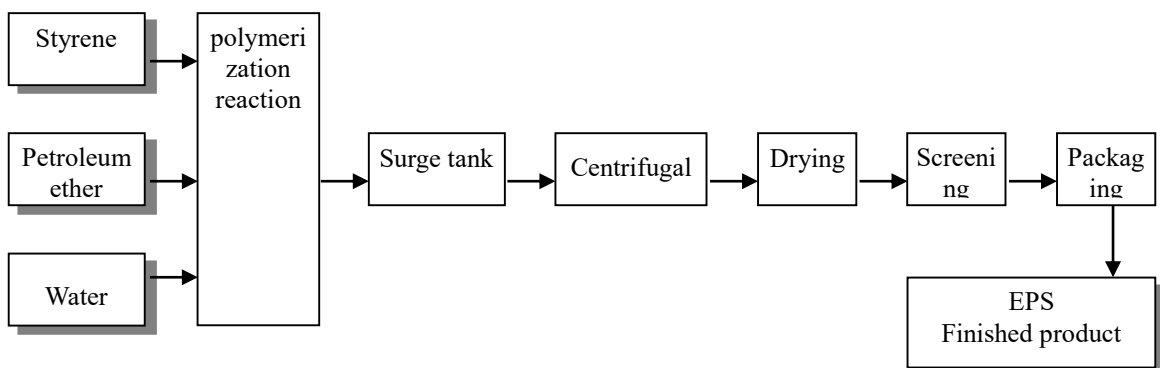
(1) Production process for acrylonitrile-butadiene-styrene copolymer (ABS) resins



(2) Production process of general-purpose polystyrene (GPS)

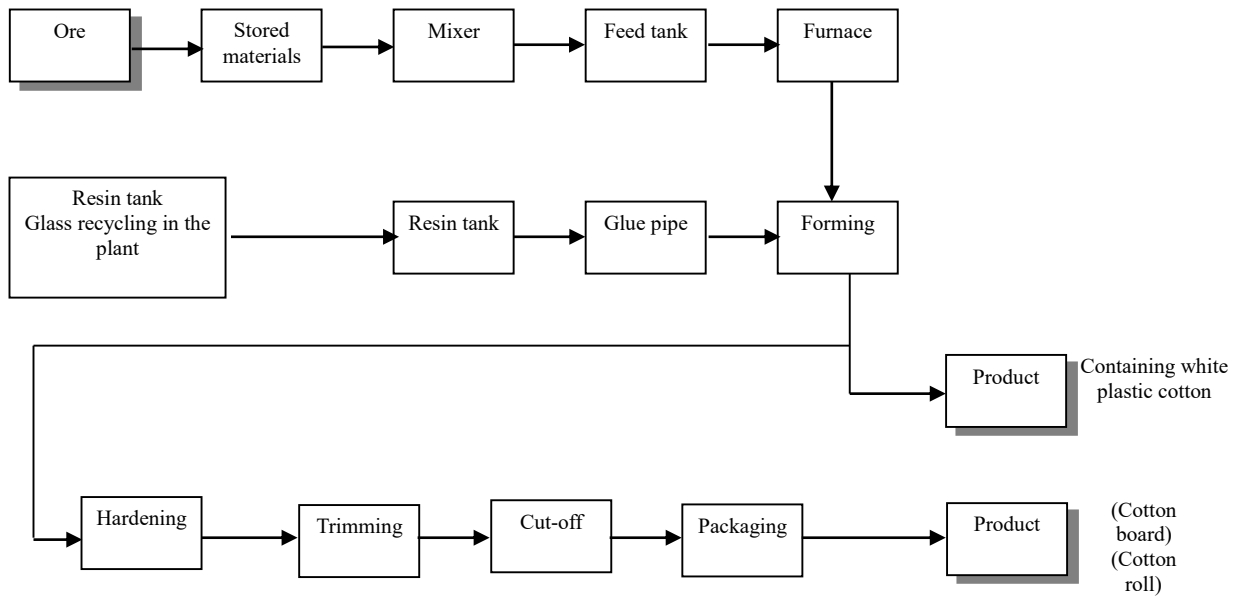


(3) Production process of expanded polystyrene (EPS)

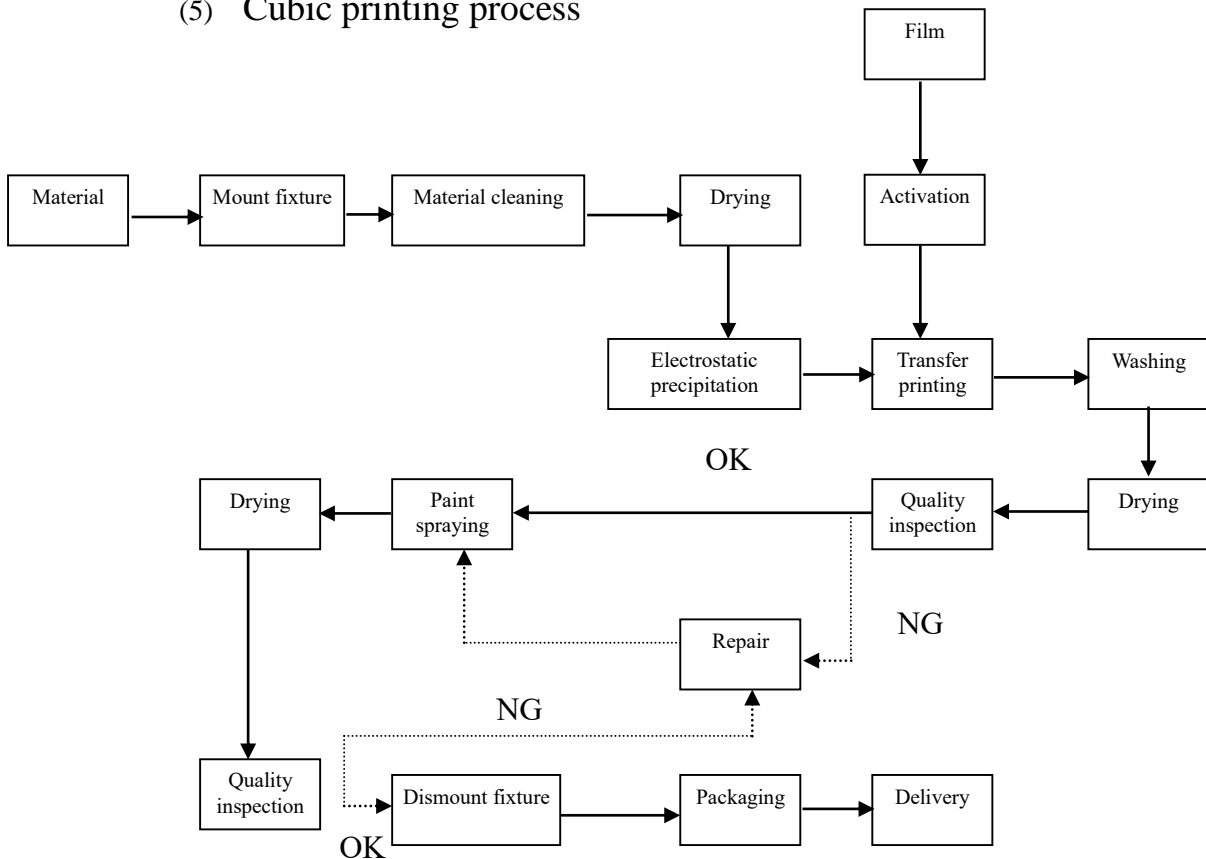




(4) Production process of glass wool products



(5) Cubic printing process





The production process for ferrite powder and cores is divided into four stages: milling, forming, sintering and abrasive machining. The main uses for these products are as follows:

Product Category	Downstream Products	Applications
Traditional magnetic core	Filters, adapters and light tube stabilizers	Power supplies, modems, scanners, (wireless) chargers, LCD monitors, LCD/LED TVs, laptops, smartphones, tablets, game consoles, routers, central office switches and communication network equipment, automotive electronics and medical equipment
Magnetic core for inverters	Inverters	
Magnetic core for communications	Communication transformers and splitters	
Polished magnetic core for filtering	Electromagnetic interference filters	
Ring-type magnetic core	Electromagnetic interference filters and light tube stabilizers	
Magnetic core for power inductors	Power inductors	
Nickel-zinc series magnetic core	Communication transformers and power inductors	
Soft ferrite powder	Raw materials used in ferrite cores	

(III). Supply of major raw materials

The basic raw material for the Company's polyethylene plastic products is ethylene, which is mainly provided by CPC Corporation. The Company partly relies on imported ethylene to supplement the shortage of supply from CPC Corporation. Some of the raw materials of EVA, namely vinyl acetate monomers (VAM), are supplied by Dairen Chemical Corporation or are supplemented by imported VAM. On the other hand, other fillers are mostly imported from abroad as they are either used in small quantities or not produced in Taiwan.

The main raw materials of VCM are EDC and ethylene. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials. The main raw material of plastic powder is vinyl chloride monomer (VCM), which is produced by the Company for personal use. The main raw material of chemical products is industrial salt. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials. The main raw materials of plastic sheets and leather are plastic powder and plasticizers, and their supply conditions are as follows: (1) Plastic powder: Most of the plastic powder is produced by the Company for production use, and only a small quantity is purchased from external sources; (2) Plasticizers: Plasticizers are mainly supplied by UPC Technology Corporation and



Nan Ya Plastics Corporation, while special plasticizers are imported from abroad. The main raw material of building materials is PVC powder, which is mainly self-produced and supplied, and thus the source of this raw material is stable.

The supply and demand for styrene monomer (SM) is balanced. The material is constantly purchased from Taiwan Styrene Monomer Corporation, Formosa Chemicals and Fibre Corporation, China Petrochemical Development Corporation and CNOOC and Shell Petrochemicals Company Limited, and directly imported from a foreign supplier, Shell Group, in order to balance price risk and overcome shortage of supply. The Company has signed an contract with China Petrochemical Development Corporation with regard to the supply of acrylonitrile (AN). Besides, the Company also regularly purchases this product from Formosa Plastics Corporation, and irregularly imports this product according to supply and demand in order to increase dispatch flexibility. Hence, there is no concern regarding shortage of supply for this material. With regards to butadiene (BD), material supply agreements have been signed with CPC Corporation and Formosa Petrochemical Corporation. The Company imports this material from time to time according to market supply and demand in order to meet its own demand. Pentane is mainly available in ready stock abroad. The material is partly purchased from CPC Corporation. The usage of this material is stable, and there is no issue regarding shortage of supply of this material. Glass-quality sand is the main raw material of glass wool products. Because its unit price is relatively low, it is constantly supplied domestically. As its quantity and price experience minimal changes, it can be fully controlled.

The main raw materials and suppliers of ferrite powder and cores are as follows and the supply of such materials are stable:

Main Raw Material	Name of Main Supplier
Iron oxide	High-tech magnetic technology
Manganese oxide	Erachem
Zinc oxide	Sun Beam Tech Industrial Co., Ltd.
Nickel oxide	Prior Company, Ltd.

(IV). Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their dollar amount and proportion of purchase (or sales) of goods in any one of the most recent two fiscal years, and an explanation of the reason for changes in these figures.

1. Name of customers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase (or sales) of goods

Unit: NT\$ thousands

Item	2017 (verified and audited)				2016 (verified and audited)				2018 up to the previous quarter (reviewed) (Note 2)			
	Title	Amount	Proportion to Ratio (%)	Relationship with the Issuer	Name	Dollar Amount	Proportion to Annual Net Purchases of Goods (%)	Relationship with the Issuer	Name	Dollar Amount	Proportion of the net sales of goods from the current fiscal year up to the previous quarter (%)	Relationship with the Issuer
1	CPC Corporation	9,305,151	22	None	CPC Corporation	8,842,402	23	None	CPC Corporation	2,516,146	22	None
2	Others	33,396,170	78	Note 3	Others	28,888,266	77	Note 3	Others	8,687,451	78	Note 3
	Net purchases of goods	42,701,321	100		Net purchases of goods	37,730,668	100		Net purchases of goods	11,203,597	100	

Note 1: List the name of suppliers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two fiscal years. However, if the name of suppliers or counterparties who are individuals or non-related persons cannot be revealed due to contractual agreements, their codes shall be indicated.

Note 2: As of the publication date of this annual report, if financial information of companies that are publicly listed or whose shares are traded on the TPEX were recently audited or reviewed by CPAs, such information shall be disclosed.

Note 3: No suppliers who account for more than ten (10) percent of the total purchases of goods

Reasons for increase or decrease in purchases: Due to the annual maintenance of the third naphtha cracking plant before the Lunar New Year celebration and unsmooth operation of the fourth naphtha cracking plant, the contractual amount of ethylene was discounted. However, with the increase in ethylene prices in 2017, the amount of purchase made from CPC Corporation increased.

2. Name of customers who account for more than ten (10) percent of the total sales of goods and their dollar amount and proportion of purchase (or sales) of goods: None.

(V). Production volume and value in the most recent two fiscal years

Unit: metric tons / thousand yards / grids / NT\$ thousands

Production Year Volume and Value Main Product	2017			2016		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
LDPE/EVA (metric tons)	300,000	274,084	11,520,057	300,000	234,264	9,444,285
HDPE/LLDPE (metric tons)	130,000	110,079	4,043,480	130,000	123,447	4,324,165
Plastic Powder and Chemical Products (metric tons)	481,375	456,662	9,936,777	481,375	425,313	9,288,793
Plastic Products (metric tons)	95,100	54,854	2,450,898	95,100	59,893	2,499,020
Plastic Leather (thousand yards)	8,600	7,807	634,876	8,600	8,501	625,133
Vinyl Chloride Monomer (metric tons)	450,000	440,008	8,375,799	450,000	422,788	7,547,113
ABS Resins (metric tons)	100,000	111,229	5,272,860	100,000	82,852	3,404,152
Polystyrene (metric tons)	412,000	299,235	11,820,818	412,500	312,219	10,674,447
Cubic Printing (grids of jig)	200,000	122,584	88,294	200,000	107,405	94,975
Glass wool products (metric tons)	8,600	7,294	256,032	8,600	7,603	257,336
Ferrite Powder and Cores (metric tons)	11,500	7,930	1,916,692	11,500	7,016	1,755,921
Packaging Films (metric tons)	52,023	52,023	3,083,657	49,159	49,159	3,118,176
Others		27,927	720,727	40	25,608	955,833
Total			60,120,967			53,989,349

(VI). Sales volume and value in the most recent two fiscal years

Unit: metric tons / thousand yards / grids / NT\$ thousands

Sales Year Volume and Value Main Product	2017				2016			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LDPE/EVA (metric tons)	69,204	3,570,259	196,234	8,848,799	71,927	3,517,046	167,539	7,600,503
HDPE/LLDPE (metric tons)	80,583	3,302,599	28,234	1,162,913	93,895	3,666,155	30,303	1,306,340
Plastic Powder and Chemical Products (metric tons)	112,703	2,267,296	291,767	7,795,193	110,748	2,036,869	266,658	6,915,022
Plastic Products (metric tons)	35,974	1,694,045	17,271	980,240	38,020	1,720,905	20,118	1,113,434
Plastic Leather (thousand yards)	3,008	290,214	4,961	66,158	2,995	287,616	5,382	737,001
Vinyl Chloride Monomer (metric tons)	43,000	939,154	3,000	66,441	52,516	1,107,245	13,208	239,297
ABS Resins (metric tons)	8,059	484,119	104,405	5,561,032	8,131	374,255	76,697	3,327,504
Polystyrene (metric tons)	182,449	8,147,154	121,078	5,084,179	192,275	7,507,053	119,420	4,645,097
Cubic Printing (grids of jig)	121,374	99,839	-	-	107,425	111,664	-	-
Glass Wool Products (metric tons)	8,968	324,728	3,088	119,991	8,609	309,518	3,724	143,964
Ferrite Powder and Cores (metric tons)	26	15,215	8,184	2,334,031	33	15,587	7,313	2,236,155
Packaging Films (metric tons)	9,278	626,803	43,751	3,081,802	9,204	613,537	39,802	2,867,812
Others (metric tons)	-	-	-	-	9	136,149	-	1,160
Others (square meters)	-	113,499	-	555,240	-	74,145	-	490,964
Total		21,874,924		36,259,019		21,477,744		31,624,253

III. Average Years of Service, Average Age and Distribution of Academic Qualifications of Employees in the Most Recent Two Fiscal Years up to the Publication Date of this Annual Report

Year		2017	2016	Current fiscal year up to April 30, 2018
Number of Employees	Staff	3,091	2,894	2,979
	Workmen	2,329	2,165	2,355
	Total	5,420	5,059	5,334
Average Age		39.2	39.4	39.35
Average Years of Service		10.36	10.84	10.52
Percentage Distribution of Academic Qualifications	PhD	0.57%	0.47%	0.56%
	Master's degree	7.75%	6.98%	7.87%
	Bachelor's degree	32.80%	34.43%	32.79%
	High School	36.38%	34.97%	36.41%
	Below High School	22.50%	23.15%	22.37%

IV. Information Regarding Environmental Protection Expenditure

(I). Total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:

Toufen Plant in Miaoli Linyuan Plant in Kaohsiung	2017	Current fiscal year up to April 30, 2018
Status of Pollution (Type and Level)	Violation of Air Pollution Control Act	Violation of Air Pollution Control Act
Compensation claimed by / Penalty incurred by	Miaoli County Government	Miaoli County Government
Amount of Compensation or Penalty	NT\$ 300 thousand	NT\$ 100 thousand
Status of Pollution (Type and Level)	Violation of Waste Disposal Act	None
Compensation claimed by / Penalty incurred by	Miaoli County Government	None
Amount of Compensation or Penalty	NT\$ 30 thousand	None
Status of Pollution (Type and Level)	VOC equipment components exceeding regulatory standards and smoke emissions during random testing	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	None
Amount of Compensation or Penalty	NT\$ 3,000 thousand	None

<u>Toufen Plant in Miaoli</u>	<u>2017</u>	<u>Current fiscal year up to April 30, 2018</u>
Status of Pollution (Type and Level)	Violation of Waste Disposal Act	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Miaoli County	None
Amount of Compensation or Penalty	NT\$ 12 thousand	None
Status of Pollution (Type and Level)	Violation of Air Pollution Control Act	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Miaoli County	None
Amount of Compensation or Penalty	NT\$ 100 thousand	None
Status of Pollution (Type and Level)	Violation of Water Pollution Control Act	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Miaoli County	None
Amount of Compensation or Penalty	NT\$ 60 thousand	None
<u>Renwu Plant in Kaohsiung</u>	<u>2017</u>	<u>Current fiscal year up to April 30, 2018</u>
Status of Pollution (Type and Level)	Volatile organic compounds in M01 process equipment components exceeding the Air Pollutant Control and Emission Standards	Volatile organic compounds in M01 process equipment components exceeding the Air Pollutant Control and Emission Standards
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	Environmental Protection Bureau of Kaohsiung City Government
Amount of Compensation or Penalty	A penalty of NT\$ 200 thousand	A penalty of NT\$ 200 thousand
Status of Pollution (Type and Level)	Failure to notify the Environmental Protection Bureau of the equipment safety valve tripping incident within one hour	Road surface in construction sites or from car wash facilities to major roads for cars not cleaned
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	Environmental Protection Bureau of Kaohsiung City Government
Amount of Compensation or Penalty	A penalty of NT\$ 100 thousand	A penalty of NT\$ 100 thousand
Status of Pollution (Type and Level)	Channeling of process exhaust gas to unexamined and unapproved exhaust gas treatment tower	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	None
Amount of Compensation or Penalty	A penalty of NT\$ 100 thousand	None
Status of Pollution (Type and Level)	Mismatch between M02 process equipment	None

Compensation claimed by / Penalty incurred by	operations and the content of operating license Environmental Protection Bureau of Kaohsiung City Government	None
Amount of Compensation or Penalty	A penalty of NT\$ 100 thousand	None
<u>Linyuan Plant in Kaohsiung</u>	<u>2017</u>	<u>Current fiscal year up to April 30, 2018</u>
Status of Pollution (Type and Level)	Emission of carbon powder due to rupture of rupture disc of reactor in production line and leaks from randomly tested equipment components	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	None
Amount of Compensation or Penalty	NT\$ 700 thousand	None
Status of Pollution (Type and Level)	Mild air pollution	Mild air pollution
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	Environmental Protection Bureau of Kaohsiung City Government
Amount of Compensation or Penalty	NT\$ 100 thousand	NT\$ 100 thousand
<u>Qianzhen Plant in Kaohsiung</u>	<u>2017</u>	<u>Current fiscal year up to April 30, 2018</u>
Status of Pollution (Type and Level)	Mild air pollution	None
Compensation claimed by / Penalty incurred by	Environmental Protection Bureau of Kaohsiung City Government	None
Amount of Compensation or Penalty	NT\$ 100 thousand	None

(II). Explain the corresponding countermeasures (including improvement measures) and possible expenditures in the future:

Toufen Plant and Linyuan Plant:

1. To comply with relevant environmental and safety regulations and relevant environment requirements derived from such regulations.
2. To continuously conserve and reuse resources and energy, and reduce industrial waste
3. To prevent pollution, reduce potential risks in operations
4. To continuously provide education and training for employees to implement environmental safety work
5. To actively communicate with customers and residents, manage suppliers and contractors, and encourage all the employees to participate in environmental/safety/ health work
6. To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities

Toufen Plant:

1. Add additional waste signboards for disposal
2. Apply for change of operating license for stationary sources of pollution and include missing information in the license
3. Apply for a detention license for recycling wastewater from glass wool manufacturing process
4. Continuously provide education and training for employees to implement environmental safety work
5. Actively communicate with customers and residents, manage suppliers and contractors, and encourage all the employees to participate in environmental/safety/ health work
6. Completely implement the environmental management system to improve environmental performance and reduce the risk of community environmental safety

Renwu Plant:

1. Formulate relevant reporting procedures regarding emergency air pollution incidents, and enhance employee training on reporting procedures
2. Strengthen control of process operations, seal the relevant connecting pipelines, and resume normal operations after the exhaust gas treatment tower is approved
3. M01 Process: In the future, leaks that are found in components and are unable to be completely fixed within 20 days will have to be reported online to the Environmental Protection Bureau in accordance with the regulations and installation of infrared monitoring equipment shall be also completed. Inspections and employee training will also be enhanced.
4. M02 process: Process equipment pipelines were immediately improved, and such improvements were completed in November 2017
5. Enhance the cleaning of the road surface in construction sites and from vehicle washing facilities to major roads, and complete the paving of roads for cars to achieve air pollution control effects

Linyuan Plant

- (A) Replace the rupture disc in the production line reactor, monitor the motor power of stirrers in the reactor, regularly perform reactor vibration analysis and enhance the inspection, maintenance and upgrade of equipment parts
- (B) 1. On July 26, 2017, the Environmental Protection Bureau of the Kaohsiung City Government conducted an inspection and testing of VOC leaks from equipment components in the plant and found two leakage spots with concentration exceeding the VOC leakage concentration standards set forth by the Environmental Protection Bureau of the Kaohsiung City Government. Retesting was conducted at the Company on July 28, 2017, where the Company has passed the process, and the results were reported to the Environmental Protection Bureau of the Kaohsiung City Government. The following maintenance and inspection measures for equipment components were also implemented:
- (1) VOC leakage was tested after the equipment components are disassembled, repaired and restored, and the newly installed pipelines are completed to ensure no leakage occurs after restoring it.
 - (2) For a frequently disassembled component, tape seal is attached before locking (the cover), and VOCs leakage records are kept.
 - (3) After inspection, not only is tank pressure leak detection performed, but disassembled equipment components are also cleaned with soap water or instruments to perform VOCs leak detection after restoring these components.
 - (4) Self-inspection is performed on equipment components every week, where it is supervised by managers.
2. On January 24, 2018, the Southern Branch of the Bureau of Environmental Inspection inspected the Company's plant, and found that the recorded values

of voltage and current on the electrostatic voltage precipitator (A / B lines in Area 26) did not match the operating voltage and current recorded on the operating license for stationery sources of pollution. On September 5, 2017, the Company proposed to change the operating license for the electrostatic precipitator to increase the range of related data. However, change to the new data was still pending approval (trial run plan for operating license has been approved).

Cianjhen Plant:

Components with leaks have been inspected, repaired and retested on July 7, 2017 and the test values have met the standards. The retest records were then submitted to the Environmental Protection Bureau for reference. Standards were exceeded because flanges at two points were replaced by active aluminum flange covers and pipeline valves were disassembled. Improvement measures include performing self-inspection after disassembling pipeline valves.

The Company's expected environmental protection expenditures in 2018 are as follows

Unit: NT\$ thousands

Proposed Pollution Prevention Equipment or Expenditure		Amount
1.	Upgrade of purification catalyts at Plant No. 2	19,700
2.	Replacement with new K-19 mid-high pressure plate at Plant No. 1	13,000
3.	Emission pipeline project at Plant No. 1	11,000
4.	New E Line 3rd recycle cooler project	8,000
5.	Addition of VA injection pump in C-line at Plant No. 1	4,000
6.	Spare parts for D/E+F/B Line 2 Letdown Valve and By-pass Body at Plant No. 1	3,200
7.	Purchase of PDS valves to improving VOC at Plant No. 2	2,600
8.	Purchase of 4.16KV switch gears at Plant No. 1	1,300
9.	Purchase of motor spare parts for reactors at Plant No. 1	1,200
10.	Upgrade of EF and D-Line Recycle Gas Train and conducting wire for temperature compensation in the cooler zone of Class 1 ethylene compressors	1,200
11.	Upgrade of corrosion floor due to LLC space packing machines	1,200
12.	Purchase of spare parts for center bearing housing of reactors at Plant No. 1	1,000
13.	Improvement of conveyor for old packaging machines	1,000
14.	Purchase of recycling pumps for upgrading in the recycling area at Plant No. 2	1,000
15.	Purchase of inlet and outlet valves in ethylene booster	800
16.	Addition of new glycol circulation pumps at Plant No. 2	700
17.	Purchase of rod packing cup assembly in ethylene booster compressor at Plant No. 2	600
18.	Purchase of vacuum pumps used for LLD freezer	300
19.	Addition of 3 portable feeders at Plant No. 1	3,300
20.	Connecting pipelines to cooling water supply at Plant No. 1	3,000
21.	Improvement of waste tank exhaust at Plant No. 1	1,900
22.	Replacement with new motors for energy conservation project	1,250
23.	Lighting improvement (energy conservation and carbon reduction) at Plant No. 2	1,100
24.	Improvement of emission pipelines underneath the casing of ethylene recycle compressor at Plant No. 2	900

Proposed Pollution Prevention Equipment or Expenditure		Amount
25.	Improvement of lighting in compressors and processing rooms (energy conservation and carbon reduction) at Plant No. 1	500
26.	In-plant wastewater source isolation and sampling project	500
27.	Purchase of surface and curved surface roughness measuring equipment with measuring and recording functions	280
28.	2018 plant-wide energy conservation and carbon reduction program at the Linyuan Plant	1,090
29.	Change from heavy fuel oil to diesel for TAP-II boiler (F2472-2) in Area 24 at Linyuan Plant	400
30.	Repair and improvement of cooling water tower (E6208-2) at Linyuan Plant	3,160
31.	Addition of breathing valve to acrylonitrile tank in Area 11 at Linyuan Plant	330
32.	Upgrade of fluidized dryer in the laboratory at Linyuan Plant	2,000
33.	Upgrade power cable lines, MCC-8/9/10 in substation located in the common area at Linyuan Plant	750
34.	Maintenance and repair of incinerator at the Linyuan Plant	700
35.	Upgrade of equipment component testing equipment at Linyuan Plant	600
36.	Renewal of filter bags of bag filters in the incinerator at Linyuan Plant	180
37.	Maintenance and repair of incinerator at the Linyuan Plant (2)	550
38.	Addition of the new CAKE recovery system in Line No. 26 at Linyuan Plant	4,000
39.	Addition of LEL detection instrument and Interlock function to the RTO system at Linyuan PLant	1,500
40.	Improvement of VOC in medium and low pressure control valves at Linyuan Plant	2,800
41.	Improvement of relay wind turbine (B-6608/B-6611) in RTO at Linyuan Plant	1,000
42.	Replacement of furnace tubes of high-pressure steam boiler (H-7202) at Linyuan Plant	8,500
43.	Reinforcement of support base for ethylene purification tower (TW-5001) at Linyuan Plant	1,200
44.	Purchase of spare parts for reactor pressure control valves at Linyuan Plant	7,300
45.	Replacement with new cooling water pump in District 52 at Cianjhen Plant	200
46.	Replacement with new cooling water pump in District 23 at Cianjhen Plant	200
47.	Replacement with new CA671 motor in NOVA cooling water circulation pump at Cianjhen Plant	360
48.	Replacement of high-efficiency motors for GPS energy conservation and carbon reduction at the Cianjhen Plant	570
49.	Upgrade of the motor of EJ670 fan speed reducer in the NOVA cooling water tower at Cianjhen Plant	140
50.	Replacement with new portable VOC analyzer at Cianjhen Plant	500
51.	Replacement with a new motor in the process reaction mixer in the EPS Section at Cianjhen Plant	400
52.	Replacement with a new C2901-3 air compressor in the EPS Section at	4,770

Proposed Pollution Prevention Equipment or Expenditure		Amount
	Cianjhen Plant	
53.	Repair and annual maintenance of EK660-1/2 compressor in the NOVA ice water machine at Cianjhen Plant	3,260
54.	Upgrade of sludge dewatering machine in the wastewater factory at Cianjhen Plant	5,380
55.	Operating and maintenance charges for exhaust gas treatment equipment at Toufen Plant	31,000
56.	Operating and maintenance charges for wastewater treatment equipment at Toufen Plant	15,000
57.	Industrial waste cleanup and burial charges at Toufen Plant	2,000
58.	Air pollution prevention charges at Toufen Plant	1,800
59.	Regular application for inspection of stationary sources of pollution at Toufen Plant	500
60.	Pressure vessel inspection charges at Toufen Plant	500
61.	Noise improvement at Toufen Plant	400
62.	Agent fee for permission for operating stationary sources of pollution from glass wool manufacturing at Toufen Plant	48
63.	Testing of trial run plan for changing the operating license for stationary sources of pollution from glass wool manufacturing at Toufen Plant	722
64.	Chimney inspection in the glass wool factory at Toufen Plant	37
65.	Agent fee for a new detention license for detention basin in the glass wool factory at Toufen Plant	48
66.	Installation of flowmeters in wash pond in the glass wool factory at Toufen Plant	300
67.	Addition of covers to wash pond in the glass wool factory at Toufen Plant	600
68.	Installation of anti-overflow dike in diesel tanks in the glass wool factory at Toufen Plant	200
69.	Preparation of signboards for wastewater from the glass wool factory at Toufen Plant	3
70.	Repair of factory at Toufen Plant	498
71.	Glass wool wastewater detection at Toufen Plant	28
72.	Addition of new pulse-type dust collector to shredding machines	600
73.	Renewal of firefighting equipment at Toufen Plant	70
74.	Addition of dust cover to material conveyor belt at Toufen Plant	200
75.	Installation of dust collection fan in flat cutters at Toufen Plant	600
76.	Operating expenses for environmental protection facilities at Zhongshan Plant	1759
77.	Hazardous waste disposal charges at Zhongshan Plant	144
78.	Annual wastewater monitoring charges at Zhongshan Plant	59
79.	Annual exhaust gas monitoring charges at Zhongshan Plant	233
80.	Operating expenses for ISO14001 system at Zhongshan Plant	62
81.	Environmental protection facilities operations (RTO + wastewater plant) at Tianjin Plant	11,000
82.	Hazardous waste disposal at Tianjin Plant	4,200
83.	Inspection costs for online wastewater monitoring and comparison at	180

Proposed Pollution Prevention Equipment or Expenditure		Amount
	Tianjin Plant	
84.	Annual environmental monitoring at Tianjin Plant	350
85.	ISO14001 system certification at Tianjin Plant	125
86.	Installation of exhaust equipment in the workplace at Guanyin Plant	115
87.	Replacement of ventilation equipment at Guanyin Plant	300
88.	Plant renovation expenses at Guanyin Plant	1,470
89.	Establishment of cubicles in the workplace at Guizhou Plant	670
90.	Exhaust gas purification equipment at Guangzhou Plant	1,125
91.	Air conditioning maintenance at Guangzhou Plant	743
92.	Clean production audit tutorial cost at Kunshan Plant	158
93.	Hazardous waste treatment at Kunshan Plant	135
94.	Employee leisure facilities at Kunshan Plant	27
95.	Improvement of air conditioning equipment at Malaysia Plant	291
96.	Plant renovation at Guanyin Plant	3,010
97.	Renovation of employee canteen and dormitory in Guanyin Plant	2,000
98.	Clean production audit tutorial cost at Kunshan Plant	158
99.	Employee audiovisual studio at Kunshan Plant	36
100.	Improvement of dust collection equipment at Malaysia Plant	70
101.	Noise reduction facilities at Malaysia Plant	70
Total		220,014

(III). In response to the European Union's Restriction of Hazardous Substances Directive (RoHS):

The Company is RoHS-compliant, and RoHS has no effect of the Company's financial operations.

v. Labor Relations:

(I). List the Company's employee welfare measures, continuing education, training, retirement system and implementation status, as well as agreements between the employer and employees and measures for protecting employee rights and interests:

1. Employee welfare measures

- (1) In accordance with employee welfare regulations, an employee welfare committee has been set up, and welfare funds have been allocated in accordance with the law to handle all kinds of benefits. All the employees in the Company can enjoy all the benefits provided by the employee welfare committee. The employee welfare committee is responsible for handling the safekeeping and utilization of welfare funds.
- (2) All the employees in the Company participate in labor insurance, health insurance and group insurance and they are given medical benefits for their spouses and children and medical care for cancer. In addition, the Company also purchases travel insurance for traveling employees to provide full coverage for employees' requirements for insurance.
- (3) The Company organizes regular health checkups for its employees and pays close attention to their health.

2. Employee education and training

- (1) The Company has its own employee training regulations, where it regularly conducts surveys on employee training needs every year in accordance with the regulations, and formulates annual training plans. Moreover, the Company also prepares budgets for training and conducts various types of training. Employee functional training, management training, seminars, health talks and various types of conferences are all included in the scope of training. Employees can participate in learning through various learning methods including work instructions given by supervisors, classroom lectures, educational CDs or online learning.
- (2) In order to combine both employee training and promotion, the Company has specifically established general education courses for promotion in order to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted.
- (3) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which are supplemented with career adjustments in their respective positions in order to nurture leaders required by enterprises.

- (4) Employee training is recorded and archived. Every year, employees have to attend at least 8 hours of internal training, which is taken into account during employees' performance appraisal. At the end of each course, the Company conducts employee opinion surveys and prepares review reports. Satisfaction surveys will also be organized at the end of every year to collect employees' opinions and recommendations on employee training as a reference to improve training.
- (5) The Company's employee training expenditure in the most recent fiscal year: The Company's annual employee training expenditure for 2016 was NT\$ 4,387 thousand.

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Development Trends of Digital Finance	Chairman's Office	From "Petrochemical" to "Gulei"	Industry Information Team
Crisis Storm - Corporate Risk and Crisis Management	General Manager's Office	Seminar on Smart Design of Petrochemical-related Industry Upgrade	Chief Engineer Office
Lecture on Polyolefin Technology and Applications	Deputy General Manager's Office	Kaohsiung Pipeline Construction Management Personnel Certification Training Course	Renwu Plant
Basic Courses on Human Resources and Labor Laws	Personnel Department	2017 Safe Cities - 3rd International Forum on Industrial Pipeline Management	Renwu Plant
Continuing Education Courses for Directors and Supervisors: Information Disclosure and Prevention of Insider Trading	Audit Office	Technical Seminar on Petrochemical Manufacturing Safety and Integrity Management	Renwu Plant
Cybersecurity Challenges in the Digital Age	Information Systems Division	New Generation Team Leader - Coaching-Style Leadership	Renwu Plant
Continuing Education Courses for Directors and Supervisors: How Enterprises Respond to White Collar Crime	Legal Division	Corporate Integrity and Ethics	Renwu Plant
Analysis and Practice of the Structure of Negotiable Instruments Laws in Mainland China and Taiwan	Finance Division	Briefing on the Operation of Performance Appraisal - "Overall Performance and Talent Development System"	Renwu Plant
Project: Enhancing Business / Credit Training Course - "Problem Reporting and Suggestions"	Accounting Division	Workplace Ethics and Behavior	Renwu Plant
Time Is Running Out - Be the Owner of Time	Sales and Marketing Division	Innovation and IE Improvement Proposal Training	Renwu Plant
Business Management Practices	Human Resources Division	Fire Marshalling and Emergency Response Training	Renwu Plant
2017 Global Symposium on Chemical and Material Compliance Practices	R&D Division	Actual Practice of Process Hazard Analysis (PHA)	Renwu Plant
Actual Development of Angular 4: Advanced Development	Project Management Department	Analysis and Practice of the Structure of Negotiable Instruments Laws in Mainland China and Taiwan	All employees in Taipei
(For Non-Human Resources Manager) Human Resources Management	Managers / General employees	Handling Customer Complaints by Turning Anger into Delight	Staff
Why Our Decisions Get Derailed, and How We Can Stick to the Plan	Managers	New ISO9001 and ISO14001 2015 Provisions Training	ISO9001 and ISO14001-

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
			related personnel
2017 Industrial Pipeline Team Training and Mobilization Class	Engineering personnel	Technical Analysis of Dissolved Gas Analysis for Transformers	Instrument and electrical technicians
2017 Enterprise Union Labor Education and Training at Linyuan Plant	Company labor union members	With the Prevalence of Information Theft, How Can We Protect Trade Secrets?	Staff
2017 Employee Health Talk	Staff and workmen	6S Activity Training	Plastic Pellets Section personnel
2017 2nd Annual Emergency Response Training	VCM plant / Research and development personnel	From "Petrochemical" to "Gulei"	Managers
2017 Occupational Disaster Prevention Promotion	Safety and environmental protection personnel	Introduction to OHSAS 18001	Plastic Leather Section 2 personnel
7890GC Basic Operation and Maintenance Training	Quality control personnel	RoHS & No-P Training	Plastic Pellets Section personnel
Launch of New ABB Circuit Breaker	Instrument and electrical technicians	TAF Certification Test Standards (All) Retraining	Inspection-related personnel
GC-7820 Daily Operations and Basic Problem Solving	Quality control personnel	Class B Boiler Operator Training	Class B Boiler operators
On-the-Job Training for Operators of Forklift with a Capacity of 1 Metric Ton or More	Safety and environmental protection personnel / Engineering affairs personnel	Pre-Machine Cleaning Power Off Operation Drill	On-site personnel / Production Management Section personnel
Promotion of ISO 27001 ISMS	Information Section personnel	Industrial Safety and Fire Prevention Promotion	Coincidence Section personnel / All factory coworkers
Briefing on KPIs	Employees / Employees holding the position of section manager or higher	Common Legal Issues Faced by Businesses	Managers holding the position of section manager or higher
NACE CP2 Cathodic Protection Technician Training Course	Engineering personnel	Job Safety Analysis (JSA)	Process-related personnel
Seminar on Introduction to TAI Products and Related Applications	Instrument and electrical technicians	Work Safety Promotion	Plastic Sheet Maintenance Section personnel
Safety and Health Training for Operators of Forklift with a Capacity of 1 Metric Ton or More	Manufacturing Section personnel	Type A Occupational Safety and Health Manager Training	Type A Occupational Safety and Health Manager
Safety and Health for Operators of Fixed Cranes with Hoisting Capacity of 3 Tons or More	Maintenance personnel	Training for Operators of Fixed Cranes with Hoisting Capacity of 3 Tons or More	Maintenance personnel
Seminar on Soil and Groundwater Contamination Site Remediation	Environmental protection	Failure Modes and Effects Analysis (FMEA)	Process-related personnel

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
	technology development personnel		
Training on Small-scale Project Construction Insurance Specifications	Contractor / Safety and environmental protection / Engineering affairs personnel / Related personnel	Level 2 Health Management Personnel - Personal Health Guide Training	Level 2 Health Management Personnel
Work Improvement	Managers	Typhoon emergency response drill	All factory coworkers
Work Instruction, Talent Cultivation Planning and Implementation	Managers	Emergency Response and Evacuation Drills	All factory coworkers
Business Management in Uncertain Environments	Managers	Inspection Equipment Instructions and Operations at Building Materials Plant	Building material factory personnel
Training on Microbiological Inspection of Cosmetics	Environmental protection technology development personnel	Safety and Health Training for Organic Solvent Operations Supervisor	Organic Solvent Operations Supervisor Training
Seminar on Electricity Usage by High-voltage Users of Taipower	Instrument and electrical technicians	Life Laws	General employees
Training Activities Organized by the Southern District Promotion Association of Taiwan Occupational Safety and Health Management System	Safety and environmental protection personnel	Training for Acetylene Welding Operators	Acetylene welding operators / Maintenance personnel
Impressive Customer Management	Management unit	National Defense Training	Civil Defense Regiment members
Target Management and Performance Appraisal	Managers	How to Become a Manager's Competent Assistant	General employees
How Enterprises Respond to White Collar Crime	Managers	Self-Defense and Fire Marshalling Team Training (2017 Part 1)	Self-defense and fire marshalling team personnel
Business Management Practices III	Staff	Self-Defense and Fire Marshalling Team Training (2017 Part 2)	Self-defense and fire marshalling team personnel
Cohesion of Corporate Values	Managers	Fire Prevention Personnel Retraining	Fire Prevention Personnel
Corporate Competitiveness and Change Management	Managers	Quality Control Training	Quality Technology Section personnel
Art of Observing People among Enterprises	Managers	Introduction to Different Types of Base Cloth and Gluing	Product Development Section personnel
Crisis Storm - Corporate Risk and Crisis Management	Staff	Food-Grade Product Safety and Health Training	Alkali-Chlorine Section personnel
Hanging Operations Personnel Training	Maintenance personnel	Application Practices of Risk Assessment and Audit Skills	Auditors

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Famous Doctor Talks about Human Qualities - From Shakespeare to Medicine	Staff	High-impact Pipe Quality Instructions and Inspection (New CNS Instructions)	Building material factory personnel
How to Become a Manager's Good Assistant	Managers	Practical Audit Skills	Auditors
Safety and Health On-the-Job Training for Organic Solvent Operations Supervisors	Manufacturing Section personnel	How People without Accounting Background Engage in Profit Analysis and Cost Management	Managers with the position of section manager and above
Application and Introduction to Next-generation Sequencing (NGS)	Environmental protection technology development personnel	Seminar on Observation of Contractor Operations	Contractor and work safety officer
Classification of Hazardous Areas at the Workplace and Selection of Explosion-proof Electrical Equipment	Safety and environmental protection personnel	Health and Safety Training for Oxygen-deficient and Confined-space Operations Personnel	Oxygen-deficient and confined-space operations personnel
Confined Space Hazard Prevention Promotion	Manufacturing Section personnel	Health and Safety Training for High-risk Operations	Raw Materials Control Section personnel
Knowledge Management	Managers	Fire Drill	Alkali-Chlorine Section personnel
When Disasters Strike - Leave Alive	Staff	Discussion and Explanation on Quality Certification for Raw Materials	Sales personnel
Briefing on Explosion-proof Electrical Technology and Equipment Safety System	Safety and environmental protection / Engineering affairs personnel	Essentials of Feed System Operations and Simple Troubleshooting Techniques	Building material factory personnel
On-the-Job Training for Fixed Crane Operators	Engineering personnel	Raw Materials Quality Inspection Training (1) - (5)	Quality Inspection Section personnel
On-the-Job Training for Class A Air Pollution Prevention Specialists	Class A Air Pollution Prevention Specialists	Raw Material/Material Inspection, Test Development and Automotive Leather Inspection Retraining	Inspection-related personnel
Seminar on Energy Conservation in Air Compressors	Instrument and electrical technicians	Highly Competitive Management and Indicators	Managers with the position of Chief and above
Get Consultant - Briefing on Project Planning	Staff	Health Talk (Cardiovascular Disease)	General employees
Shaping Corporate Values	Managers	Selection of Liquid Caustic Soda Materials and Operation Precautions	Alkali-Chlorine Section personnel
Safety and Health On-the-Job Training for First Aid Personnel	Safety and environmental protection personnel	Measurement and Calibration Management Practices	Measurement and Instrument Calibration personnel
Firefighting Training and Emergency Drill	Staff and workmen	Continuing Education Course for Accounting Manager	Accounting Manager
Safety and Health On-the-Job Training for Specific Chemical Operations Supervisors	Manufacturing Section / Environmental	Post-Exhibition Technology Exchange Seminar during the International Chinaplas Exhibition	Product Development

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
	protection technology development personnel		Section personnel
Safety and Health On-the-Job Training for Oxygen-Deficient Operations Supervisors	Manufacturing Section personnel	High-Pressure Gas-Specific Equipment Operator Training	High-pressure gas-specific equipment operators
Practical Analysis of Common Business Tax Return Errors and Filing Identified by Finance Personnel	Finance and accounting personnel	Safety and Health On-the-Job Training for Forklift Operators	Forklift operators
Promotion of Crane Hoisting Operation Safety	Maintenance personnel	Innovation and IE Improvement Proposal Training	Improvement proposal-related personnel
Training for Professional Certification of Competence in Piping	Maintenance personnel	Operating Instructions for Laser Jet Printers	Hard Tubing Section personnel
Elevated Operation Safety and How to Correctly Use Full Body Harnesses	Engineering affairs / Quality control / VCM Plant personnel	Key Amendments to the Latest Labor Standards Act and Internal Audit Practices in Enterprise Payroll Cycle	Auditors
Kaohsiung Pipeline Construction Management Personnel Certification Training Course	Engineering personnel	Training for Greenhouse Gas Inventory Internal Auditors	Greenhouse Gas Inventory Internal Auditors
On-the-Job Training for High-Pressure Gas Manufacturing Safety Operation Supervisors	Manufacturing Section personnel	Safety and Health Management for Type I Pressure Vessel Operators	On-site operators
Problem Analysis and Solving	Managers	Process Quality Introduction and Discussion	Coincidence Section personnel
On-the-Job Training for Forklift Operators	Engineering affairs / VCM Plant personnel	Instrument and Electrical Maintenance and Repair Training	Plastic Sheet Maintenance Section Personnel
Enhancing Business / Credit Training Course - "Problem Reporting and Suggestions"	Staff	Training on Testing, Inspection and Certification Comparisons and Practices (1) - (4)	Inspection-related personnel
Discussion on Leadership based on Romance of the Three Kingdoms	Managers	Lubricant Training	Raw Materials Control Section personnel
How to Create a Good Diet from the Perspective of Biochemistry	Staff	Audiovisual Course (Activating a Happy Turntable, Self-motivational Skills, and Explore Taiwan on Foot)	General employees
Lecture on Basic Engineering Laws in Practical Cases	Staff	Plastic Sheet Quality Control Training	Plastic sheet factory personnel
Communication and Effective Leadership in Organizations	Managers / General employees	Plastic Sheet Quality Inspection Training	Technical Quality Control Section personnel
Creating High-Performance Teams	Managers	Raw Materials and Formula of Plastic Sheets	Technical Quality Control Section personnel
Value Creation	Managers	Introduction to Plastic Sheet Manufacturing	Product Development Section personnel

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Innovative Applications and Cloud Security Management	Information Section personnel	Plastic Sheet Manufacturing Control at Plastic Leather Factory	Plastic Leather Section 1 personnel
Intellectual Property Classification Management Training - TIPS Management Standards Class A Course - Self-Assessment Audit	Environmental protection technology development personnel	Boiler Installation Time at Plastic Leather Factory	Personnel at plastic leather factory
Intellectual Property Classification Management Training - TIPS Management Standards Class A Course	Environmental protection technology development personnel	Seminar on Thermoplastic Elastomer Material Properties and Processing Applications	Product Development Section personnel
Seminar on Smart In-line Inspection (ILI) Technology	Engineering affairs / Safety and environmental protection personnel	Practical Workshop on Business Protection Auditors Should Know	Auditors
Complaint and Conflict Management	Managers	Health Management Personnel Workshop	Health management personnel
Communications and Conflict Management	Managers	Mechanical Training	Plastic Sheet Maintenance Section Personnel
Business Innovation and Management	Managers	Training on Frequency Conversion Control for Coal-fired Boiler Systems	Engineering Department personnel
Impact of the Information Security Management Act on Industries	Information Section personnel	On-the-Job Training for Hazardous Operations Supervisors	On-site operators
Information Openness and Prevention of Insider Trading	Managers	Radiation Protection Workshop	Radiation protection personnel
Seminar on Voltage Dip Prevention	Instrument and electrical technicians	Briefing on Other Commercial Insurances	Related personnel
Managing Cycle Implementation	Managers	CRM Revision Training	Employees holding the position of section manager or higher
Pipeline Integrity Assessment Techniques Training	Engineering personnel	Business Secrets Training	Business secrets-related personnel
Cybersecurity Challenges in the Digital Age	Information Section personnel	Organic Solvent Hazard Prevention Promotion	On-site operators
Briefing on Eco-friendly Green Point Marketing Strategy and Private Enterprise Green Procurement	Staff	New First Aid Cleaning Technology	All factory coworkers
Occupational Health and Noise Hazard Prevention Promotion	Safety and environmental protection personnel	Safety and Health Management for Operators of Forklift with a Capacity of Over 1 metric ton	On-site operators
Process Safety Management Practices and Applications Class	Manufacturing Section personnel	Safety and Health Management for High-Pressure Gas-Specific Equipment Operators	On-site operators

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Understanding ISO9001	Managers	GHG Inventory First Phase Training	GHG inventory-related personnel
Negotiation Skills	Managers	DVD Course on Social Engineering Exercise	All factory coworkers
Safety and Health On-the-Job Training for Boiler Operators	Utilities Section personnel	Coal-Fired Boiler Operator Training	Coal-fired boiler operators
Presentation Skills	Managers	Trinity Investment Project Launch Meeting	Employees holding the position of section manager or higher
Workshop on Titration Analysis, Effectiveness of Karl Fischer Titration Effectiveness and Practical Recommendations for Daily Operations	Quality control personnel	Briefing on Group Annuities	Employees in all plants
Workplace Health Promotion	Staff and workmen	Class A Toxic Chemical Professional Technical Management Personnel Training	Class A Toxic Chemical Professional Technical Management Personnel
Training for Auditors in Quality Control / Environmental / Industrial Safety Management Systems	Employees at Linyuan Plant	Practice and Scaffolding Regulations on Steelwork for Upgrading Joints of L1/2 Compressor Room Roof	Engineering Section / Safety and Environmental Protection Office / Inspection Section
2017 Labor Education and Training	Employees at Linyuan Plant	NACE Cathodic Protection Technician Training	Inspection section personnel
2017 Study on Energy Conversation of Industrial Public Equipment	Hu Chen-Ti	Beginner's Course on SKF Vibration Analysis Instruments (VAI)	Inspection section personnel
2016 International Forum on Industrial Pipeline Management	Hsieh Wang-Quan / Gao Chiang-Chun	Establishing Annual Plant Maintenance System Course	Employees at Linyuan Plant
Operations on Forklifts and Cranes with Hoisting Capacity of 3 Tons or More	Synthesis Section / Machine Repair Section	Occupational Safety and Health Management Personnel Training	Liao Wen-Shih
ESCO Energy Saving Technology Training Course	Hu Chen-Ti	Training on Small-scale Project Insurance Specifications	Engineering Section / Safety and Environmental Protection Office
Explanation and Analysis of Differences between the Latest and Previous Versions of ISO 9001:2015	Employees at Linyuan Plant	Industrial Safety Training / Spirit of Teamwork	Employees at Linyuan Plant
Explanation on the Provisions of ISO14001:2015	Employees at Linyuan Plant	Training on Hazard Identification, Risk Assessment and Control Management	Employees at Linyuan Plant
Live ABC Training Course	Employees at Linyuan Plant	Workshop on Filing Withholding of Various Types of Income documents	Wei Hua-Ling

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Let Down Valve Manufacturing Course	Engineering affairs personnel	Continuing Education Certificate in Radiation Safety	Instruments and Electrical Section personnel
Radioactive Material or Equipment Capable of Producing Ionizing Radiation Operation	Instruments and Electrical Section personnel	Annual Work Performance Planning and Functional Assessment Course	Employees at Linyuan Plant
2017 Training Workshop on Taxation and Law	Wei Hua-Ling	Organic Solvent Operations Supervisor Training	Synthesis Section / Experiment Section No. 1
Social Engineering Exercises	All employees at Linyuan Plant	Confined Space Hazard Prevention Promotion	Synthesis Section personnel
Type I Pressure Vessel Operation (Retraining)	Synthesis Section personnel	Get Consultant - Briefing on General Employee KPI	Employees at Linyuan Plant
Briefing on Group Annuities	Employees at Linyuan Plant	Training for Professional Certification of Competence in Piping	Engineering Section personnel
Risk of Crises - Discussion on Corporate Risk and Crisis Management	All employees in Taipei	Promotion of Draft Regulations on Prevention and Control of Air Quality Deterioration	Chen Cheng-Te
On-the-Job Training for Process Safety Assessment Personnel	Huang Chi-Feng	Air Compressor and Air Conditioning Monitoring Applications and Practices	Chen Yu-Chen
Live ABC Training Course	Lu Shih-Tung / Chang Te-Kai	Emergency Personnel (Retraining)	Safety and Environmental Protection Office
Training for Pipeline Excavation Management Personnel	Engineering section / Inspection Section	Risk Baseline Testing / Equipment Integrity	Chang Hung-Tse
Briefing on the Group's Seniority Settlement Plan	Employees at Linyuan Plant	Special Chemical Operations Supervisor Training	Synthesis Section personnel
Principles and Practices of Temperature and Pressure	Instruments and Electrical Section Personnel	Supervisor Training on Dust Operations	Synthesis Section personnel
Actual Practice of Audit Operations	Chuang Chia-Fang	Lecture on Polyolefin Technology and Applications	Liu Chen-Tu
High-Pressure Gas-Specific Equipment Operation (Retraining)	Synthesis Section personnel	2017 Accounting Manager Continuing Education Course	Chen Cheng-Shun
Health Talk (How to Relieve Stress)	Employees at Linyuan Plant	Practical Course on Internal Audit Control	Lin Chia-Hui
International Trade Practices	Lu Shih-Tung	Audit and Examination of Network and System Security Practices	Lin Chia-Hui
Training for Energy Management Personnel	Manufacturing Methods Section personnel	Team Building and Skills	All employees in Taipei
Forklift Operations Training	Synthesis Section / Manufacturing Section	Time is Running Out	All employees in Taipei
Pipeline Integrity Assessment Techniques	Lin Shih-Chuan	Information Disclosure and Prevention of Insider Trading	All employees in Taipei

Name of Representative Training	Training Participant	Name of Representative Training	Training Participant
Principles and Practices of Temperature and Pressure	Tsai Yung-Yu	Let's Talk about EQ Management and Stress Relief	All employees in Taipei
Seminar on Smart In-line Inspection (ILI) Technology	Engineering section / Inspection Section	Applications of Internet of Things - Cloud-controlled Home Appliances	All employees in Taipei
2017 Accounting Manager Continuing Education Courses	Chan Mei-Lan	Business Management Practices	All employees in Taipei
Training Course on Introduction to Plastics	Lu Shih-Tung / Chang Te-Kai	Pre-employment Training Workshop for New Enterprise Internal Auditors	Chiang Yu-Ting
New Knowledge of Internal Audit-related Regulations and Computer Audit Practices and Applications	Chuang Chia-Fang		

3. Employee retirement system

- (1) The Labor Pension Statutes were implemented beginning in July 1, 2005. Where the retirement pension provisions of the Labor Standards Act continue to apply to incumbent employees, a Labor Pension Reserve Fund Supervision Committee was established. Every month, 9% to 15% of each employee's salary is allocated to the pension serve fund, and retired employees can receive their pension in accordance with the law.
 - (2) After the implementation of the Labor Pension Statutes, for all new employees and incumbent employees who choose to follow the applicable retirement pension system stated in the Labor Pension Statutes, or for incumbent employees who choose to follow the applicable retirement pension system stated in the Labor Standards Act but choose to follow the retirement pension system stated in the Labor Pension Statutes again within five (5) years, the Company shall allocate and save six (6) percent of each employee's salary every month into the personal labor pension account established for each employee by the Bureau of Labor Insurance.
 - (3) Employees can also voluntarily contribute another six (6) percent of their individual salaries every month separately as retirement pension. The voluntary pension contribution shall be fully deducted from the employee's total comprehensive income for the year.
 - (4) After choosing to follow the retirement pension system stated in the Labor Pension Statutes, employees shall not be allowed to switch to the retirement pension system stated in the Labor Standards Act again.
4. Protection measures for agreements between the employer and employees and all employee rights

In order to establish a rule-based channel for agreements between the employer and employees, meetings are regularly held between the employer and employees in order to effectively solve problems between the employer

and employees.

5. Related certifications obtained from the relevant competent authorities by personnel of the Company involved with the transparency of financial information

Department	Name	Related Certification
Accounting Division	Kuo Chuan-Hua	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Kuo Chien-Chou	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Chen Cheng-Shun	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012
	Lin Chin-Tsai	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
	Chang Sheng-Chuan	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges offered by the Accounting Research and Development Foundation
		Passed the Accountant Examination in the 2007 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (96) Chuan Kao Hui Tzu No. 000147
Wu Chia-Ling	Passed the Accountant Examination in the 2011 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (100) Chuan Kao Hui Tzu No. 000114	
Audit Office	Chiang Yu-Ting	Pre-employment Training Workshop for New Enterprise Internal Auditors Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1061536, No. 1061577 and No. 1061619
	Hsu Liang-Wei	Audit Practices for Subsidiaries Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1061238
		Practical Workshop on Business Protection Auditors Should Know Certificate No.: (106) Cheng Chi Chi Yeh Chi Tsai Chih Hsun Lien Tzu No. 00744
	Chang Li-Ping	Certified Internal Auditor (CIA)
		ISO27001 Security Management Systems Lead Auditor
	Chuang Chia-Fang	New Knowledge of Internal Audit-related Regulations and Computer Audit Practices and Applications offered by the Accounting Research and Development Foundation Certificate No.: (106) Hui Chiao (Chi) Tzu No. 1018015
		Actual Practice of Audit Operations offered by the Institute of Internal Auditors - Chinese Taiwan Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1063480
		Certified Internal Auditor (CIA)
	Chang Tai-Feng	Certificate of Qualification in the Proficiency Test for Corporate Internal Control offered by the Securities and Futures Institute
		Certificate of Qualification in the Proficiency Test for Service Personnel offered by the Securities and Futures Institute
Tu Ying-Chun	Certified Internal Auditor (CIA)	
	Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute	

Department	Name	Related Certification
	I Wei-Ching	Certificate of Qualification in the Professional Development Course and Test for Internal Auditors of Publicly Listed Companies Certificate No.: ARDF (106) Hui Chiao (Chi) Tzu No. 10160003 Certificate No.: ARDF (106) Hui Chiao (Chi) Tzu No. 1074037

6. Employee code of conduct or ethics

In accordance with the Labor Standards Act and relevant laws, employees' work rules and various management systems (described below) have been established in order to maintain discipline and order among employees in the workplace.

- (1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.
- (2) Pre-employment training for new employees covers basic education on ethics, environmental protection, occupational safety and health management.
- (3) Signing of Letter of Undertaking by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, and prevents employees from infringing on the interests of the Company.
- (4) The Company's website discloses the following: Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, Procedures for Handling Material Inside Information and Procedures for Ethical Management and Guidelines for Conduct.
For Employee Work Rules, visit the Corporate Governance section under Investor Services on the Company's website: <http://www.usife.com.tw>

7. Protection measures for work environment and employees' personal safety

- (1) The Company has successfully obtained the ISO14001 and OHSAS18001 Management System Certifications, and actively promotes improvement activities including energy conservation, disaster prevention and pollution prevention.
- (2) In order to enhance self-inspection of all aspects of work safety, the Company complies with the Group Safety and Health Partners Regional Joint Rescue system recommended and guided by the South Labor Inspection Institute, and actively participates in the events organized by Renda Safety and Health Promotion Association.
- (3) The Company actively attends activities held by Taiwan Responsible

Care Association (TRCA) in the chemical engineering industry and upholds its spirit, as well as helps contractors build a safe and healthy environmental management system. In addition, the Company also participates in community events and cares for product protection in order to create a better living environment.

- (4) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides group insurance, annual health checkups, sports and fitness equipment, as well as organizes various outdoor recreational activities and talks on mental, emotional and spiritual health.
- (5) With regards to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs and vertical fall arresters, but also continuously provides training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner.

8. Fulfilling Social Responsibilities

- (1) The Company makes contributions to our social and economic well-being.
- (2) The Company encourages its employees to participate in various service activities to promote community and social development.
- (3) The Company does its best to reduce the negative impact of its business activities on the environment in line with government regulations, and achieve the objectives of the Group's environmental policies (such as environmental protection responsibilities. using eco-friendly refrigerants and energy-saving lamps).
- (4) The Company does its best to take in to account local cultural and social traditions when implementing various business activities.
- (5) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.

(II). List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

The Company has always paid serious attention to communication and harmony between the employer and employees, and labor disputes can be communicated and overcome through mutual trust. Hence, there has not been any labor dispute in recent years. Based on the good relations between the employer and employees, no labor dispute is expected to happen in the future.

VI. Important Contracts:

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
Ethylene and Propylene Purchase Contract	CPC Corporation	2017.01.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of ethylene and propylene supplied to USI's Renwu Plant	None
Ethylene purchase contract	Mitsubishi Corporation	2017.02.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of ethylene supplied to USI's Renwu Plant	None
Ethylene purchase contract	Marubeni Corporation	2017.01.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of ethylene supplied to USI's Renwu Plant	None
Ethylene purchase contract	Mitsui & Co.	2017.01.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of ethylene supplied to USI's Renwu Plant	None
Vinyl acetate purchase contract	Dairen Chemical Corporation	2017.01.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of vinyl acetate supplied to USI's Renwu Plant	None
Vinyl acetate purchase contract	HELM AG	2017.01.01-2017.12.31 2018.01.01-2018.12.31	Annual contract volume and price of vinyl acetate supplied to USI's Renwu Plant	None
Turnkey Contract	CTCI Corporation	October 2014 onward	Project management, design, purchasing and contracting services, supply of equipment and materials, as well as construction, installation and pre-testing services provided to the new CBC Pilot Plant constructed by USI.	None
2015-1 Unsecured Corporate Bonds (Bond A)	Trustee: Trust Department, Mega International Commercial Bank	2015.02.12-2020.02.12	USI issued corporate bonds worth NT\$ 1 billion, where the par value of each bond is NT\$ 1 million and the bonds were fully issued at par value, with a maturity of five (5) years. The bonds were issued at a fixed interest rate of 1.55%.	None
2015-1 Unsecured Corporate Bonds (Bond B)	Trustee: Trust Department, Mega International Commercial Bank	2015.02.12-2022.02.12	USI issued corporate bonds worth NT\$ 1 billion, where the par value of each bond is NT\$ 1 million and the bond were fully issued at par value, with a maturity of seven (7) years. The bonds were issued at a fixed interest rate of 1.90%.	None

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
2016-1 Unsecured Ordinary Corporate Bonds	Trustee: Trust Department, Taipei Fubon Commercial Bank Co., Ltd	2016.10.28-2021.10.28	USI issued corporate bonds worth NT\$ 2 billion, where the par value of each bond is NT\$ 1 million and the bonds were fully issued at par value, with a maturity of five (5) years. The bonds were issued at a fixed interest rate of 0.80%.	None
2017-1 Unsecured Ordinary Corporate Bonds	Trustee: Trust Department, Taipei Fubon Commercial Bank Co., Ltd.	2017.10.27-2022.10.27	USI issued corporate bonds worth NT\$ 2 billion, where the par value of each bond is NT\$ 1 million and the bonds were fully issued at par value, with a maturity of five (5) years. The bonds were issued at a fixed interest rate of 1.10%.	None
Medium-term Lending Limit Contract	KGI Bank	2017.02.14-2020.02.14	USI and KGI Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Yuanta Bank	2017.09.04-2019.09.04	USI and Yuanta Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending Limit Contract	Bank SinoPac	2017.09.01-2020.06.30	USI and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$ 300 million, where it can be used cyclically.	Based on the most recent consolidated financial statements of USI, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank Co., Ltd.	2017.10.16-2020.10.16	USI and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated financial statements of USI, its

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
				current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	First Commercial Bank	2017.05.23-2020.05.23	USI and First Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of USI, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Bank	2017.01.12-2020.01.12	Union Polymer International Investment Co., Ltd. and Chang Hwa Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Hua Nan Bank	2017.07.25-2020.07.25	Union Polymer International Investment Co., Ltd. and Hua Nan Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Mega International Commercial Bank	2014.04.30-2019.04.30	Union Polymer International Investment Co., Ltd. and Hua Nan Bank signed a five-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending Limit Contract	KGI Bank	2016.11.02-2020.02.14	Union Polymer International Investment Co., Ltd. and KGI Bank signed a three-year medium-term lending limit contract worth NT\$ 300 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
				than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Taipei Fubon Commercial Bank Co., Ltd.	2016.01.02-2019.09.12	Union Polymer International Investment Co., Ltd. and Taipei Fubon Commercial Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 500 million, where it can be used cyclically.	Its debt ratio (debt/net value) shall not be greater than 150%, and its net value shall not be less than NT\$ 2.8 billion.
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	O-Bank	2017.10.17-2020.10.16	Union Polymer International Investment Co., Ltd. and O-Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 300 million, where it can be used cyclically.	
Medium-term Lending Limit Contract	Bank SinoPac	2017.03.31-2019.03.31	Union Polymer International Investment Co., Ltd. and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$ 300 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of USI Corporation, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 150%.

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
Joint Venture Contract	Joint venture with companies including Ho Tung Chemical Corporation, LCY Group, Asia Polymer Corporation, Hsintay Petroleum Co., Ltd., Chenergy Global Co., Ltd., Lien Hwa International Corporation and CTCI Corporation	2016.09.30	USI Corporation and seven other companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemical-related products.	Yes
Material Purchase Contract	Formosa Plastics Corporation	2018.01.01-2018.12.31	Taiwan VCM Corporation and Formosa Plastics Corporation signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Sabic Asia Pacific Pte. Ltd.	2018.01.01-2018.12.31	Taiwan VCM Corporation and SABIC Asia Pacific Pte. Ltd. signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Mitsui & Co., Ltd.	2018.01.01-2018.12.31	Taiwan VCM Corporation and Mitsui & Co., Ltd. signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Mitsubishi Corporation	2018.01.01-2018.12.31	Taiwan VCM Corporation and Mitsubishi Corporation signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Marubeni Corporation	2018.01.01-2018.12.31	Taiwan VCM Corporation and Marubeni Corporation signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	CPC Corporation	2018.01.01-2018.12.31	Taiwan VCM Corporation and CPC Corporation signed a contract for the purchase of ethylene, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Dampier Salt Co.	2018.01.01-2018.12.31	China General Plastics Corporation and Dampier signed a contract for the purchase of industrial salt, with the price of the material agreed by both the buyer and the seller.	None
Medium-term Secured Lending Limit Contract	Chang Hwa Bank	2018.02.01-2023.07.31	CGPC and Chang Hwa Bank signed a five-year medium-term secured lending limit contract worth NT\$ 1 billion, where it can be used cyclically.	None
Medium-term Secured Lending Limit Contract	KGI Bank	2016.11.30-2021.11.30	CGPC and KGI Bank signed a five-year medium-term secured lending limit contract worth NT\$ 1 billion, where it can be used cyclically.	None
Medium-term Lending and Foreign Exchange	KGI Bank	2016.11.18-2019.11.18	CGPC and KGI Bank signed a three-year medium-term lending and foreign exchange credit comprehensive limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated annual report /

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
Credit Comprehensive Limit Contract				semi-annual report of CGPC, its current ratio shall not be less than 175%, and its debt ratio (debt/net value) shall not be greater than 125%.
Material Purchase Contract	CPC Corporation	2017.01.01-2017.12.31	Supply of ethylene to APC, where the price of the material is mainly calculated based on ethylene and naphtha prices in Asia for the current month.	None
Medium-term Lending Limit Contract	Bank SinoPac	2017.08.11-2020.06.30	Asia Polymer Corporation and Bank SinoPac signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than and ,%100 its debt ratio (debt/net value) shall not be greater than .%100
Medium-term Lending Limit Contract	Chang Hwa Bank	2015.11.11-2018.06.30	APC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$ 400 million, where it can be used cyclically.	None
Medium-term Lending Limit Contract	Yuanta Commercial Bank	2018.01.19-2021.01.19	APC and Yuanta Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Shin Kong Bank	2015.10.22-2018.10.22	APC and Shin Kong Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT\$ 450 million, where it can be used cyclically.	None
Medium-term Lending Limit Contract	KGI Bank	2016.07.29-2019.04.22	APC and KGI Bank signed a three-year medium-term lending limit contract worth NT\$ 200,000 thousand, where it can be used once only.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
				less than and ,%150 its debt ratio debt/net) value) shall not be greater than .%125
Medium-term Lending Limit Contract	KGI Bank	2018.03.05-2021.03.05	APC and KGI Bank signed a three-year medium-term lending limit contract worth NT\$ 400 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than and ,%150 its debt ratio debt/net) value) shall not be greater than .%125
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank Co., Ltd.	2016.09.12-2019.09.12	The Company and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	Based on the consolidated annual report of APC, its current ratio shall not be less than and ,%100 its debt ratio debt/net) value) shall not be greater than ,%150 while its net value shall not be less than NT\$ 7 .billion
Medium-term Lending Limit Contract	First Commercial Bank	2017.12.19-2020.11.24	APC and First Commercial Bank signed a three-year medium-term lending limit contract worth NT\$ 500 million, where it can be used cyclically.	None
Medium-term Lending Limit Contract	O-Bank	2017.12.19-2020.12.19	APC and O-Bank signed a three-year medium-term lending limit contract worth NT\$ 250 million, where it can be used cyclically.	None

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
Material Purchase	Shell Chemicals	2017.04.01-2017.12.31	Import of styrene from Shell Chemicals to be supplied to TTC's Cianjhen Plant every year, where the price of the material is calculated based on the original price agreed by both parties, and a letter of credit should be issued before shipment	None
Material Purchase	Taiwan Styrene Monomer Corporation	2017.04.01-2019.03.31	Purchase of styrene from Taiwan Styrene Monomer Corporation to be supplied to TTC's Qianzhen Plant and Linyuan Plant every year, where the price of the material calculated based on the original price agreed by both parties	None
Material Purchase	Formosa Chemicals & Fibre Corporation	2017.01.01-2017.12.31 (Contract renewal every year)	Purchase of styrene from Formosa Chemicals Fibre Corporation to be supplied to TTC's & Qianzhen Plant and Linyuan Plant every year, where the price of the material is calculated based on the original price agreed by both parties, and a domestic letter of credit should be issued	None
Material Purchase	CPC Corporation	2017.01.01-2017.12.31 (Contract renewal every year)	CPC Corporation agreed to sell and supply butadiene to TTC's Linyuan Plant every year, where the price of the material is calculated based on the price set by CPC Corporation. Payment for the material must be settled on the .15th of the following month after delivery	None
Material Purchase	Formosa Petrochemical Corporation	2017.01.01-2017.12.31 (Contract renewal every year)	Formosa Petrochemical Corporation agreed to sell and supply butadiene to TTC's Linyuan Plant every year, where the price of the material is calculated based on the price set by Formosa Petrochemical Corporation. Payment for the material must be settled on the 15th of .the following month after delivery	None
Material Purchase	China Petrochemical Development Corporation	2017.01.01-2018.12.31	China Petrochemical Development Corporation agreed to sell and supply acrylonitrile to TTC's Linyuan Plant every year, where the price of the material is calculated based on the original price agreed by both parties. Payment for the material must be settled on the 15th of the following month after delivery.	None
Material Purchase	Binhai New Area Sales Branch, Tianjin Dagu Chemical Co., Ltd.	2017.01.01-2017.12.31 (Contract renewal every year)	Binhai New Area Sales Branch, Tianjin Dagu Chemical Co., Ltd. agreed to sell and supply styrene to TTC's Tianjin Plant every year, where the price of the material is calculated based on the original price agreed by both parties. Payment for the material must be settled before delivery.	None
Material Purchase	USI Asia Trading (Shanghai) Co., Ltd.	2017.01.25-2017.12.31	USI Asia Trading (Shanghai) Co., Ltd. agreed to sell and supply styrene to TTC's Tianjin Plant every year, where the price of the material is calculated based on the original price agreed by both parties. Payment for the material must be settled before delivery.	None
Material Purchase	CHOOC and Shell Petrochemicals Co., Ltd.	2017.01.01-2017.12.31 (Contract renewal every year)	Import of styrene from CHOOC and Shell Petrochemicals Co., Ltd. to be supplied to TTC's Zhongshan Plant every year, where the price of the material is calculated based on the original price agreed by both parties, and a	None

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
			domestic letter of credit should be issued before shipment	
Material Purchase	SinoPec Chemical Sales (Huanan) Co., Ltd.	2017.01.01-2017.12.31 (Contract renewal every year)	SinoPec Chemical Sales (Huanan) Co., Ltd. agreed to sell and supply styrene to TTC's Zhongshan Plant every year, where the price of the material is calculated based on the original price agreed by both parties. Payment for the material must be settled before delivery.	None
Material Purchase	CNOOC Oriental Petrochemical Co., Ltd.	2017.01.01-2017.12.31 (Contract renewal every year)	Purchase of styrene from CNOOC Oriental Petrochemical Co., Ltd. to be supplied to TTC's Zhongshan Plant every year, where the price of the material is calculated based on the original price agreed by both parties, and a domestic letter of credit should be issued before shipment	None
Technical Cooperation	TAICA (Japanese Company)	1996.11.25-2019.02.28 Automatically extended for 2 years if there is no objection by both parties after the contract expires	This contract involves the transfer of cubic printing technology to TTC, where this technology is the first of its kind in the world and enables printing of various patterns on uneven surfaces (such as telephones, automobile parts and components), thereby enhancing the added value of products. This technology has been patented in many countries, including the United States, Japan, Canada, Germany, the Netherlands, France and the United Kingdom.	None
Provision of Technology	Owens Corning Company (U.S. Company)	2014.04.01-2024.03.31	Provision of expertise to TTC with regards to the manufacture of glass wool insulation products	None
Medium-term Lending, Medium-term Secured Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Chang Hwa Bank	2017.11.17-2022.06.29	TTC and Chang Hwa Bank signed a five-year medium-term lending, medium-term secured lending and commercial paper guarantee comprehensive limit contract worth NT\$1 billion, where it can be used cyclically.	None
Medium-term Lending Limit Contract	O-Bank	2017.12.19-2020.10.16	TTC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$300 million, where it can be used cyclically.	None
Medium-term Lending and Foreign Exchange Credit Comprehensive Limit Contract	KGI Bank	2016.10.04-2018.10.04	TTC and KGI Bank signed a two-year medium-term lending and foreign exchange credit comprehensive limit contract worth NT\$300 million, where it can be used cyclically.	Based on the consolidated annual report / semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 250%.
Cooperative	Non-related Party,	Signed on	Acme Electronics (Kunshan) Co., Ltd.	None

Nature of Contract	Party	Contract Start Date	Main Content	Restrictive provisions
Development Agreement	Company A	2018.01.26	performed valuation for land-use rights of a portion of land in Kunshan City, Jiangsu Province and invested in it. Later, the company activated the asset by transferring all of the shares. The total transaction price was RMB 63,227 thousand.	
Medium-term Secured Lending Limit Contract	Mega International Commercial Bank	2017.09.11-2022.09.01	ACME Electronics Corporation's land and factory premises at its Guanyin Plant were provided as collaterals for a loan, where the limit is NT\$ 100,000 thousand.	The total limit offered by Mega International Commercial Bank must not exceed NT\$ 350,000 thousand
Medium-term Unsecured Lending Limit Contract	Mega International Commercial Bank	2017.05.19-2019.06.18	ACME Electronics Corporation's land and factory premises at its Guanyin Plant were provided as collaterals for a loan, where the limit is NT\$ 100,000 thousand.	The total limit offered by Mega International Commercial Bank must not exceed NT\$ 350,000 thousand
Medium-term Unsecured Lending Limit Contract	O-Bank	2017.10.13-2020.10.12	The limit provided to ACME Electronics Corporation is NT\$ 200,000 thousand.	Limits on net value and current ratio

Chapter 6 Financial Summary

I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years

(I). Condensed consolidated balance sheet and consolidated comprehensive income statement

1. Condensed consolidated balance sheet - IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)					Current fiscal year up to March 31, 2018 Financial information (Review)
		2017	2016	2015	2014	2013	
Current assets		30,484,428	33,880,175	29,919,050	32,481,273	35,933,828	30,927,325
Property, plant and equipment		23,758,495	22,804,814	22,600,211	20,241,266	17,556,166	23,661,561
Intangible assets		362,375	417,620	483,938	497,354	486,735	349,067
Other assets		9,788,553	4,892,866	4,494,947	5,195,118	4,620,410	9,995,325
Total assets		64,393,851	61,995,475	57,498,146	58,415,011	58,597,139	64,933,278
Current liabilities	Before distribution	12,863,294	14,291,961	14,369,867	16,357,436	17,000,771	12,655,730
	After distribution	- (Note 2)	14,863,262	14,941,168	16,814,477	17,686,332	- (Note 2)
Non-current liabilities		16,722,138	15,684,028	12,078,986	10,959,710	10,302,840	16,348,688
Total liabilities	Before distribution	29,585,432	29,975,989	26,448,853	27,317,146	27,303,611	29,004,418
	After distribution (Note 1)	- (Note 2)	30,547,290	27,020,154	27,774,187	27,989,172	- (Note 2)
Equity attributable to owners of parent company		18,124,407	17,726,796	17,025,008	17,320,978	17,098,803	18,491,705
Capital		11,654,544	11,426,024	11,426,024	11,426,024	11,426,024	11,654,544
Capital reserve		238,194	216,135	197,714	183,205	162,708	238,301
Retained earnings	Before distribution	6,738,561	6,474,504	5,930,728	5,571,237	5,632,827	7,065,540
	After distribution (Note 1)	- (Note 2)	5,903,203	5,359,427	5,114,196	4,947,266	- (Note 2)
Other equity		(31,286)	85,739	(53,852)	616,118	316,949	8,926
Treasury stock		(475,606)	(475,606)	(475,606)	(475,606)	(439,705)	(475,606)
Non-controlling equity		16,684,012	14,292,690	14,024,285	13,776,887	14,194,725	17,437,155
Total equity	Before distribution	34,808,419	32,019,486	31,049,293	31,097,865	31,293,528	35,928,860
	After distribution (Note 1)	- (Note 2)	31,448,185	30,477,992	30,640,824	30,607,967	- (Note 2)

Note 1: Post-distribution figures are filled based on the resolution passed by the Shareholders' Meeting in the following year.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

2. Condensed consolidated statement of comprehensive income - IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)					Current fiscal year up to March 31, 2018 Financial information (Review)
		2017	2016	2015	2014	2013	
Revenue		58,133,943	53,101,997	52,373,585	59,704,563	58,678,881	14,670,146
Gross profit		7,126,932	6,881,135	5,437,516	3,905,491	4,715,748	1,845,606
Operating income		3,377,667	3,161,484	1,772,121	347,551	1,359,569	911,776
Non-operating income and expenses		110,603	(90,260)	215,517	529,801	745,437	88,717
Net income before taxes		3,488,270	3,071,224	1,987,638	877,352	2,105,006	1,000,493
Net income from continuing operations		2,712,050	2,357,701	1,569,029	655,242	1,708,269	816,413
Gain (loss) from discontinued operations		(2,197)	21,777	(31,923)	(26,566)	(17,515)	(142)
Net income		2,709,853	2,379,478	1,537,106	628,676	1,690,754	816,271
Other comprehensive income - Net amount after taxes		(370,554)	(242,451)	(947,207)	442,852	319,496	199,759
Total comprehensive income		2,339,299	2,137,027	589,899	1,071,528	2,010,250	1,016,030
Profit attributable to owners of parent company		1,111,290	1,189,570	879,631	640,838	817,164	247,661
Net income attributable to non-controlling interests		1,598,563	1,189,908	657,475	(12,162)	873,590	568,610
Total comprehensive income attributable to owners of parent company		970,032	1,255,498	151,781	923,137	1,066,935	314,463
Total comprehensive income attributable to non-controlling interests		1,369,267	881,529	438,118	148,391	943,315	701,576
Earnings per share	Before adjustment	1.06	1.15	0.85	0.62	0.79	0.24
	After adjustment (Note 1)	- (Note 2)	1.13	0.84	0.61	0.78	- (Note 2)

Note 1: Stock dividends of affected businesses have been retrospectively adjusted.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

(II). Parent company-only condensed balance sheet and statement of comprehensive income

1. Parent company-only condensed balance sheet - IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)				
		2017	2016	2015	2014	2013
Current assets		7,133,917	9,215,956	7,814,724	7,759,389	9,705,943
Property, plant and equipment		6,536,559	5,187,836	4,741,978	3,410,360	1,905,715
Intangible assets		33,638	54,209	75,100	90,500	112,135
Other assets		13,017,931	9,978,016	9,738,321	10,273,180	9,757,236
Total assets		26,722,045	24,436,017	22,370,123	21,533,429	21,481,029
Current liabilities	Before distribution	2,076,844	2,086,624	2,372,845	2,270,048	1,442,506
	After distribution (Note 1)	- (Note 2)	2,657,925	2,944,146	2,727,089	2,128,067
Non-current liabilities		6,520,794	4,622,597	2,972,270	1,942,403	2,939,720
Total liabilities	Before distribution	8,597,638	6,709,221	5,345,115	4,212,451	4,382,226
	After distribution (Note 1)	- (Note 2)	7,280,522	5,916,416	4,669,492	5,067,787
Capital		11,654,544	11,426,024	11,426,024	11,426,024	11,426,024
Capital reserve		238,194	216,135	197,714	183,205	162,708
Retained earnings	Before distribution	6,738,561	6,474,504	5,930,728	5,571,237	5,632,827
	After distribution (Note 1)	- (Note 2)	5,903,203	5,359,427	5,114,196	4,947,266
Other equity		(31,286)	85,739	(53,852)	616,118	316,949
Treasury stock		(475,606)	(475,606)	(475,606)	(475,606)	(439,705)
Total Equity	Before distribution	18,124,407	17,726,796	17,025,008	17,320,978	17,098,803
	After distribution (Note 1)	- (Note 2)	17,155,495	16,453,707	16,863,937	16,413,242

Note 1: Post-distribution figures are filled based on the resolution passed by the Shareholders' Meeting in the following year.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

2. Parent company-only statement of comprehensive income - IFRS

Unit: NT\$ thousands

Item	Year	Financial information in the most recent five fiscal years (audited and verified)				
		2017	2016	2015	2014	2013
Revenue		11,551,511	11,458,198	10,798,122	12,210,260	11,122,779
Gross profit		1,200,915	1,578,859	1,395,128	1,139,149	787,201
Operating income		503,786	823,522	723,502	487,344	253,920
Non-operating income and expenses		703,152	459,038	288,063	261,408	661,191
Net income before taxes		1,206,938	1,282,560	1,011,565	748,752	915,111
Net income		1,111,290	1,189,570	879,631	640,838	817,164
Other comprehensive income - Net amount after taxes		(141,258)	65,928	(727,850)	282,299	249,771
Total comprehensive income		970,032	1,255,498	151,781	923,137	1,066,935
Profit attributable to owners of parent company		1,111,290	1,189,570	879,631	640,838	817,164
Total comprehensive income attributable to owners of parent company		970,032	1,255,498	151,781	923,137	1,066,935
Earnings per share	Before adjustment	1.06	1.15	0.85	0.62	0.79
	After adjustment (Note 1)	-(Note 2)	1.13	0.84	0.61	0.78

Note 1: Stock dividends of affected businesses have been retrospectively adjusted.

Note 2: It is not listed unless the resolution has been passed by the Shareholders' Meeting.

(V). Name of CPAs and their audit opinions in the most recent five fiscal years

Year	CPA firm	Name of CPA	Audit opinion
2013	Deloitte & Touche	CPAs Wei Liang-Fa and Huang Hsiu-Chun	No qualified opinion
2014	Deloitte & Touche	CPAs Wei Liang-Fa and Wu Shih-Tsung	Modified unqualified opinion
2015	Deloitte & Touche	CPAs Kuo Tzu-Jung and Wu Shih-Tsung	No qualified opinion
2016	Deloitte & Touche	CPAs Kuo Tzu-Jung and Wu Shih-Tsung	No qualified opinion
2017	Deloitte & Touche	CPAs Kuo Tzu-Jung and Wu Shih-Tsung	No qualified opinion

II. Financial Analysis in the Most Recent Five Fiscal Years

(I). Financial analysis - IFRS

USI and its subsidiaries

Item		Year	Financial analysis over the most recent five fiscal years (audited and verified)					Current year up to 107.03.31 (review)
		2017	2016	2015	2014	2013		
Financial structure (%)	Debt-to-assets ratio	45.94	48.35	46.00	46.76	46.60	44.67	
	Ratio of long-term capital to property, plant and equipment	216.89	209.18	190.83	207.78	236.93	220.94	
Solvency (%)	Current ratio	236.99	237.06	208.21	198.57	211.37	244.37	
	Quick ratio	177.67	185.45	156.02	141.88	159.36	182.27	
	Interest coverage ratio	1,475	1,356	826	415	1,048	1,635	
Operating ability	Receivables turnover ratio (times)	7.58	7.48	6.86	7.39	7.93	7.48	
	Average collection days	48	49	53	49	46	49	
	Inventory turnover ratio (times)	7.54	6.78	6.00	6.59	6.98	7.35	
	Payables turnover ratio (times)	13.52	13.77	14.57	13.71	12.92	13.46	
	Average inventory turnover days	48	54	61	55	52	50	
	Property, plant, and equipment (PP&E) turnover ratio (times)	2.50	2.34	2.44	3.16	3.44	2.47	
	Total asset turnover ratio (times)	0.92	0.89	0.90	1.02	1.03	0.91	
Profitability	Return on assets (%)	4.60	4.28	2.97	1.43	3.26	5.34	
	Return on equity (%)	8.11	7.55	4.95	2.02	5.44	9.23	
	Income before tax to paid-in capital ratio (%)	29.93	26.88	17.40	7.68	18.42	34.34	
	Net profit margin (%)	4.66	4.48	2.93	1.05	2.88	5.56	
	Earnings per share (NT\$)	Before adjustment	1.06	1.15	0.85	0.62	0.79	0.24
		After adjustment	1.06※	1.13	0.84	0.61	0.78	0.24※
Cash flow	Cash flow ratio (%)	33.68	31.49	19.95	16.68	12.67	3.03	
	Cash flow adequacy ratio (%)	62.63	88.48	76.08	89.02	122.25	156.18	
	Cash re-investment ratio (%)	4.78	5.33	3.48	3.05	1.55	0.48	
Leverage	Degree of operating leverage (DOL)	1.58	1.57	1.92	5.80	2.14	1.56	
	Degree of financial leverage (DFL)	1.08	1.07	1.13	3.47	1.18	1.07	

Reasons for changes in various financial ratios in the most recent two fiscal years. (analysis is not be required if such changes are within 20%).

A decrease of 29% in cash flow adequacy ratio: due mainly to the increase in capital expenditures in the current year

※Based on the profit distribution plan which has been approved by the Board of Directors but is yet to be acknowledged at the Shareholders' Meeting

USI

Analysis item		Financial analysis over the most recent five fiscal years (audited and verified)				
		2017	2016	2015	2014	2013
Financial structure (%)	Debt-to-assets ratio	32.17	27.46	23.89	19.56	20.40
	Ratio of long-term capital to property, plant and equipment	377.04	430.80	421.71	564.85	1,051.50
Solvency (%)	Current ratio	343.50	441.67	329.34	341.82	672.85
	Quick ratio	271.48	376.28	276.73	270.26	578.61
	Interest coverage ratio	2,007	2,591	1,974	2,354	2,908
Operating ability	Receivables turnover ratio (times)	9.77	11.07	10.34	13.19	16.32
	Average collection days	37	33	35	28	22
	Inventory turnover ratio (times)	8.20	8.57	7.16	8.08	8.55
	Payables turnover ratio (times)	9.29	11.19	11.28	11.84	9.82
	Average inventory turnover days	45	43	50	45	42
	Property, plant, and equipment (PP&E) turnover ratio (times)	1.97	2.31	2.65	4.59	6.79
	Total asset turnover ratio (times)	0.45	0.49	0.49	0.57	0.52
Profitability	Return on assets (%)	4.49	5.16	4.03	3.02	3.88
	Return on equity (%)	6.20	6.85	5.12	3.72	4.77
	Income before tax to paid-up capital ratio (%)	10.36	11.22	8.85	6.55	8.01
	Net profit margin (%)	9.62	10.38	8.15	5.25	7.35
	Earnings per share (NT\$)	Before adjustment	1.06	1.15	0.85	0.62
After adjustment		1.06※	1.13	0.84	0.61	0.78
Cash flow	Cash flow ratio (%)	48.66	48.05	(23.90)	65.12	46.10
	Cash flow adequacy ratio (%)	28.06	41.18	53.75	95.13	140.70
	Cash re-investment ratio (%)	1.54	1.67	(4.34)	3.49	(2.04)
Leverage	Degree of operating leverage (DOL)	1.79	1.31	1.21	1.30	1.52
	Degree of financial leverage (DFL)	1.10	1.03	1.01	1.02	1.11
Reasons for changes in various financial ratios in the most recent two fiscal years. (Analysis is not be required if such changes are within 20%.)						
1. A decrease of 22% and 28% in current ratio and quick ratio respectively: Due mainly to the increase in investments in the CBC and Gulei projects.						
2. A decrease of 23% in interest coverage ratio and an increase of 37% in operating leverage: Due mainly to reduced profits resulted from rising ethylene costs in the current year.						
3. A decrease of 32% in cash flow adequacy ratio: Due mainly to the increase in capital expenditures in the current year.						

※Based on the profit distribution plan which has been approved by the Board of Directors but is yet to be acknowledged at the Shareholders' Meeting

Note: The table at the end of the annual report shall include the following formulas:

1. Financial structure

- (1) Debt-to-asset ratio = total liabilities / total assets.

- (2) Proportion of long-term funds in property, factory and equipment ratio = (total equity + non-current liabilities)/net property, factory and equipment.
2. Solvency
- (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets – inventory – prepaid expense) / current liabilities.
 - (3) Times interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
- (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivable of the period (including accounts receivable and business-related notes receivable).
 - (2) Average days of collection = 365 / receivables turnover ratio.
 - (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
 - (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payable of the period (including accounts payable and business-related notes payable).
 - (5) Average days of sales = 365 / inventory turnover ratio.
 - (6) Property, plant, and equipment (PP&E) turnover ratio = Net sales/Average value of PP&E
 - (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
- (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets.
 - (2) Return on equity = profit and loss after tax/average total equity.
 - (3) Net profit margin = net income / net sales.
 - (4) Earnings per share = (net income (loss) attributable to the owners of the parent Company – dividends on preferred shares) / weighted average number of shares issued shares. (Note 4)
5. Cash flows
- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most past five years.
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross fixed assets value + long-term investment + other assets + working capital). (Note 5)
6. Leverage:
- (1) Degree of operating leverage (DOL) = (Net operating revenue - change in operating costs and operating expenses) / Operating profit (Note 6).
 - (2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. It should be based on the weighted average number of shares of common stock rather than the number of shares issued at the end of the year.
2. Where there is cash replenishment or treasury stock transaction, its circulation period should be considered when calculating the weighted average number of shares.
3. In the case of capital increase through surplus or through capital reserve, the annual and semi-annual earnings per share of the previous years shall be retrospectively adjusted as per the proportion of capital increase without considering its issuance period.
4. If the preferred share cannot be converted into cumulative preferred share, then the dividend of the year (whether paid or not) is deducted from net income after tax (NIAT), or included as a net loss after tax. If a preferred stock is designated as non-cumulative, the dividend on it should be deducted from the net profit after tax if the balance sheet has profit after tax; dividend is not paid in case of loss.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is counted only when the balance at the end of the period is greater than at the beginning. If the inventory decreases at the end of the year, it is considered as zero.
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross value of PP&E shall refer to the total value of PP&E minus accumulated depreciation.

Note 6: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment, attention should be paid to its rationality and consistency.

Note 7: Where company shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

III. Audit Committee's Audit Report in the most recent fiscal year:

Audit Report by the Audit Committee of USI Corporation

The Audit Committee has completed the review of the 2017 financial statements (including parent company-only financial statements and consolidated financial statements) and profit distribution plan produced by the Board of Directors and audited by CPAs Kuo Tzu-Jung and Wu Shih-Tsung from Deloitte & Touche in accordance with the law, and found no inconsistencies. Please review the Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

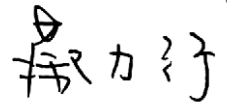
Sincerely yours,
2018 Annual General Meeting, USI Corporation

Audit Committee of USI Corporation

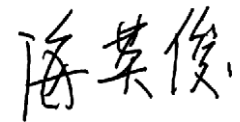
Independent Director: Chen, Chung



Independent Director: Tsai, Li-Hsing



Independent Director L Hai, Ying-Chun



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IV. Financial statements in the most recent fiscal year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

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

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

Estimation of Inventory Write-downs

As of December 31, 2017, the Group's inventories amounted to NT\$6,857,754 thousand (i.e. net inventory amount at NT\$7,323,736 thousand with a deduction for allowances for impairment of NT\$465,982 thousand) and accounted for 11% of the total assets for the consolidated financial

statements as a whole. The Group's inventories are stated at the lower of cost or net realizable value and are subject to price fluctuations of ethylene. With volatile oil prices worldwide, the estimation of the net realizable value is affected by management's subjective judgment and evaluation. Thus, the estimation of inventory write-downs, in our professional judgement, is one of the key audit matters.

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

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

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

Recognition of Defined Benefit Liabilities

As of December 31, 2017, the carrying amount of the defined benefit liabilities was NT \$2,419,897 thousand and accounted for 8% of the total liabilities for the consolidated financial statements as a whole. The carrying amount of defined benefit liabilities comes from actuaries' reports. The assumptions of the actuarial analyses were based on management's subjective evaluation and judgment, which are highly uncertain. Thus, the recognition of net defined benefit liabilities, in our professional judgment, is one of the key audit matters.

For to the significant accounting policies, critical accounting judgments and key sources of estimation uncertainty related to the recognition of defined benefit liabilities, refer to Note 4(u), Note 5(g) and Note 25 to the consolidated financial statements.

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

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

Other Matter

We have also audited the parent company only financial statements of USI Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tiu Jung Kuo and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

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

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

USI CORPORATION AND SUBSIDIARIES

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

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS (Note 4)				
Cash and cash equivalents (Notes 4 and 6)	\$ 8,473,862	13	\$ 11,924,303	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	5,315,894	8	6,601,266	11
Available-for-sale financial assets - current (Notes 4 and 8)	214,502	-	201,785	-
Debt investments with no active market - current (Notes 4, 9 and 37)	426,369	1	432,207	1
Notes receivable, net (Notes 4, 5 and 10)	1,118,070	2	909,025	2
Accounts receivable, net (Notes 4, 5 and 10)	6,950,029	11	6,141,045	10
Other receivables (Notes 4, 10 and 36)	344,305	-	259,613	-
Current tax assets (Notes 4, 5 and 29)	784	-	20,847	-
Inventories (Notes 4, 5 and 11)	6,857,754	11	6,669,407	11
Prepayments (Note 19)	772,093	1	706,110	1
Other current assets	10,766	-	14,567	-
Total current assets	30,484,428	47	33,880,175	55
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4, 8 and 37)	1,863,067	3	1,981,822	3
Financial assets measured at cost - non-current (Notes 4 and 13)	676,120	1	803,057	1
Debt investments with no active market - non-current (Notes 4, 9, 37 and 38)	311,573	1	310,660	1
Investments accounted for using the equity method (Notes 4 and 15)	5,241,747	8	155,219	-
Property, plant and equipment (Notes 4, 5, 16 and 37)	23,758,495	37	22,804,814	37
Investment properties (Notes 4, 17 and 37)	182,216	-	189,407	-
Goodwill (Notes 4, 5 and 18)	269,026	-	269,026	-
Other intangible assets (Notes 4 and 18)	93,349	-	148,594	-
Biological assets - non-current (Note 4)	22,798	-	23,134	-
Deferred tax assets (Notes 4, 5 and 29)	632,062	1	742,972	1
Long-term prepayments for leases (Notes 19 and 37)	525,845	1	387,556	1
Other non-current assets (Notes 33 and 37)	333,125	1	299,039	1
Total non-current assets	33,909,423	53	28,115,300	45
TOTAL	\$ 64,393,851	100	\$ 61,995,475	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES (Note 4)				
Short-term borrowings (Notes 20 and 37)	\$ 3,752,268	6	\$ 4,949,168	8
Short-term bills payable (Note 20)	1,684,506	3	2,472,068	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	7,883	-	9,027	-
Notes payable and accounts payable (Note 22)	3,965,444	6	3,581,036	6
Other payables (Notes 23 and 28)	1,972,096	3	1,956,662	3
Current tax liabilities (Notes 4 and 29)	370,062	1	341,875	1
Provisions - current (Notes 4 and 24)	32,205	-	23,041	-
Current portion of long-term borrowings (Notes 20 and 37)	799,600	1	685,400	1
Other current liabilities	279,230	-	273,684	-
Total current liabilities	12,863,294	20	14,291,961	23
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	5,990,167	9	3,993,064	6
Long-term borrowings (Notes 20 and 37)	6,903,148	11	7,247,800	12
Deferred tax liabilities (Notes 4 and 29)	1,329,710	2	1,371,504	2
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	2,419,897	4	2,987,122	5
Other non-current liabilities (Notes 26 and 33)	79,216	-	84,538	-
Total non-current liabilities	16,722,138	26	15,684,028	25
Total liabilities	29,585,432	46	29,975,989	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 14, 15, 27 and 29)				
Share capital	11,654,544	18	11,426,024	19
Capital surplus	238,194	-	216,135	-
Retained earnings				
Legal reserve	2,814,630	4	2,695,673	4
Special reserve	375,127	1	411,010	1
Unappropriated earnings	3,548,804	6	3,367,821	6
Total retained earnings	6,738,561	11	6,474,504	11
Other equity	(31,286)	-	85,739	-
Treasury shares	(475,606)	(1)	(475,606)	(1)
Total equity attributable to owners of the Company	18,124,407	28	17,726,796	29
NON-CONTROLLING INTERESTS	16,684,012	26	14,292,690	23
Total equity	34,808,419	54	32,019,486	52
TOTAL	\$ 64,393,851	100	\$ 61,995,475	100

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

USI CORPORATION AND SUBSIDIARIES

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)				
Sales	\$ 58,133,943	100	\$ 53,101,997	100
COST OF GOODS SOLD (Notes 4, 11, 16, 18, 25 and 28)	<u>51,007,011</u>	<u>88</u>	<u>46,220,862</u>	<u>87</u>
GROSS PROFIT	<u>7,126,932</u>	<u>12</u>	<u>6,881,135</u>	<u>13</u>
OPERATING EXPENSES (Notes 4, 10, 16, 18, 25, 28, 31 and 36)				
Selling and marketing expenses	2,038,049	3	1,925,541	4
General and administrative expenses	1,322,296	2	1,322,958	2
Research and development expenses	<u>388,920</u>	<u>1</u>	<u>471,152</u>	<u>1</u>
Total operating expenses	<u>3,749,265</u>	<u>6</u>	<u>3,719,651</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>3,377,667</u>	<u>6</u>	<u>3,161,484</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 9, 28 and 36)	578,255	1	467,103	1
Other gains and losses (Notes 4, 8 and 28)	(223,854)	-	(337,287)	(1)
Finance costs (Notes 4, 20, 21 and 28)	(237,257)	(1)	(211,766)	-
Share of loss of associates and joint ventures (Notes 4 and 15)	<u>(6,541)</u>	<u>-</u>	<u>(8,310)</u>	<u>-</u>
Total non-operating income and expenses	<u>110,603</u>	<u>-</u>	<u>(90,260)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,488,270	6	3,071,224	6
INCOME TAX EXPENSE (Notes 4 and 29)	<u>776,220</u>	<u>1</u>	<u>713,523</u>	<u>2</u>
NET PROFIT FROM CONTINUING OPERATIONS	2,712,050	5	2,357,701	4
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Notes 4 and 20)	<u>(2,197)</u>	<u>-</u>	<u>21,777</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>2,709,853</u>	<u>5</u>	<u>2,379,478</u>	<u>4</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4, 25 and 27)	\$ (59,016)	-	\$ (206,714)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 27 and 29)	<u>9,003</u>	<u>-</u>	<u>42,643</u>	<u>-</u>
	<u>(50,013)</u>	<u>-</u>	<u>(164,071)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 27)	(416,317)	(1)	(560,356)	(1)
Unrealized gain on available-for-sale financial assets (Notes 4 and 27)	30,985	-	388,884	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 27 and 29)	<u>64,791</u>	<u>-</u>	<u>93,092</u>	<u>-</u>
	<u>(320,541)</u>	<u>(1)</u>	<u>(78,380)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(370,554)</u>	<u>(1)</u>	<u>(242,451)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,339,299</u>	<u>4</u>	<u>\$ 2,137,027</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,111,290	2	\$ 1,189,570	2
Non-controlling interests	<u>1,598,563</u>	<u>3</u>	<u>1,189,908</u>	<u>2</u>
	<u>\$ 2,709,853</u>	<u>5</u>	<u>\$ 2,379,478</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 970,032	2	\$ 1,255,498	2
Non-controlling interests	<u>1,369,267</u>	<u>2</u>	<u>881,529</u>	<u>2</u>
	<u>\$ 2,339,299</u>	<u>4</u>	<u>\$ 2,137,027</u>	<u>4</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Note 30)				
From continuing and discontinued operations				
Basic	<u>\$ 1.06</u>		<u>\$ 1.13</u>	
Diluted	<u>\$ 1.06</u>		<u>\$ 1.13</u>	
From continuing operations				
Basic	<u>\$ 1.06</u>		<u>\$ 1.12</u>	
Diluted	<u>\$ 1.06</u>		<u>\$ 1.12</u>	

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

USI CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											Total	Non-controlling Interests (Notes 4 and 27)	Total Equity
	Share Capital (Notes 4 and 27)	Treasury Share Transactions (Note 27)	Capital Surplus		Retained Earnings			Other Equity		Treasury Shares (Notes 4 and 27)				
			Shares of Changes in Capital Surplus of Associates (Notes 4 and 27)	Others (Note 27)	Legal Reserve (Note 27)	Special Reserve (Note 27)	Unappropriated Earnings (Note 27)	Exchange Differences on Translating Foreign Operations (Notes 4, 27 and 29)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4, 8, 27 and 29)					
BALANCE AT JANUARY 1, 2016	\$ 11,426,024	\$ 185,868	\$ 129	\$ 11,717	\$ 2,607,710	\$ 375,127	\$ 2,947,891	\$ 204,334	\$ (258,186)	\$ (475,606)	\$ 17,025,008	\$ 14,024,285	\$ 31,049,293	
Appropriation of the 2015 earnings														
Legal reserve	-	-	-	-	87,963	-	(87,963)	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	35,883	(35,883)	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	-	(571,301)	-	-	-	(571,301)	-	(571,301)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(550,056)	(550,056)	
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	1,189,570	-	-	-	1,189,570	1,189,908	2,379,478	
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(73,663)	(196,130)	335,721	-	65,928	(308,379)	(242,451)	
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	1,115,907	(196,130)	335,721	-	1,255,498	881,529	2,137,027	
Change in retained earnings from investments in subsidiaries	-	-	-	-	-	-	(830)	-	-	-	(830)	830	-	
Adjusted capital surplus from cash dividends paid to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	18,421	-	18,421	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(63,898)	(63,898)	
BALANCE, DECEMBER 31, 2016	11,426,024	204,289	129	11,717	2,695,673	411,010	3,367,821	8,204	77,535	(475,606)	17,726,796	14,292,690	32,019,486	
Appropriation of the 2016 earnings														
Legal reserve	-	-	-	-	118,957	-	(118,957)	-	-	-	-	-	-	
Special reserve reversal	-	-	-	-	-	(35,883)	35,883	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	-	(571,301)	-	-	-	(571,301)	-	(571,301)	
Share dividends distributed by the Company	228,520	-	-	-	-	-	(228,520)	-	-	-	-	-	-	
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(807,986)	(807,986)	
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,111,290	-	-	-	1,111,290	1,598,563	2,709,853	
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(24,233)	(199,084)	82,059	-	(141,258)	(229,296)	(370,554)	
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,087,057	(199,084)	82,059	-	970,032	1,369,267	2,339,299	
Change in capital surplus and retained earnings from investments in subsidiaries	-	-	867	-	-	-	(23,179)	-	-	-	(22,312)	22,312	-	
Other changes in capital surplus	-	-	-	2,771	-	-	-	-	-	-	2,771	-	2,771	
Adjusted capital surplus from cash dividends paid to subsidiaries	-	18,421	-	-	-	-	-	-	-	-	18,421	-	18,421	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,807,729	1,807,729	
BALANCE, DECEMBER 31, 2017	\$ 11,654,544	\$ 222,710	\$ 996	\$ 14,488	\$ 2,814,630	\$ 375,127	\$ 3,548,804	\$ (190,880)	\$ 159,594	\$ (475,606)	\$ 18,124,407	\$ 16,684,012	\$ 34,808,419	

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

USI CORPORATION AND SUBSIDIARIES

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 3,488,270	\$ 3,071,224
Income (loss) before income tax from discontinued operations	<u>(2,197)</u>	<u>21,777</u>
Income before income tax	3,486,073	3,093,001
Adjustments for:		
Depreciation expenses	1,847,241	1,703,112
Amortization expenses	97,310	106,670
Impairment loss recognized (reversed) on accounts receivable	18,830	(996)
Net loss on fair value change of financial assets and liabilities as at fair value through profit or loss	105,887	31,219
Finance costs	252,541	242,193
Interest income	(106,217)	(95,154)
Dividend income	(185,187)	(152,347)
Share of loss of associates and joint ventures	6,541	8,310
Gain on disposal of property, plant and equipment	(9,306)	(19,526)
Loss on disposal of investment properties	497	-
Gain on disposal of financial assets	(108,983)	(89,910)
Loss on impairment of financial assets	32,208	-
Inventory write-downs recognized (reversed)	25,016	(17,130)
(Reversed) impairment loss recognized on non-financial assets	(304)	310,407
Amortization of long-term prepayments for leases	10,008	13,217
Recognition of provisions	18,579	10,102
Changes in operating assets and liabilities		
Decrease (increase) in financial assets held for trading	1,178,341	(243,708)
(Increase) decrease in notes receivable	(209,045)	265,771
Increase in accounts receivable	(827,814)	(363,993)
Increase in other receivables	(45,897)	(18,063)
(Increase) decrease in inventories	(180,386)	322,670
Decrease in biological assets	336	412
Increase in prepayments	(68,250)	(174,869)
Decrease in other current assets	4,070	12,768
(Decrease) increase in notes payable	(144)	243
Increase in accounts payable	384,552	449,945
(Decrease) increase in other payables	(663)	242,299
Decrease in provisions	(9,415)	(8,445)
Decrease in net defined benefit liabilities	(626,240)	(551,694)
Increase in other current liabilities	<u>5,546</u>	<u>91,246</u>
Cash generated from operations	5,095,725	5,167,750
Interest received	67,422	104,444
Interest paid	(246,369)	(253,254)
Income tax paid	<u>(585,059)</u>	<u>(518,471)</u>
Net cash generated from operating activities	<u>4,331,719</u>	<u>4,500,469</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	\$ -	\$ (16,011)
Proceeds from sale of available-for-sale financial assets	129,156	235,290
Decrease in debt investments with no active market	8,894	540,899
Purchases of financial assets measured at cost	-	(398)
Proceeds from capital reduction by returning cash of financial assets measured at cost	47,993	25,800
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	(3,345,584)	(2,465,276)
Proceeds from disposal of property, plant and equipment	38,887	78,656
Decrease in refundable deposits	10	4,139
Payments for other intangible assets	(6,945)	(38,678)
Increase in other non-current assets	(120,611)	(81,936)
Dividends received	<u>185,187</u>	<u>152,347</u>
Net cash used in investing activities	<u>(7,214,245)</u>	<u>(1,565,168)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,196,900)	(581,084)
(Decrease) increase in short-term bills payable	(787,562)	192,293
Proceeds from issue of bonds payable	1,995,421	1,995,421
Repayments of bonds payable	-	(1,000,000)
Proceeds from long-term borrowings	16,750,000	5,758,000
Repayments of long-term borrowings	(16,980,452)	(3,309,207)
Decrease in guarantee deposits received	(1,896)	(7,126)
Decrease in other current liabilities	(3,426)	(13,525)
Dividends paid to owners of the Company	(571,301)	(571,301)
Change in non-controlling interests	<u>(53,469)</u>	<u>(613,954)</u>
Net cash (used in) generated from financing activities	<u>(849,585)</u>	<u>1,849,517</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>281,670</u>	<u>(127,897)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,450,441)	4,656,921
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,924,303</u>	<u>7,267,382</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 8,473,862</u>	<u>\$ 11,924,303</u>

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

USI CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

The amendments clarify that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is the fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using the present value technique. The amendments should be applied retrospectively starting from January 1, 2017. Refer to Note 16 for the related disclosures.

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

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

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

When the amendments are applied retrospectively from January 1, 2017, the disclosure of related party is enhanced. Refer to Note 36 for the related disclosures.

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

New, Revised or Amended Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

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

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

IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Impact on assets, liabilities and equity</u>			
Financial assets at fair value through other comprehensive income - current	\$ -	\$ 214,502	\$ 214,502
Financial assets measured at amortized cost - current	-	426,369	426,369
Debt investments with no active market - current	426,369	(426,369)	-
Available-for-sale financial assets - current	214,502	(214,502)	-
Financial assets at fair value through other comprehensive income - non-current	-	2,635,391	2,635,391
Financial assets measured at amortized cost - non-current	-	311,573	311,573
Debt investments with no active market - non-current	311,573	(311,573)	-
			(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Available-for-sale financial assets - non-current	\$ 1,863,067	\$ (1,863,067)	\$ -
Financial assets measured at cost - non-current	<u>676,120</u>	<u>(676,120)</u>	<u>-</u>
Total effect on assets	<u>\$ 3,491,631</u>	<u>\$ 96,204</u>	<u>\$ 3,587,835</u>
Retained earnings	\$ 3,548,804	\$ 253,915	\$ 3,802,719
Unrealized gain on available-for-sale financial assets	159,594	(159,594)	-
Profit or loss of equity instrument measured at fair value through other comprehensive income	-	(42,140)	(42,140)
Non-controlling interests	<u>16,684,012</u>	<u>44,023</u>	<u>16,728,035</u>
Total effect on equity	<u>\$ 20,392,410</u>	<u>\$ 96,204</u>	<u>\$ 20,488,614</u> (Concluded)

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

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

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

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

Note 2: The FSC permits the election for early adoption of the amendments starting from January 1, 2018.

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

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

1) IFRS 16 “Leases”

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized on the date of initial application.

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

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

Except for the above impact, as of the date the 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 financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

See Note 14, Table 8, and Table 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

i. Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

m. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 35.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

The 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.

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method. Fair value is determined in the manner described in Note 35.

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

o. Provisions

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

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

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar provisions. Provisions for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

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

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

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

2) Service income

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

3) Dividend and interest income

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

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

q. Discontinued operations

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

r. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

s. Borrowing costs

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

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

t. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

v. Share-based payment arrangements

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

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

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

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

x. Biological assets

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

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

b. Write-down of inventories

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

c. Useful lives of property, plant and equipment

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

d. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

e. Impairment measurement of tangible and intangible assets

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

f. Realization of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which those deferred tax assets can be utilized. Assessments of the realization of the deferred tax assets require the Company's subjective judgment and estimates, including the future revenue growth and profitability, tax holidays, the amount of tax credits which can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. Refer to Note 29 for the carrying amount of deferred tax assets.

g. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under defined benefit pension plans and the net defined benefit liabilities are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of expenses and liabilities. Refer to Note 25 for the carrying amount of retirement benefit costs and net defined benefit liabilities (assets).

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand and petty cash	\$ 111,586	\$ 175,530
Checking accounts and demand deposits	1,984,425	2,070,810
Cash equivalents		
Time deposits	6,305,341	8,448,580
Repurchase agreements collateralized by bonds	<u>72,510</u>	<u>1,229,383</u>
	<u>\$ 8,473,862</u>	<u>\$ 11,924,303</u>

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

	<u>December 31</u>	
	2017	2016
Bank deposits	0.01%-3.96%	0.07%-7.98%
Repurchase agreements collateralized by bonds	0.61%-1.20%	0.30%-0.45%

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

	<u>December 31</u>	
	2017	2016
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 4,189	\$ 3,685
Non-derivative financial assets		
Domestic listed shares and over-the-counter shares	256,891	171,513
Mutual funds	3,064,333	5,461,056
Beneficiary securities	1,989,110	963,644
Overseas listed shares	<u>1,071</u>	<u>1,368</u>
	<u>5,311,705</u>	<u>6,597,581</u>
	<u>\$ 5,315,894</u>	<u>\$ 6,601,266</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	\$ 7,883	\$ 9,027

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB193,200/NTD870,415
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	USD/MYR	2018.03.30	USD170/MYR725
Sell	USD/NTD	2018.01.03-2018.04.03	USD44,190/NTD1,319,154
Buy	NTD/USD	2018.01.02-2018.01.26	NTD249,743/USD8,340
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	EUR/MYR	2018.04.30-2018.05.31	EUR101/MYR484
Sell	AUD/USD	2018.01.26-2018.03.23	AUD600/USD461
<u>December 31, 2016</u>			
Sell	RMB/USD	2017.01.13-2017.01.23	RMB13,500/USD1,925
Sell	RMB/NTD	2017.02.02	RMB6,420/NTD29,340
Sell	USD/NTD	2017.01.09-2017.03.06	USD15,236/NTD483,807
Sell	EUR/USD	2017.01.13-2017.01.20	EUR650/USD684
Buy	NTD/JPY	2017.02.15	NTD35,128/JPY126,816
Buy	NTD/USD	2017.01.13-2017.02.10	NTD325,780/USD10,205

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. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Domestic listed shares and over-the-counter shares	\$ 2,052,768	\$ 2,157,435
Overseas listed shares and over-the-counter shares	17,212	19,953
Domestic emerging market shares	<u>7,589</u>	<u>6,219</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,183,607</u>
Current	\$ 214,502	\$ 201,785
Non-current	<u>1,863,067</u>	<u>1,981,822</u>
	<u>\$ 2,077,569</u>	<u>\$ 2,183,607</u>

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

The Group sold 5,675 thousand shares and 547 thousand shares of Wafer Works Corporation in 2017 and 2016, the gain on the disposal of the investments was \$50,771 thousand and the loss on the disposal of the investments was \$1,792 thousand, respectively.

The Group sold 1,933 thousand shares and 4,000 thousand shares of Vanguard International Semiconductor Corporation in 2017 and 2016, and the gain on the disposal of the investments was \$75,745 thousand and \$132,162 thousand, respectively.

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

The Group sold 545 thousand shares of Neo Solar Power Corporation in 2016, and the loss on the disposal of the investments was \$10,350 thousand.

Refer to Notes 20 and 37 for the information related to available-for-sale financial assets - non-current pledged as collateral for long-term borrowings.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Restricted deposits (a)	\$ 737,942	\$ 696,377
Structured time deposits (b)	<u>-</u>	<u>46,490</u>
	<u>\$ 737,942</u>	<u>\$ 742,867</u>
Current	\$ 426,369	\$ 432,207
Non-current	<u>311,573</u>	<u>310,660</u>
	<u>\$ 737,942</u>	<u>\$ 742,867</u>

a. Restricted deposits

Restricted deposits are as collateral for purchasing materials, outward documentary bill, long-term and short-term financing needs. Refer to Notes 20 and 37.

b. Structured time deposits

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

	<u>December 31,</u> <u>2016</u>
Contract price (in thousands)	RMB10,000
Expected rate of return	2.65%

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Notes and accounts receivable (a)</u>		
Notes receivable	\$ 1,118,077	\$ 909,030
Accounts receivable	<u>7,063,613</u>	<u>6,239,446</u>
	8,181,690	7,148,476
Less: Allowance for impairment loss	<u>(113,591)</u>	<u>(98,406)</u>
	<u>\$ 8,068,099</u>	<u>\$ 7,050,070</u>
<u>Other receivables (b)</u>		
Tax refund receivables	\$ 221,711	\$ 183,090
Claims receivable	54,654	29,712
Securities transaction receivables	13,099	-
Others	<u>54,841</u>	<u>46,811</u>
	<u>\$ 344,305</u>	<u>\$ 259,613</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 10 to 150 days. No interest is charged on accounts receivable. 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 of overdue receivables is not high.

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

The concentration of credit risk is limited because the customer base of the 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 2016, 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. The Group did not hold any collateral or other credit enhancements for these balances. 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 was as follows:

	December 31	
	2017	2016
Not overdue	\$ 7,906,939	\$ 6,973,049
Up to 60 days	143,806	82,947
61-90 days	123,407	28,559
Over 90 days	<u>7,538</u>	<u>63,921</u>
	<u>\$ 8,181,690</u>	<u>\$ 7,148,476</u>

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

	December 31	
	2017	2016
Up to 60 days	\$ 128,462	\$ 80,828
61-90 days	78,488	22,537
Over 90 days	<u>14,333</u>	<u>1,771</u>
	<u>\$ 221,243</u>	<u>\$ 105,136</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, 2016	\$ 72,599	\$ 34,368	\$ 106,967
Less: Impairment losses recognized (reversed)	(2,481)	1,485	(996)
Less: Amounts written off during the year as uncollectible	(6,126)	-	(6,126)
Foreign exchange translation gains and losses	<u>(403)</u>	<u>(1,036)</u>	<u>(1,439)</u>
Balance at December 31, 2016	<u>\$ 63,589</u>	<u>\$ 34,817</u>	<u>\$ 98,406</u>
Balance at January 1, 2017	\$ 63,589	\$ 34,817	\$ 98,406
Less: Impairment losses recognized	11,709	7,121	18,830
Less: Amounts written off during the year as uncollectible	(3,883)	-	(3,883)
Foreign exchange translation gains and losses	<u>(614)</u>	<u>852</u>	<u>238</u>
Balance at December 31, 2017	<u>\$ 70,801</u>	<u>\$ 42,790</u>	<u>\$ 113,591</u>

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

b. Other receivables

Other receivables mainly consisted of tax refund receivables, claims receivable, purchasing price variance receivables, etc. The average aging of other receivables was less than 60 days based on the number of days past due from the invoice date. There were no overdue other receivables with an unrecognized allowance for doubtful accounts in the Group as of December 31, 2017 and 2016.

11. INVENTORIES

	December 31	
	2017	2016
Finished goods	\$ 4,155,186	\$ 3,809,970
Work in progress	546,028	584,179
Raw materials	1,833,604	1,964,731
Supplies	306,265	191,414
Inventory in transit	<u>16,671</u>	<u>119,113</u>
	<u>\$ 6,857,754</u>	<u>\$ 6,669,407</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016, was \$51,007,011 thousand and \$46,220,862 thousand, respectively. The cost of goods sold included inventory write-downs of \$25,016 thousand and reversal of inventory write-down of \$17,130 thousand as of December 31, 2017 and 2016, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

12. DISCONTINUED OPERATIONS

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

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

	For the Year Ended December 31	
	2017	2016
Administrative costs	\$ -	\$ (316)
Administrative gross loss	-	(316)
Administrative expenses	<u>(29,543)</u>	<u>(3,721)</u>
Loss from operations	(29,543)	(4,037)
Non-operating income	<u>27,346</u>	<u>25,814</u>
Net profit (loss) from discontinued operations	<u>\$ (2,197)</u>	<u>\$ 21,777</u>

For the years ended December 31, 2017 and 2016, the cash flows which can be attributed to the discontinued operations were as follows:

	For the Year Ended December 31	
	2017	2016
Net cash generated from operating activities	\$ 28,308	\$ 19,825
Net cash generated from investing activities	3,005	42,903
Net cash used in financing activities	-	(69,749)
Effect of exchange rate changes	<u>(301)</u>	<u>(3,047)</u>
Net cash inflow (outflow)	<u>\$ 31,302</u>	<u>\$ (10,068)</u>

13. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2017	2016
Domestic unlisted shares	\$ 534,333	\$ 617,816
Overseas unlisted shares	<u>141,787</u>	<u>185,241</u>
	<u>\$ 676,120</u>	<u>\$ 803,057</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 676,120</u>	<u>\$ 803,057</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 confirmed an impairment of its investment value; thereafter the Group recognized an impairment loss of \$14,643 thousand for the year ended December 31, 2017, which led to a carrying amount for that equity investment of zero as on December 31, 2017.

The Group assessed the operating and financial status of NeuroSky, Inc. and confirmed an impairment of its investment value; thereafter the Group recognized an impairment loss of \$17,565 thousand 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 got \$45,000 thousand back at its ownership percentage.

The investee, Riselink Partners Ltd., announced a reduction of capital by returning cash in August 2017 and 2016, and the Group got \$2,993 thousand and \$1,457 thousand back, at its ownership percentage, respectively.

The investee, Harbinger Venture Capital, announced a reduction of capital by returning cash in July 2016, and the Group got \$3,570 thousand back at its ownership percentage.

The investee, Budworth Investment Ltd., announced a reduction of cash capital in July 2016, and the Group got \$20,773 thousand back at its ownership percentage.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark	
			2017	2016		
The Company	USIFE Investment Co., Ltd. ("USII")	Investment	<u>100.0</u>	<u>100.0</u>		
	Swanlake Traders Ltd. ("Swanlake")	Trading and investment	<u>100.0</u>	<u>100.0</u>		
	USI Far East (HK) Co., Ltd. USI Management Consulting Corp. ("UM")	Trading and investment Providing management services	<u>100.0</u> <u>100.0</u>	<u>100.0</u> <u>100.0</u>		
	Chong Loong Trading Co., Ltd. ("CLT")	Engaging in import and export trade	<u>99.9</u>	<u>99.9</u>		
	Union Polymer Int'l Investment Corp. ("UPIIC")	Investment business	<u>100.0</u>	<u>100.0</u>		
	USIM Corporation Sdn. Bhd. ("USIM")	Liquidated	<u>-</u>	<u>-</u>	1)	
	Cypress Epoch Limited Inoma Corporation ("INOMA")	Investment business Engaging in optical products and fireproof materials	<u>100.0</u> <u>93.2</u>	<u>100.0</u> <u>89.2</u>	2)	
	Cypress Epoch Limited	Usig (Shanghai) Co., Ltd.	Import and distribution of various chemical raw materials and products	<u>100.0</u>	<u>100.0</u>	
	The Company	Thintec Materials Corporation	Reinforced plastic products manufacturing	30.4	30.4	
	Taita Chemical Company, Ltd. China General Plastics Corporation Asia Polymer Corporation Taiwan United Venture Capital Corp.			10.0 10.0 30.4 15.0	10.0 10.0 30.4 15.0	
			<u>95.8</u>	<u>95.8</u>		
The Company	Taiwan United Venture Capital Corp. ("TUVC")	Venture capital	70.0	70.0		
Asia Polymer Corporation ("APC")			8.3	8.3		
			<u>78.3</u>	<u>78.3</u>	3)	
The Company	Swanson Plastics Corp. ("SPC")	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	40.6	40.6		
Asia Polymer Corporation USIFE Investment Co., Ltd.			8.0 <u>0.1</u>	8.0 <u>0.1</u>		
			<u>48.7</u>	<u>48.7</u>		

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			2017	2016	
The Company	Acme Electronics Corp. ("ACME")	Production and marketing of manganese-zinc soft ferrite powder	27.0	27.0	
China General Plastics Corporation			1.8	1.8	
USIFE Investment Co., Ltd.			9.3	9.3	
Asia Polymer Corporation			3.3	3.3	
Taita Chemical Company, Ltd.			2.4	2.4	
APC Investment Corporation			<u>1.0</u>	<u>1.0</u>	
			<u>44.8</u>	<u>44.8</u>	13)
The Company	National Datacomm Corp. ("NDC")	Liquidated	-	-	
Asia Polymer Corporation			-	-	
USIFE Investment Co., Ltd.			-	-	
Taiwan United Venture Capital Corp.			-	-	
China General Plastics Corporation			-	-	
Taita Chemical Company, Ltd.			<u>-</u>	<u>-</u>	4)
National Datacomm Corp.	Brite Star Corporation	Reinvestment business	<u>-</u>	<u>-</u>	4)
The Company	USI Optronics Corporation ("USIO")	Manufacture and marketing of sapphire crystal	50.9	-	
Acme Electronics Corp.			34.0	84.0	
Asia Polymer Corporation			9.2	-	
USIFE Investment Co., Ltd.			<u>0.2</u>	<u>0.7</u>	
			<u>94.3</u>	<u>84.7</u>	12)
Acme Electronics Corp.	ACME Electronics (Cayman) Corp.	Reinvestment business	51.3	51.3	
APC (BVI) Holding Co., Ltd.			16.6	16.6	
Swanlake Traders Ltd.			11.2	11.2	
TAITA (BVI) Holding Co., Ltd.			5.4	5.4	
			<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>	
ACME Electronics (Cayman) Corp.	ACME Electronics (BVI) Corp.	Reinvestment business	<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>	
	ACME Components (Malaysia) Sdn. Bhd.	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Golden Amber Enterprises Limited	Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	Asia Polymer Corporation ("APC")	Production and marketing of low-density polyethylene, medium-density polyethylene, ethylene vinyl acetate and importing and marketing of linear low-density polyethylene and high-density polyethylene	36.1	36.1	
China General Terminal & Distribution Co.			0.9	0.9	
USIFE Investment Co., Ltd.			0.3	0.3	
Taiwan VCM Corporation			<u>-</u>	<u>-</u>	
			<u>37.3</u>	<u>37.3</u>	13)
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd. ("APC (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	USI International Corp.	Reinvestment business	70.0	70.0	
APC (BVI) Holding Co., Ltd.			<u>30.0</u>	<u>30.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Asia Polymer Corporation	APC Investment Corporation	Investment business	<u>100.0</u>	<u>100.0</u>	

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			2017	2016	
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd. ("TTC")	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	36.8	36.8	
China General Terminal & Distribution Co. USIFE Investment Co., Ltd.			0.6	0.6	
			<u>0.4</u>	<u>0.4</u>	
			<u>37.8</u>	<u>37.8</u>	13)
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd. ("TAITA (BVI)")	Reinvestment business	<u>100.0</u>	<u>100.0</u>	
TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Zhong Shan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	
	Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Production and marketing of polystyrene derivatives	<u>100.0</u>	<u>100.0</u>	
Union Polymer Int'l Investment Corp.	China General Plastics Corporation ("CGPC")	Production and marketing of plastic cloths, plastic skins, plastic tubes, plastic pellets, plastic powder and other related products	25.0	25.0	
Asia Polymer Corporation Taita Chemical Company, Ltd. China General Terminal & Distribution Co. USIFE Investment Co., Ltd.			8.1	8.1	
			2.0	2.0	
			0.5	0.5	
			<u>0.1</u>	<u>0.1</u>	
			<u>35.7</u>	<u>35.7</u>	13)
China General Plastics Corporation	Taiwan VCM Corporation ("TVCM")	Manufacture and marketing of vinyl chloride monomer and related petrochemical products	<u>87.2</u>	<u>87.2</u>	
	CGPC (BVI) Holding Co., Ltd. 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>	
	Krystal Star International Corporation	Marketing of PVC two- or three-time processed products	<u>100.0</u>	<u>100.0</u>	
	China General Plastics (Hong Kong) Co., Ltd. ("CGPC-Hong Kong")	Marketing of PVC two- or three-time processed products	-	<u>100.0</u>	5)
	CGPC Polymer Corporation ("CGPCP")	Manufacture and marketing of PVC powder	<u>100.0</u>	<u>100.0</u>	
CGPC (BVI) Holding Co., Ltd.	CGPC (Chung Shan) Co., Ltd. ("CGPC (CS)")	Manufacture and marketing of PVC plastic cloths and three-time processed products	<u>100.0</u>	<u>100.0</u>	6)
	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>	6)
China General Plastics Corporation Taita Chemical Company, Ltd. Asia Polymer Corporation	China General Terminal & Distribution Co.	Warehousing petrochemical raw materials	33.3	33.3	
			33.3	33.3	
			<u>33.4</u>	<u>33.4</u>	
			<u>100.0</u>	<u>100.0</u>	
USIFE Investment Co., Ltd. Swanlake Traders Ltd.	Taiwan United Venture Management Corp. ("TUVM") USI Trading (Shanghai) Co., Ltd.	Business management consulting Management of chemical products, equipment and plastic products and wholesale of electronic materials, commission agency services and related supporting import and export services	<u>100.0</u> <u>-</u>	<u>100.0</u> <u>-</u>	7) 7)
APC (BVI) Holding Co., Ltd. ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd. ("ACME Ferrite") ACME Magnetic Products Sdn. Bhd. ("ACME Magnetic")	Manufacture and marketing of soft ferrite core Liquidated	<u>100.0</u> <u>100.0</u>	<u>100.0</u> <u>100.0</u>	7) 8)
Chong Loong Trading Co., Ltd. Swanson Plastics Corp.	Forum Pacific Trading Ltd. Curtana Company Ltd. Forever Young Company Ltd. Swanson Plastics Company Ltd. (Singapore) Swanson International Ltd.	Engaging in import and export trade Reinvestment business Import and export agency services Production and marketing of plastic products Engaging in import and export trade	<u>100.0</u> <u>100.0</u> <u>100.0</u> <u>100.0</u> <u>100.0</u>	<u>100.0</u> <u>100.0</u> <u>100.0</u> <u>100.0</u> <u>100.0</u>	
Swanson Plastics Corp. Curtana Company Ltd.	Swanson Plastics Company Ltd. (Nantong) ("SPC (Nantong)")	Production and marketing of vest bags, garbage bags and diapers	95.5	95.5	
			<u>4.5</u>	<u>4.5</u>	
			<u>100.0</u>	<u>100.0</u>	9)

(Continued)

Investor	Investee	Name of Activities	Proportion of Ownership (%)		Remark
			2017	2016	
Swanson Plastics Corp.	PT. Swanson Plastics Indonesia Ltd.	Manufacture and marketing of plastic products	1.0	1.0	
Swanson Plastics Company Ltd. (Singapore)			99.0	99.0	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Corp.	Swanson Technologies Corporation	Production, marketing and development of EVA packaging film and other value added plastic products	70.0	70.0	
APC Investment Corporation USIFE Investment Co., Ltd.			15.0 <u>15.0</u>	15.0 <u>15.0</u>	
			<u>100.0</u>	<u>100.0</u>	
Swanson Plastics Company Ltd. (Singapore)	Swanson Plastics (Malaysia) Sdn. Bhd.	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (India) Private Limited	Manufacture and marketing of plastic products	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Tianjin) Co., Ltd.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
Swanson International Ltd.	A.S. Holdings (UK) Limited	Reinvestment	<u>100.0</u>	<u>100.0</u>	
	Swanson Plastics (Kunshan) Corp.	Production, marketing and development of multi-functional film and light-solution film	<u>100.0</u>	<u>100.0</u>	
A.S. Holdings (UK) Limited	API-Swanson (Kunshan) Co., Ltd.	Management PE release film and other release products	<u>100.0</u>	<u>100.0</u>	
Taiwan United Venture Capital Corp. Asia Polymer Corporation USIFE Investment Co., Ltd.	USNtel Communications Inc.	Liquidated	- - <u>-</u>	- - <u>-</u>	10)
The Company	Ever Conquest Global Limited ("ECGL")	Investment	62.6	59.1	
Asia Polymer Corporation			<u>37.4</u>	<u>40.9</u>	
			<u>100.0</u>	<u>100.0</u>	11)
Ever Conquest Global Limited	Ever Victory Global Limited ("EVGL")	Investment	<u>67.9</u>	<u>-</u>	11) and 13)
Ever Victory Global Limited	Dynamic Ever Investments Limited ("DEIL")	Investment	<u>100.0</u>	<u>-</u>	11)

(Concluded)

- 1) The investment in USIM to manufacture and sell silicon products was approved in the meeting of the board of directors held on March 15, 2012. The original investment cost was US\$1,829 thousand (\$53,938 thousand). However, there was no investment value on this plan since the local government raised the price of raw materials at will and could not offer a qualified plot of land for the new facilities. As a result, the Group's termination of the investment plan was approved in the meeting of the board of directors held on August 8, 2013, and the Group took back part of the investment amount of US\$1,721 thousand (\$50,915 thousand). In October 2015, the Company took back the residual property from the liquidation of US\$13 thousand (\$422 thousand) and recognized an investment loss of \$2,601 thousand. The total amount taken back from the investment was US\$1,734 thousand, and the Group completed the process of the liquidation in March 2016.
- 2) In order to improve its financial structure and to meet the needs of operating capital, INOMA announced a reduction of capital, as agreed in the shareholders' meeting held on June 7, 2016, to cover a loss of \$88,000 thousand. INOMA canceled 8,800 thousand shares, a capital reduction project accounting for 57.35% of its original capital, and issued 6,000 thousand shares. The Company subscribed for 5,930 thousand shares. INOMA was continually in the research and developed stage, it experienced subsequent operating losses. On June 26, 2017, the shareholders' meeting of INOMA approved a capital reduction project for to make up for losses in the amount of \$67,500 thousand and canceled 6,750 thousand shares, a capital reduction accounting for 53.81% of its paid-in capital. The shareholders' meeting also approved the issuance of 4,000 thousand shares. The paid-in capital of INOMA is 97,950 thousand after the above reduction and issuance of shares.

The Group subscribed for the 3,955 thousand shares and owned 93.18% of the outstanding shares. Until December 31, 2017, there has been no significant operating income.

- 3) In order to improve its financial structure and to meet the needs of operating capital, in the special shareholders' meeting, the TUVV shareholders approved the use of the capital surplus to offset the deficit of \$30,000 thousand. Additionally, in carrying out a capital reduction project, TUVV reduced the capital to make up for losses and refunded its shareholders the amounts of \$94,000 thousand and \$80,000 thousand by cancelling 9,400 thousand shares and 8,000 thousand shares, respectively, together accounting for 27.02% of its outstanding shares, on September 29, 2016, which is the record date for the reverse split. After that, the paid-in capital of TUVV was \$470,000 thousand; the Group received the payment from the capital reduction project of \$62,661 thousand.
- 4) Since NDC had no actual operations in research, development, production and sales in the most recent year. On December 30, 2014, the NDC's shareholders' meeting had approved the proposal for dissolution and liquidation starting from the dissolution date, December 30, 2014. In September 2015, the Group retrieved the residual property from the liquidation in the amount of \$25,324 thousand and completed the liquidation process on January 9, 2016.
- 5) CGPC disposed of CGPC-Hong Kong as approved in the meeting of the board of directors in June 2013. CGPC-Hong Kong retrieved the residual property in April 2016 and completed the liquidation process on March 17, 2017.
- 6) CGPC disposed of CGPC (CS) and CGPCP as approved in the meeting of the board of directors in October 2011. CGPC (CS) and CGPCP has not completed the process of the liquidation as of December 31, 2017.
- 7) Swanlake and APC (BVI) signed an shareholding transfer agreement to transfer 100% of the shares of USI Trading (Shanghai) Co., Ltd. held by Swanlake to APC (BVI) in US dollars at the same amount as RMB20,300 thousand. The project was approved by the Ministry of Economic Affairs on August 3, 2016. Swanlake received the payment of US\$3,036 thousand, which equaled RMB20,300 thousand, from APC (BVI) and completed the shareholding transfer process on October 19, 2016.
- 8) ACME Magnetic was established on February 23, 1985. The original main business was supplying black powder material for ACME Ferrite to produce iron core. Thereafter, ACME Ferrite began producing such black powder material by itself, and so ACME Magnetic completed the liquidation process in January 2016.
- 9) 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 December 31, 2017.
- 10) USNtel Communications Inc. commenced dissolution and liquidation due to long-term operating losses starting from the dissolution date, December 24, 2014, which was approved in the shareholders' meeting held on December 19, 2014. The Group retrieved the residual property in the amount of \$2,509 thousand from the liquidation in December 2015 and completed the liquidation process on February 2, 2016.

11) The Company and APC invested additional capital of US\$37,572 thousand (around \$1,200,087 thousand) and US\$23,086 thousand (around \$739,424 thousand) in ECGL in January 2017, respectively, and reinvested in EVGL via ECGL as well as in DEIL. The ownership percentage of ECGL in EVGL increased from 31.75% to 66.4% after the capital increase, and ECGL gained control over EVGL so that ECGL identifies EVGL as its subsidiary. Moreover, the Company and APC invested additional capital of US\$36,643 thousand (around \$1,113,427 thousand) and US\$21,013 thousand (around \$638,499 thousand) in ECGL in July 2017, respectively. The ownership percentage of ECGL in EVGL increased to 67.9% after the capital increase. For more explanation, refer to Note 32.

12) 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, 5,792 thousand shares, and 2,000 thousand shares, respectively, and the paid-in capital of USIO was \$649,017 thousand.

13) This is a subsidiary of a material non-controlling interest.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non- controlling Interests	
	December 31	
	2017	2016
CGPC	64.3%	64.3%
TTC	62.2%	62.2%
ACME	55.2%	55.2%
APC	62.7%	62.7%
EVGL	32.1%	-

See Table 8 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 Year Ended		December 31	
	2017	2016	2017	2016
CGPC	\$ 834,894	\$ 948,849	\$ 4,922,344	\$ 4,693,541
TTC	\$ 317,952	\$ 76,548	\$ 2,421,807	\$ 2,104,515
ACME	\$ (57,383)	\$ (316,752)	\$ 751,522	\$ 817,844
APC	\$ 382,474	\$ 450,445	\$ 6,147,712	\$ 5,952,294
EVGL	\$ 1,128	\$ -	\$ 1,787,820	\$ -

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

CGPC and CGPC's subsidiaries

	December 31	
	2017	2016
Current assets	\$ 5,993,631	\$ 7,200,056
Non-current assets	6,679,590	6,108,931
Current liabilities	(1,785,947)	(2,480,133)
Non-current liabilities	<u>(2,686,426)</u>	<u>(3,073,034)</u>
Equity	<u>\$ 8,200,848</u>	<u>\$ 7,755,820</u>
Equity attributable to:		
Owners of CGPC	\$ 2,883,997	\$ 2,681,944
Non-controlling interests of CGPC	4,922,344	4,693,541
Non-controlling interests of CGPC's subsidiaries	<u>394,507</u>	<u>380,335</u>
	<u>\$ 8,200,848</u>	<u>\$ 7,755,820</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 14,701,741</u>	<u>\$ 14,157,389</u>
Net profit from continuing operations	\$ 1,341,471	\$ 1,521,307
Net (loss) profit from discontinued operations	<u>(2,197)</u>	<u>21,777</u>
Profit for the year	1,339,274	1,543,084
Other comprehensive loss for the year	<u>(27,454)</u>	<u>(77,288)</u>
Total comprehensive income for the year	<u>\$ 1,311,820</u>	<u>\$ 1,465,796</u>
Profit attributable to:		
Owners of CGPC	\$ 434,914	\$ 494,276
Non-controlling interests of CGPC	834,894	948,849
Non-controlling interests of CGPC's subsidiaries	<u>69,466</u>	<u>99,959</u>
	<u>\$ 1,339,474</u>	<u>\$ 1,543,084</u>
Total comprehensive income attributable to:		
Owners of CGPC	\$ 476,405	\$ 519,515
Non-controlling interests of CGPC	766,473	848,264
Non-controlling interests of CGPC's subsidiaries	<u>68,942</u>	<u>98,017</u>
	<u>\$ 1,311,820</u>	<u>\$ 1,465,796</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 1,611,489	\$ 2,185,013
Investing activities	(1,016,545)	(480,713)
Financing activities	(1,330,620)	(1,072,174)
Effects of exchange rate changes	<u>(10,133)</u>	<u>(5,736)</u>
Net cash (outflow) inflow	<u>\$ (745,809)</u>	<u>\$ 626,390</u>
Dividends paid to non-controlling interests	<u>\$ 533,912</u>	<u>\$ 307,907</u>

TTC and TTC's subsidiaries

	December 31	
	2017	2016
Current assets	\$ 5,313,224	\$ 4,926,613
Non-current assets	3,498,211	3,550,207
Current liabilities	(3,132,553)	(3,260,740)
Non-current liabilities	<u>(1,773,332)</u>	<u>(1,836,962)</u>
Equity	<u>\$ 3,905,550</u>	<u>\$ 3,379,118</u>
Equity attributable to:		
Owners of TTC	\$ 1,483,743	\$ 1,274,603
Non-controlling interests of TTC	<u>2,421,807</u>	<u>2,104,515</u>
	<u>\$ 3,905,550</u>	<u>\$ 3,379,118</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 19,821,042</u>	<u>\$ 16,419,055</u>
Profit for the year	\$ 502,079	\$ 120,877
Other comprehensive income (loss) for the year	<u>24,353</u>	<u>(116,842)</u>
Total comprehensive income for the year	<u>\$ 526,432</u>	<u>\$ 4,035</u>
Profit attributable to:		
Owners of TTC	\$ 184,127	\$ 44,329
Non-controlling interests of TTC	<u>317,952</u>	<u>76,548</u>
	<u>\$ 502,079</u>	<u>\$ 120,877</u>
Total comprehensive income (loss) attributable to:		
Owners of TTC	\$ 203,793	\$ 7,969
Non-controlling interests of TTC	<u>322,669</u>	<u>(3,934)</u>
	<u>\$ 526,432</u>	<u>\$ 4,035</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 420,367	\$ 983,239
Investing activities	(121,778)	37,259
Financing activities	(398,712)	(972,819)
Effects of exchange rate changes	<u>(1,654)</u>	<u>(27,096)</u>
Net cash (outflow) inflow	<u>\$ (101,777)</u>	<u>\$ 20,583</u>

ACME and ACME's subsidiaries

	December 31	
	2017	2016
Current assets	\$ 1,741,583	\$ 2,310,766
Non-current assets	1,965,852	2,166,265
Current liabilities	(1,172,072)	(1,736,375)
Non-current liabilities	<u>(613,731)</u>	<u>(646,233)</u>
Equity	<u>\$ 1,921,632</u>	<u>\$ 2,094,423</u>
Equity attributable to:		
Owners of ACME	\$ 611,551	\$ 659,158
Non-controlling interests of ACME	751,522	817,944
Non-controlling interests of ACME's subsidiaries	<u>558,559</u>	<u>617,321</u>
	<u>\$ 1,921,632</u>	<u>\$ 2,094,423</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 2,370,715</u>	<u>\$ 2,389,051</u>
Loss for the year	\$ (141,670)	\$ (672,708)
Other comprehensive loss for the year	<u>(6,655)</u>	<u>(149,945)</u>
Total comprehensive loss for the year	<u>\$ (148,325)</u>	<u>\$ (822,653)</u>
Loss attributable to:		
Owners of ACME	\$ (46,071)	\$ (254,305)
Non-controlling interests of ACME	(57,383)	(316,752)
Non-controlling interests of ACME's subsidiaries	<u>(38,216)</u>	<u>(101,651)</u>
	<u>\$ (141,670)</u>	<u>\$ (672,708)</u>
Total comprehensive loss attributable to:		
Owners of ACME	\$ (50,810)	\$ (298,785)
Non-controlling interests of ACME	(63,285)	(372,155)
Non-controlling interests of ACME's subsidiaries	<u>(34,230)</u>	<u>(151,713)</u>
	<u>\$ (148,325)</u>	<u>\$ (822,653)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 142,380	\$ 303,203
Investing activities	(223,472)	190,459
Financing activities	(48,795)	(483,924)
Effects of exchange rate changes	<u>15,923</u>	<u>(52,988)</u>
Net cash outflow	<u>\$ (113,964)</u>	<u>\$ (43,250)</u>

APC and APC's subsidiaries

	December 31	
	2017	2016
Current assets	\$ 5,136,436	\$ 6,220,412
Non-current assets	9,739,565	8,449,617
Current liabilities	(2,338,563)	(2,425,963)
Non-current liabilities	<u>(2,720,968)</u>	<u>(2,746,861)</u>
Equity	<u>\$ 9,816,470</u>	<u>\$ 9,497,205</u>
Equity attributable to:		
Owners of APC	\$ 3,668,758	\$ 3,544,911
Non-controlling interests of APC	<u>6,147,712</u>	<u>5,952,294</u>
	<u>\$ 9,816,470</u>	<u>\$ 9,497,205</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ 6,404,467</u>	<u>\$ 5,780,935</u>
Profit for the year	\$ 565,354	\$ 665,825
Other comprehensive income for the year	<u>53,337</u>	<u>460,376</u>
Total comprehensive income for the year	<u>\$ 618,691</u>	<u>\$ 1,126,201</u>
Profit attributable to:		
Owners of APC	\$ 182,800	\$ 215,380
Non-controlling interests of APC	<u>382,474</u>	<u>450,445</u>
	<u>\$ 565,354</u>	<u>\$ 665,825</u>
Total comprehensive income attributable to:		
Owners of APC	\$ 219,564	\$ 496,794
Non-controlling interests of APC	<u>399,127</u>	<u>629,407</u>
	<u>\$ 618,691</u>	<u>\$ 1,126,201</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 963,684	\$ (662,370)
Investing activities	(1,352,932)	(181,372)
Financing activities	(300,627)	3,342,915
Effects of exchange rate changes	<u>(10,749)</u>	<u>(16,530)</u>
Net cash (outflow) inflow	<u>\$ (700,624)</u>	<u>\$ 2,482,643</u>
Dividends paid to non-controlling interest	<u>\$ 204,184</u>	<u>\$ 200,180</u>

EVGL and EVGL's subsidiaries

	December 31, 2017
Current assets	\$ 338,317
Non-current assets	5,241,747
Current liabilities	<u>(11,893)</u>
	<u>\$ 5,568,171</u>
Equity	
Equity attributable to:	
Owners of EVGL	\$ 3,780,351
Non-controlling interests of EVGL	<u>1,787,820</u>
	<u>\$ 5,568,171</u>
	For the Year Ended December 31, 2017
Profit for the year	\$ 3,417
Other comprehensive loss for the year	<u>(79,594)</u>
Total comprehensive loss for the year	<u>\$ (76,177)</u>
Profit attributable to:	
Owners of EVGL	\$ 2,289
Non-controlling interests of EVGL	<u>1,128</u>
	<u>\$ 3,417</u>
Total comprehensive loss attributable to:	
Owners of EVGL	\$ (50,046)
Non-controlling interests of EVGL	<u>(26,131)</u>
	<u>\$ (76,177)</u>
Net cash inflow (outflow) from:	
Operating activities	\$ (6,446)
Investing activities	(5,150,364)
Financing activities	5,155,469
Effects of exchange rate changes	<u>28,829</u>
Net cash inflow	<u>\$ 27,488</u>

Refer to Notes 20 and 37 for the information related to part of subsidiaries' shares pledged as collateral for long-term bank borrowings.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Investments in associates	\$ -	\$ 155,219
Investments in joint ventures	<u>5,241,747</u>	<u>-</u>
	<u>\$ 5,241,747</u>	<u>\$ 155,219</u>

- a. Investments in associates (December 31, 2017: None)

	December 31, 2016
Investments in associates	
Associates that are not individually material	
EVGL	<u>\$ 155,219</u>

The Group's share of the losses of associates was \$8,310 thousand in 2016. (2017: None)

At December 31, 2016, the percentage of ownership interests and voting rights of the Group in EVGL was 31.75%. In January and July 2017, the Group invested in EVGL via ECGL and reinvest in DEIL. The percentage of ownership increased from 31.75% to 67.9% after the capital increase, by which the Group gained control over EVGL so that the Group identified EVGL as a subsidiary. For more explanation, please refer to Notes 14 and 32.

- b. Investments in joint venture (December 31, 2016: None)

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

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

The percentage of the Group's ownership and voting rights are 50% of the outstanding shares of Gulei as of December 31, 2017. For more explanation, refer to Note 32.

For the scope of business operations and the location and national information of Gulei's registry of joint venture, refer to Table 9.

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

	December 31 2017
Cash	<u>\$ 9,870,622</u>
Current assets	\$ 9,871,825
Non-current assets	677,992
Current liabilities	<u>(66,323)</u>
Equity	10,483,494
Proportion of the Group's ownership	<u>50%</u>
Equity attributable to the Group	<u>\$ 5,241,747</u>
Carrying amount	<u>\$ 5,241,747</u>
	For the Year Ended December 31, 2017
Shares attributable to the Group	
Net loss of the year	<u>\$ (6,541)</u>

16. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	2017	2016
Freehold land	\$ 4,726,441	\$ 4,726,441
Land improvements	14,721	9,005
Building improvements	4,421,788	4,389,411
Machinery and equipment	11,383,335	11,163,412
Transportation equipment	45,170	48,244
Other equipment	269,540	474,259
Construction in progress and equipment under installation	<u>2,897,500</u>	<u>1,994,042</u>
	<u>\$ 23,758,495</u>	<u>\$ 22,804,814</u>

	Freehold Land	Land Improvements	Building Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Cost</u>								
Balance at January 1, 2016	\$ 4,726,441	\$ 122,172	\$ 6,763,596	\$ 29,533,780	\$ 214,628	\$ 1,881,215	\$ 7,424,865	\$ 50,666,697
Additions	-	-	90,721	364,802	5,096	21,032	1,983,625	2,465,276
Disposals	-	-	(31,983)	(1,426,188)	(21,863)	(27,891)	(815)	(1,508,740)
Reclassification	-	-	1,192,484	6,264,081	11,176	37,527	(7,429,661)	75,607
Effect of foreign currency exchange differences	-	(338)	(197,299)	(565,210)	(1,997)	(35,313)	17,897	(782,260)
Balance at December 31, 2016	<u>\$ 4,726,441</u>	<u>\$ 121,834</u>	<u>\$ 7,817,519</u>	<u>\$ 34,171,265</u>	<u>\$ 207,040</u>	<u>\$ 1,876,570</u>	<u>\$ 1,995,911</u>	<u>\$ 50,916,580</u>

(Continued)

	Freehold Land	Land Improvements	Building Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment under Installation	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2016	\$ -	\$ 111,263	\$ 3,275,394	\$ 23,194,161	\$ 167,215	\$ 1,315,096	\$ 3,357	\$ 28,066,486
Depreciation expenses	-	1,695	257,753	1,327,840	15,871	96,004	-	1,699,163
Disposals	-	-	(24,937)	(1,365,232)	(21,023)	(26,306)	(741)	(1,438,239)
Impairment losses recognized	-	-	-	220,188	-	48,109	-	268,297
Reclassification	-	-	(16,367)	-	(4,956)	(1,080)	(741)	(23,144)
Effect of foreign currency exchange differences	-	(129)	(63,735)	(369,104)	1,689	(29,512)	(6)	(460,797)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ 112,829</u>	<u>\$ 3,428,108</u>	<u>\$ 23,007,853</u>	<u>\$ 158,796</u>	<u>\$ 1,402,311</u>	<u>\$ 1,869</u>	<u>\$ 28,111,766</u>
Carrying amounts at December 31, 2016	<u>\$ 4,726,441</u>	<u>\$ 9,005</u>	<u>\$ 4,389,411</u>	<u>\$ 11,163,412</u>	<u>\$ 48,244</u>	<u>\$ 474,259</u>	<u>\$ 1,994,042</u>	<u>\$ 22,804,814</u>
<u>Cost</u>								
Balance at January 1, 2017	\$ 4,726,441	\$ 121,834	\$ 7,817,519	\$ 34,171,265	\$ 207,040	\$ 1,876,570	\$ 1,995,911	\$ 50,916,580
Additions	-	-	20,081	150,504	4,543	18,244	3,152,212	3,345,584
Disposals	-	-	(12,602)	(565,583)	(15,194)	(54,832)	(622)	(648,833)
Reclassification	-	7,512	358,628	1,630,950	9,890	13,326	(2,240,046)	(219,740)
Effect of foreign currency exchange differences	-	(78)	(93,132)	(157,944)	(1,933)	(188,371)	(8,084)	(449,542)
Balance at December 31, 2017	<u>\$ 4,726,441</u>	<u>\$ 129,268</u>	<u>\$ 8,090,494</u>	<u>\$ 35,229,192</u>	<u>\$ 204,346</u>	<u>\$ 1,664,937</u>	<u>\$ 2,899,371</u>	<u>\$ 52,944,049</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2017	\$ -	\$ 112,829	\$ 3,428,108	\$ 23,007,853	\$ 158,796	\$ 1,402,311	\$ 1,869	\$ 28,111,766
Depreciation expenses	-	1,748	271,538	1,479,875	15,520	74,861	-	1,843,542
Disposals	-	-	(11,824)	(541,202)	(13,565)	(52,879)	-	(619,470)
Impairment losses reversed	-	-	-	(2,306)	-	(265)	-	(2,571)
Reclassification	-	-	6,376	(6,307)	(2)	(122)	2	217
Effect of foreign currency exchange differences	-	(30)	(25,492)	(92,326)	(1,573)	(28,509)	-	(147,930)
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ 114,547</u>	<u>\$ 3,668,706</u>	<u>\$ 23,845,857</u>	<u>\$ 159,176</u>	<u>\$ 1,395,397</u>	<u>\$ 1,871</u>	<u>\$ 29,185,554</u>
Carrying amounts at December 31, 2017	<u>\$ 4,726,441</u>	<u>\$ 14,721</u>	<u>\$ 4,421,788</u>	<u>\$ 11,383,335</u>	<u>\$ 45,170</u>	<u>\$ 269,540</u>	<u>\$ 2,897,500</u>	<u>\$ 23,758,495</u>

(Concluded)

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

USIO recognized impairment loss of machinery equipment and other equipment in 2016 of \$256,935 thousand based on the poor performance of its main product, sapphire crystal, on the market and the estimated future cash flows expected to decrease from the related equipment. USIO carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. USIO determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rate was 13.49%. The impairment loss in 2016 was reported as \$254,603 thousand in cost of goods sold and \$2,332 thousand in operating expenses.

INOMA planned to relocate its plant in the future year because operations had no improvement in 2016. Decoration of the original plant and some of the machines were to be scrapped, and the impairment loss was \$13,227 thousand (including \$11,362 thousand in property, plant, and equipment and \$1,865 thousand in goodwill) after assessment. The impairment loss has been included under operating expenses in the consolidated statements of comprehensive income.

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

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

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

On March 21, 2013, the board of directors' of the Company decided to invest in constructing a cyclic block copolymer production plant, which cost \$1,000,000 thousand as. 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 December 31, 2017, the Company has paid CTCI of \$1,556,251 thousand. In June 2014, the Company received subsidies amounting to \$160,000 thousand from the Industrial Development Bureau, and as of December 31, 2017, the Company has received \$128,841 thousand. According to the schedule and acceptance situation, the subsidy income had accumulated to \$106,548 thousand.

The board of directors of APC passed an EVA capacity expansion in the Linyuan plant, and gave the chairman full authorization on December 28, 2011. APC signed the EVA equipment supply contract with CTCI Corporation on November 8, 2012 and an equipment renewal contract on March 5, 2014 and May 31, 2017, respectively. The contract price (additional fees included) was provisionally charged at \$2,608,911 thousand. The total contract price was paid according to the monthly schedule, and, APC has paid it all as of December 31, 2017.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 37.

For the related capitalized interest, refer to Note 28 (c).

17. INVESTMENT PROPERTIES

	December 31	
	2017	2016
<u>Completed investment properties</u>		
Land	\$ 90,971	\$ 90,971
Buildings	<u>91,245</u>	<u>98,436</u>
	<u>\$ 182,216</u>	<u>\$ 189,407</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 94,940	\$ 180,804	\$ 275,744
Effect of foreign currency exchange differences	_____ -	_____ (2,411)	_____ (2,411)
Balance at December 31, 2016	<u>\$ 94,940</u>	<u>\$ 178,393</u>	<u>\$ 273,333</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 3,969	\$ 76,932	\$ 80,901
Depreciation expenses	-	3,949	3,949
Effect of foreign currency exchange differences	_____ -	_____ (924)	_____ (924)
Balance at December 31, 2016	<u>\$ 3,969</u>	<u>\$ 79,957</u>	<u>\$ 83,926</u>
Carrying amounts at December 31, 2016	<u>\$ 90,971</u>	<u>\$ 98,436</u>	<u>\$ 189,407</u>
<u>Cost</u>			
Balance at January 1, 2017	\$ 94,940	\$ 178,393	\$ 273,333
Disposal	-	(2,262)	(2,262)
Effect of foreign currency exchange differences	_____ -	_____ (7,438)	_____ (7,438)
Balance at December 31, 2017	<u>\$ 94,940</u>	<u>\$ 168,693</u>	<u>\$ 263,633</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ 3,969	\$ 79,957	\$ 83,926
Depreciation expense	-	3,699	3,699
Disposal	-	(1,765)	(1,765)
Effect of foreign currency exchange differences	_____ -	_____ (4,443)	_____ (4,443)
Balance at December 31, 2017	<u>\$ 3,969</u>	<u>\$ 77,448</u>	<u>\$ 81,417</u>
Carrying amounts at December 31, 2017	<u>\$ 90,971</u>	<u>\$ 91,245</u>	<u>\$ 182,216</u>

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 were \$722,446 thousand and \$736,303 thousand at December 31, 2017 and 2016, respectively, which did not evaluated by an independent qualified professional valuer. The management of the Group used the valuation model that market participants would use in determining fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. Were the nearby land price to go up or down by 10%, the fair value of the investment properties of the Group for the years ended December 31, 2017 and 2016 would have increased or decreased by \$72,245 thousand and \$73,630 thousand, respectively.

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 37.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

	December 31	
	2017	2016
Goodwill (a)	<u>\$ 269,026</u>	<u>\$ 269,026</u>
Other intangible assets (b)		
Licenses and franchises	\$ 19,159	\$ 42,388
Computer software	14,287	30,760
Patents	<u>59,903</u>	<u>75,446</u>
	<u>\$ 93,349</u>	<u>\$ 148,594</u>

a. Goodwill

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 269,026	\$ 310,891
Impairment losses recognized	<u>-</u>	<u>(41,865)</u>
Balance at December 31	<u>\$ 269,026</u>	<u>\$ 269,026</u>

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

Union Polymer International Investment Corporation will test the goodwill for impairment annually. The recoverable amount of goodwill was based on a value in use model. For the year ended December 31, 2016, Union Polymer International Investment Corporation recognized an impairment loss of \$40,000 thousand for goodwill relating to Taita Chemical Company, Ltd., which was determined based on value in use and a discount rate of 12.65%. The impairment loss recognized included under other gains and losses in the consolidated statements of comprehensive income.

For the year ended December 31, 2016, INOMA recognized an impairment loss of \$1,865 thousand in relation to goodwill. Refer to Note 16 for details.

b. Other intangible assets

	Licenses and Franchises	Computer Software	Patents	Total
<u>Cost</u>				
Balance at January 1, 2016	\$ 179,270	\$ 113,702	\$ 82,329	\$ 375,301
Additions	-	8,249	30,429	38,678
Disposals	-	(3,781)	-	(3,781)
Reclassification	-	(3,112)	-	(3,112)
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,512)</u>	<u>-</u>	<u>(4,512)</u>
Balance at December 31, 2016	<u>\$ 179,270</u>	<u>\$ 110,546</u>	<u>\$ 112,758</u>	<u>\$ 402,574</u>

(Continued)

	Licenses and Franchises	Computer Software	Patents	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2016	\$ 113,653	\$ 59,130	\$ 29,471	\$ 202,254
Amortization expenses	23,229	29,721	7,841	60,791
Disposals	-	(3,781)	-	(3,781)
Reclassification	-	(1,108)	-	(1,108)
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,176)</u>	<u>-</u>	<u>(4,176)</u>
Balance at December 31, 2016	<u>\$ 136,882</u>	<u>\$ 79,786</u>	<u>\$ 37,312</u>	<u>\$ 253,980</u>
Carrying amounts at December 31, 2016	<u>\$ 42,388</u>	<u>\$ 30,760</u>	<u>\$ 75,446</u>	<u>\$ 148,594</u>
<u>Cost</u>				
Balance at January 1, 2017	\$ 179,270	\$ 110,546	\$ 112,758	\$ 402,574
Additions	-	6,945	-	6,945
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,525)</u>	<u>-</u>	<u>(4,525)</u>
Balance at December 31, 2017	<u>\$ 179,270</u>	<u>\$ 112,966</u>	<u>\$ 112,758</u>	<u>\$ 404,994</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2017	\$ 136,882	\$ 79,786	\$ 37,312	\$ 253,980
Amortization expenses	23,229	23,152	15,543	61,924
Effect of foreign currency exchange differences	<u>-</u>	<u>(4,259)</u>	<u>-</u>	<u>(4,259)</u>
Balance at December 31, 2017	<u>\$ 160,111</u>	<u>\$ 98,679</u>	<u>\$ 52,855</u>	<u>\$ 311,645</u>
Carrying amounts at December 31, 2017	<u>\$ 19,159</u>	<u>\$ 14,287</u>	<u>\$ 59,903</u>	<u>\$ 93,349</u>

(Concluded)

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

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

19. PREPAYMENTS FOR LEASES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Current assets (included in prepayments)	\$ 9,973	\$ 8,661
Non-current assets	<u>525,845</u>	<u>387,556</u>
	<u>\$ 535,818</u>	<u>\$ 396,217</u>

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

Part of the carrying amount of prepaid lease payments pledged as collateral for borrowings is disclosed in Notes 20 and 37.

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Secured borrowings</u>		
Bank loans	\$ 412,768	\$ 648,401
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>3,339,500</u>	<u>4,300,767</u>
	<u>\$ 3,752,268</u>	<u>\$ 4,949,168</u>
Range of interest rates	0.83%-4.79%	0.90%-4.79%

b. Short-term bills payable

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Commercial paper	\$ 1,685,000	\$ 2,473,000
Less: Unamortized discount on bills payable	<u>(494)</u>	<u>(932)</u>
	<u>\$ 1,684,506</u>	<u>\$ 2,472,068</u>
Range of interest rates	0.40%-1.18%	0.49%-1.21%

c. Long-term borrowings

	December 31	
	2017	2016
<u>Bank borrowings</u>		
Far Eastern International Bank		
USIO -		
Loan term: 2015.06-2017.06		
Annual rate: 2016.12.31: 1.23%-1.39%	\$ -	\$ 200,000
Taipei Fubon Commercial Bank Co., Ltd.		
UPIIC -		
Loan term: 2012.03-2019.09;		
Annual rate: 2017.12.31: 1.31%		
2016.12.31: 1.31%	400,000	500,000
APC -		
Credit line: 500,000 thousand		
Loan term: 2016.08-2019.09		
Revolving loan facility, and the principal is paid at maturity.		
Annual rate: 2017.12.31: 1.307%		
2016.12.31: 1.306%	450,000	450,000
SPC -		
Loan term: 2017.12-2020.09		
Revolving loan facility, the annual rate is based on Reuters data prior to the borrowing date, and is calculated at TAIBOR plus 0.75%, and divided by 0.946, with interest payments of \$231 thousand per month, and the principal is paid at maturity.	200,000	-
O-Bank		
ACME -		
Loan term: 2015.10-2018.10		
Annual rate: 2016.12.31: 1.46%	-	200,000
TTC -		
Revolving loan facility, and the principal is paid at maturity.		
Loan term: 2013.10-2018.10		
Annual rate: 2017.12.31: 1.20%		
2016.12.31: 1.20%	100,000	300,000
SPC -		
Loan term: 2014.07-2019.11		
From November 15, 2016, it required three monthly installments of \$40,000 thousand, and it is set for 5 installments. Interest rate is calculated at Reuters 90-day commercial paper on secondary market plus contract interest.	160,000	200,000
SPC -		
Loan term: 2013.12-2018.12		
From January 15, 2017, it required monthly installments of \$4,200 thousand, and it is set for 24 installments. The last installment is \$3,400 thousand. Interest rate is calculated at a 2-year fixed deposit rate of postal savings funds plus contract interest.	89,600	100,000

(Continued)

		December 31	
		2017	2016
Chang Hwa Commercial Bank			
TTC -			
Revolving loan facility, and the principal is paid at maturity.			
Loan term:	2012.11-2018.10		
Annual rate:	2017.12.31: 1.10%		
	2016.12.31: 1.20%	\$ 900,000	\$ 700,000
UPIIC -			
Loan term:	2011.05-2020.01		
Annual rate:	2017.12.31: 1.10%		
	2016.12.31: 1.20%	200,000	200,000
SPC -			
Loan term:	2015.12-2020.12		
From December 2015, the first installment is paid on the day after 54 months expire, and the rest is paid on due of \$51,600 thousand. Interest rate is calculated at 3-month TAIBOR plus a floating rate of 0.57%, and when the loan interest rate is below 1.45%, it is calculated at 1.45%.			
		103,200	103,200
USIO -			
Loan term:	2013.12-2019.12		
Revolving loan facility, and the principal is paid at maturity.			
Annual rate:	2016.12.31: 1.65%-1.70%	-	300,000
APC -			
Revolving loan facility, and the principal is paid at maturity.			
Loan term:	2015.11-2018.06		
Annual rate:	2016.12.31: 1.20%	-	400,000
UPIIC -			
Loan term:	2016.06-2017.07		
Annual rate:	2016.12.31: 1.20%	-	300,000
KGI Bank			
SPC -			
Loan term:	2017.06-2019.06		
From June 23, 2017, it required four monthly installments of \$37,500, and it is set for 4 installments. Interest rate is calculated based on TAIBOR 1, 2, 3 or 6 month fixed interest rate plus 0.80%. Interest period is 1, 2, 3 or 6 month, and will be updated when expired.			
		250,000	150,000
CGPCP -			
Loan term:	2015.03-2018.11		
Annual rate:	2017.12.31: 1.04%		
	2016.12.31: 0.99%	500,000	500,000
CGPCP -			
Loan term:	2016.11-2021.11		
Annual rate:	2017.12.31: 1.04%		
	2016.12.31: 1.06%	550,000	550,000
UPIIC -			
Loan term:	2015.03-2020.02		
Annual rate:	2017.12.31: 1.04%		
	2016.12.31: 0.99%	300,000	300,000

(Continued)

		December 31	
		2017	2016
APC-			
Credit line:	\$400,000 thousand and \$200,000 thousand, respectively.		
Loan term:	2015.10-2021.03 and 2016.07-2019.04, respectively.		
Annual rate:	2017.12.31: 1.036%-1.175%		
	2016.12.31: 0.9856%-1.175%	\$ 600,000	\$ 600,000
Mega International Commercial Bank			
USIO -			
Loan term:	2016.07-2018.09		
Annual rate is calculated at interest rate on secondary markets plus a floating rate.			
Annual rate:	2016.12.31: 1.49%-1.585%	-	100,000
ACME -			
Loan term:	2010.06-2018.09		
Annual rate is calculated at interest rate on secondary markets plus a floating rate.			
Annual rate:	2016.12.31: 1.45%-1.60%	-	149,800
ACME -			
Loan term:	2013.09-2018.09		
From September 2016, it required six monthly installments and it is set for 5 installments. Interest rate is calculated at Reuters average rate of 90-day Taiwan Bills on secondary market plus a floating rate.			
Annual rate:	2016.12.31: 1.50%	-	130,200
ACME -			
Loan term:	2017.09-2022.09		
Annual rate:	2017.12.31: 1.30%	300,000	-
ACME -			
Loan term:	2017.09-2019.06		
Annual rate:	2017.12.31: 1.25%	50,000	-
UPIIC -			
Loan term:	2014.04-2019.04		
Annual rate:	2017.12.31: 1.10%	100,000	-
Hua Nan Bank			
UPIIC -			
Loan term:	2011.10-2020.07		
Annual rate:	2017.12.31: 1.10%		
	2016.12.31: 1.18%	100,000	500,000
Shin Kong Bank			
APC -			
Loan term:	2015.10-2018.10		
Revolving loan facility, and the principal is paid at maturity.			
Annual rate:	2017.12.31: 1.00%		
	2016.12.31: 1.00%	450,000	450,000
Yuanta Bank			
APC -			
Loan term:	2015.10-2021.01		
Revolving loan facility, and the principal is paid at maturity.			
Annual rate:	2017.12.31: 1.15%		
	2016.12.31: 1.20%	500,000	50,000

(Continued)

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
SinoPac Bank		
APC-		
Loan term: 2017.08-2020.06		
Revolving loan facility, and the principal is paid at maturity.		
Annual rate: 2017.12.31: 1.05%		
2016.12.31: 1.00%	\$ 500,000	\$ 500,000
UPIIC -		
Loan term: 2017.03-2019.03		
Annual rate: 2017.12.31: 1.08%	300,000	-
First Commercial Bank		
APC -		
Credit line: \$500,000 thousand		
Loan term: 2017.12.31-2020.11		
Revolving loan facility, and the principal is paid at maturity.		
Annual rate: 1.04%	<u>400,000</u>	<u>-</u>
	<u>7,502,800</u>	<u>7,933,200</u>
<u>Commercial paper</u>		
ACME -		
O-Bank promised, China Bills underwriting		
Loan term: 2017.10-2020.10		
Annual discount rate: 2017.12.31: 1.348%	200,000	-
Amortized discount on bills payable	<u>(52)</u>	<u>-</u>
	<u>199,948</u>	<u>-</u>
	7,702,748	7,933,200
Current portions	<u>(799,600)</u>	<u>(685,400)</u>
	<u>\$ 6,903,148</u>	<u>\$ 7,247,800</u>
		(Concluded)

UPIIC had offered its 32,500 thousand shares in APC, 27,500 thousand shares in CGPC and 27,500 thousand shares in TTC as long-term loan collateral, each of which were endorsed by the Company.

According to the loan contracts of part of subsidiaries, the current ratios, bank loan 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 been not met. As of December 31, 2017, the subsidiaries did not violate the requirements.

21. BONDS PAYABLE

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

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

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

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

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

22. NOTES AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Operating</u>		
Notes payable	\$ 360	\$ 504
Accounts payable	<u>3,965,084</u>	<u>3,580,532</u>
	<u>\$ 3,965,444</u>	<u>\$ 3,581,036</u>

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

23. OTHER PAYABLES

	December 31	
	2017	2016
Payables for salaries and bonuses	\$ 755,412	\$ 747,062
Payables for water and electricity	147,131	178,515
Payables for purchases of equipment	237,632	221,151
Payables for fares	104,684	134,153
Payables for interests	40,219	35,537
Payables for dividends	21,537	21,149
Payables for insurance	17,516	26,837
Payables for fuel fees	19,192	19,479
Others	<u>628,773</u>	<u>572,779</u>
	<u>\$ 1,972,096</u>	<u>\$ 1,956,662</u>

24. PROVISIONS - CURRENT

	December 31	
	2017	2016
Customer returns and rebates	<u>\$ 32,205</u>	<u>\$ 23,041</u>

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 23,041	\$ 21,384
Additional provisions recognized	18,579	10,102
Actual occurrence	<u>(9,415)</u>	<u>(8,445)</u>
Balance at December 31	<u>\$ 32,205</u>	<u>\$ 23,041</u>

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 year. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act ("the LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Furthermore, overseas subsidiaries also make contributions at certain percentages according to the basic regulation.

b. Defined benefit plans

The defined benefit plans adopted by the Company and domestic subsidiaries of the Group in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% (the percentage increased to 12% since November 10, 2016) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Subsidiaries make monthly contributions at certain percentages of the basic salaries of their employees (APC is 10%; CGPC, TTC, TVCM and CGTD are 9%; SPC is 3.5%; ACME, USII, UM and TUVM are 2%). Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2017	2016
Present value of defined benefit obligation	\$ (3,986,665)	\$ (4,104,599)
Fair value of plan assets	<u>1,566,768</u>	<u>1,117,477</u>
Net defined benefit liabilities - non-current	<u>\$ (2,419,897)</u>	<u>\$ (2,987,122)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2016	\$ (4,078,172)	\$ 746,070	\$ (3,332,102)
Current service cost	(52,043)	-	(52,043)
Net interest income (expense)	<u>(53,298)</u>	<u>9,669</u>	<u>(43,629)</u>
Recognized in profit or loss	<u>(105,341)</u>	<u>9,669</u>	<u>(95,672)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,634)	(3,634)
Actuarial loss - changes in demographic assumptions	(22,952)	-	(22,952)
Actuarial loss - changes in financial assumptions	(84,140)	-	(84,140)
Actuarial loss - experience adjustments	<u>(95,988)</u>	<u>-</u>	<u>(95,988)</u>
Recognized in other comprehensive income	<u>(203,080)</u>	<u>(3,634)</u>	<u>(206,714)</u>
Contributions from the employer	<u>-</u>	<u>647,175</u>	<u>647,175</u>
Benefits paid	<u>281,803</u>	<u>(281,803)</u>	<u>-</u>
The Company's payments	<u>191</u>	<u>-</u>	<u>191</u>
Balance at December 31, 2016	<u>\$ (4,104,599)</u>	<u>\$ 1,117,477</u>	<u>\$ (2,987,122)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2017	\$ (4,104,599)	\$ 1,117,477	\$ (2,987,122)
Current service cost	(46,356)	-	(46,356)
Net interest income (expense)	(42,555)	13,096	(29,459)
Recognized in profit or loss	(88,911)	13,096	(75,815)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,661)	(1,661)
Actuarial loss - changes in demographic assumptions	(10,538)	-	(10,538)
Actuarial loss - changes in financial assumptions	(61,442)	-	(61,442)
Actuarial gain - experience adjustments	14,625	-	14,625
Recognized in other comprehensive income	(57,355)	(1,661)	(59,016)
Contributions from the employer	4,061	696,688	700,749
Benefits paid	258,832	(258,832)	-
The Company's payments	1,307	-	1,307
Balance at December 31, 2017	<u>\$ (3,986,665)</u>	<u>\$ 1,566,768</u>	<u>\$ (2,419,897)</u> (Concluded)

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

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

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

	December 31	
	2017	2016
Discount rate	1.00%-1.25%	1.00%-1.375%
Expected rate of salary increase	2.00%-2.50%	2.00%-2.50%

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

	December 31	
	2017	2016
Discount rate(s)		
0.25% increase	<u>\$ (81,280)</u>	<u>\$ (87,584)</u>
0.25% decrease	<u>\$ 83,201</u>	<u>\$ 90,584</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 84,706</u>	<u>\$ 88,005</u>
0.25% decrease	<u>\$ (82,948)</u>	<u>\$ (85,534)</u>

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

	December 31	
	2017	2016
The expected contributions to the plan for the next year	<u>\$ 191,349</u>	<u>\$ 498,057</u>
The average duration of the defined benefit obligation	8-12 years	8-13 years

26. GOVERNMENT GRANTS

Acme Electronics Corporation (Kunshan) reached an agreement with Kunshan Zhoushizhen People's Government in 2006 in which Acme Electronics Corporation (Kunshan) 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 Corporation (Kunshan) with acquiring land for a new plant. Furthermore, by applying the tax refund, Kunshan Zhoushizhen People's Government subsidized Acme Electronics Corporation (Kunshan)'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 Corporation (Kunshan) raised the capital by cash and share dividends to meet its capital increase requirement for the relocation of the new plant. Acme Electronics Corporation (Kunshan) also recognized RMB10,591 thousand of the subsidy as long-term deferred revenue, which will be amortized along with the land use rights when the new plant is constructed. The related government subsidies were retrieved in January 2014.

Besides this, Acme Electronics Corporation (Kunshan) 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 Corporation (Kunshan) and will be amortized based on the duration of the power equipment.

For the years ended December 31, 2017 and 2016, the amount of deferred income that had not been amortized was RMB11,958 thousand (\$54,461 thousand) and RMB12,540 thousand (\$58,296 thousand), respectively.

27. EQUITY

	<u>December 31</u>	
	2017	2016
Share capital	\$ 11,654,544	\$ 11,426,024
Capital surplus	238,194	216,135
Retained earnings	6,738,561	6,474,504
Other equity items	(31,286)	85,739
Treasury shares	(475,606)	(475,606)
Non-controlling interests	<u>16,684,012</u>	<u>14,292,690</u>
	<u>\$ 34,808,419</u>	<u>\$ 32,019,486</u>

a. Share capital

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

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

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

b. Capital surplus

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

c. Retained earnings and dividends policy

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

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 28(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 is less than \$0.1 per share, it shall not be distributed.

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

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

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

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

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

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

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

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

d. Other equity items

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 8,204	\$ 204,334
Exchange differences on translating foreign operations	(239,270)	(236,670)
Related income tax	<u>40,186</u>	<u>40,540</u>
Balance at December 31	<u>\$ (190,880)</u>	<u>\$ 8,204</u>

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 77,535	\$ (258,186)
Unrealized (loss) gain on revaluation of available-for-sale financial assets	(8,212)	433,230
Cumulative gain (loss) reclassified to profit or loss on sale of available-for-sale financial assets	90,642	(97,568)
Related income tax	<u>(371)</u>	<u>59</u>
Balance at December 31	<u>\$ 159,594</u>	<u>\$ 77,535</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ 14,292,690	\$ 14,024,285
Cash dividends distributed by subsidiaries	(807,986)	(550,056)
Attributable to non-controlling interests:		
Share of profit for the year	1,598,563	1,189,908
Exchange difference on translating foreign operations	(177,047)	(323,686)
Related income tax	25,752	52,371
Unrealized gain (loss) on available-for-sale financial assets	(69,786)	45,565
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	18,341	7,657
Related income tax	(776)	122
Remeasurement on defined benefit plans	(30,864)	(106,893)
Related income tax	5,084	16,485
Adjustments relating to changes accounted for using the equity method	22,312	830
Non-controlling interests arising from acquisition of subsidiaries	1,053,211	-
Changes in non-controlling interests	<u>754,518</u>	<u>(63,898)</u>
Balance at December 31	<u>\$ 16,684,012</u>	<u>\$ 14,292,690</u>

f. Treasury shares

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

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

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

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

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

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	For the Year Ended December 31	
	2017	2016
Owners of the Company	\$ 1,112,074	\$ 1,181,796
Non-controlling interests	<u>1,599,976</u>	<u>1,175,905</u>
	<u>\$ 2,712,050</u>	<u>\$ 2,357,701</u>

Net profit from continuing operations includes the following:

a. Other income

	For the Year Ended December 31	
	2017	2016
Interest income		
Bank deposits	\$ 75,382	\$ 55,035
Structured deposits	765	3,960
Real estate securities	15,368	30,919
Repurchase agreements collateralized by bonds	13,247	3,152
Others	<u>1,455</u>	<u>2,088</u>
	106,217	95,154
Dividend income	185,187	152,347
Rental income	38,166	45,799
Grants income (Notes 16 and 26)	29,996	20,047
Claim income	34,438	10
Commission income	70,679	9,263
Others	<u>113,572</u>	<u>144,483</u>
	<u>\$ 578,255</u>	<u>\$ 467,103</u>

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Gain on disposal of property, plant and equipment	\$ 12,492	\$ 6,791
Loss on disposal of property, plant and equipment	(3,186)	(30,929)
Loss on disposal of investment properties	(497)	-
Net gain on disposal of financial instruments	137,204	64,368
Net foreign exchange losses	(124,219)	(178,788)
Net loss on financial assets at fair value through profit or loss	(78,893)	(7,922)
Net loss on financial liabilities at fair value through profit or loss	(26,994)	(23,297)
Impairment losses on financial assets	(32,208)	-
Reversed (recognized) impairment losses on non-financial assets	304	(40,244)
Other gains and losses	<u>(107,857)</u>	<u>(127,266)</u>
	<u>\$ (223,854)</u>	<u>\$ (337,287)</u>

c. Finance costs

	For the Year Ended December 31	
	2017	2016
Interest on bank loans	\$ 199,596	\$ 199,154
Interest on bonds payable	52,022	42,402
Other interest expense	923	637
Less: Capitalized interest (included in construction in progress)	<u>(15,284)</u>	<u>(30,427)</u>
	<u>\$ 237,257</u>	<u>\$ 211,766</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2017	2016
Capitalized interest	\$ 15,284	\$ 30,427
Capitalization rate	0.95%-1.20%	0.99%-1.76%

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	\$ 1,831,809	\$ 1,686,584
Investment properties	3,699	3,949
Intangible assets	61,924	60,791
Others	<u>35,386</u>	<u>45,879</u>
	<u>\$ 1,932,818</u>	<u>\$ 1,797,203</u>
 An analysis of depreciation by function		
Operating costs	\$ 1,704,831	\$ 1,571,565
Operating expenses	117,275	107,547
Other gains and losses	<u>13,402</u>	<u>11,421</u>
	<u>\$ 1,835,508</u>	<u>\$ 1,690,533</u>
 An analysis of amortization by function		
Operating costs	\$ 36,878	\$ 36,634
Selling and marketing expenses	-	934
General and administrative expenses	35,377	49,297
Research and development expenses	<u>25,055</u>	<u>19,805</u>
	<u>\$ 97,310</u>	<u>\$ 106,670</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits (Note 25)		
Defined contribution plans	\$ 131,924	\$ 139,146
Defined benefit plans	<u>75,815</u>	<u>95,672</u>
	207,739	234,818
Other employee benefits	<u>4,081,543</u>	<u>4,041,395</u>
Total employee benefits expense	<u>\$ 4,289,282</u>	<u>\$ 4,276,213</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,956,126	\$ 3,114,552
Operating expenses	<u>1,333,156</u>	<u>1,161,661</u>
	<u>\$ 4,289,282</u>	<u>\$ 4,276,213</u>

f. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

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

- g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2017	2016
Foreign exchange gains	\$ 312,725	\$ 311,728
Foreign exchange losses	<u>(436,944)</u>	<u>(490,516)</u>
	<u>\$ (124,219)</u>	<u>\$ (178,788)</u>

29. INCOME TAX RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	\$ 553,611	\$ 542,121
Income tax on unappropriated earnings	80,976	42,524
Adjustments for prior years	4,814	(2,384)
Deductible income tax paid overseas	<u>(5,122)</u>	<u>-</u>
	<u>634,279</u>	<u>582,261</u>
Deferred tax		
In respect of the current year	130,855	147,535
Adjustments for prior years	11,407	(14,562)
Others	<u>(321)</u>	<u>(1,711)</u>
	<u>141,941</u>	<u>131,262</u>
Income tax expense recognized in profit or loss	<u>\$ 776,220</u>	<u>\$ 713,523</u>

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

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	<u>\$ 3,488,270</u>	<u>\$ 3,071,224</u>
Income tax expense calculated at the statutory rate	\$ 1,064,868	\$ 892,294
Nondeductible expenses in determining taxable income	(14,742)	1,156
Tax-exempt income	(405,802)	(339,149)
Income tax on unappropriated earnings	80,976	42,524
Unrecognized loss carryforwards and deductible temporary differences	69,586	147,982
Effect of tax rate changes	1,943	8,492
Adjustments for prior years	16,221	(16,946)
Others	<u>(36,830)</u>	<u>(22,830)</u>
Income tax expense recognized in profit or loss	<u>\$ 776,220</u>	<u>\$ 713,523</u>

The applicable corporate income tax rate used by the Company in the ROC is 17%.

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as of December 31, 2017 are expected to be adjusted and increase by \$111,061 thousand and \$93,303 thousand, respectively, in 2018.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
<u>Deferred tax</u>		
In respect of the current year		
Recognized in other comprehensive income		
Translation of foreign operations	\$ 65,938	\$ 92,911
Fair value changes of available-for-sale financial assets	(1,147)	181
Remeasurement on defined benefit plans	<u>9,003</u>	<u>42,643</u>
Total income tax recognized in other comprehensive income	<u>\$ 73,794</u>	<u>\$ 135,735</u>

c. Current tax assets and liabilities

	December 31	
	2017	2016
Current income tax assets		
Tax refund receivable	<u>\$ 784</u>	<u>\$ 20,847</u>
Current income tax liabilities		
Income tax payable	<u>\$ 370,062</u>	<u>\$ 341,875</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 454,101	\$ (100,902)	\$ 9,003	\$ -	\$ 362,202
Investments accounted for using the equity method	71,480	(921)	6,563	-	77,122
Allowance for inventory valuation	48,118	(1,475)	-	(481)	46,162
Allowance for impaired receivables	13,059	1,199	-	(230)	14,028
Unrealized gains on transactions with subsidiaries	10,042	(5,937)	-	(180)	3,925
Payables for annual leave	16,826	1,359	-	-	18,185
Others	<u>54,868</u>	<u>14,036</u>	<u>5,428</u>	<u>651</u>	<u>74,983</u>
	668,494	(92,641)	20,994	(240)	596,607
Loss carryforwards	<u>74,478</u>	<u>(38,549)</u>	<u>-</u>	<u>(474)</u>	<u>35,455</u>
	<u>\$ 742,972</u>	<u>\$ (131,190)</u>	<u>\$ 20,994</u>	<u>\$ (714)</u>	<u>\$ 632,062</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 444,747	\$ 36,595	\$ (29,275)	\$ -	\$ 452,067
Exchange differences on translating foreign operations	43,612	-	(24,007)	-	19,605
Differences on depreciation period between finance and tax	67,519	(16,433)	-	297	51,383
Revaluation increments of land	800,993	-	-	-	800,993
Others	<u>14,633</u>	<u>(9,411)</u>	<u>482</u>	<u>(42)</u>	<u>5,662</u>
	<u>\$ 1,371,504</u>	<u>\$ 10,751</u>	<u>\$ (52,800)</u>	<u>\$ 255</u>	<u>\$ 1,329,710</u>
					(Concluded)

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 461,829	\$ (50,371)	\$ 42,643	\$ -	\$ 454,101
Investments accounted for using the equity method	73,299	(6,883)	5,064	-	71,480
Allowance for inventory valuation	81,844	(31,577)	-	(2,149)	48,118
Allowance for impaired receivables	10,816	(138)	-	2,381	13,059
Unrealized gains on transactions with subsidiaries	11,154	(599)	-	(513)	10,042
Payables for annual leave	15,211	1,615	-	-	16,826
Others	<u>69,078</u>	<u>(14,675)</u>	<u>308</u>	<u>157</u>	<u>54,868</u>
	723,231	(102,628)	48,015	(124)	668,494
Loss carryforwards	<u>83,570</u>	<u>(7,071)</u>	<u>-</u>	<u>(2,021)</u>	<u>74,478</u>
	<u>\$ 806,801</u>	<u>\$ (109,699)</u>	<u>\$ 48,015</u>	<u>\$ (2,145)</u>	<u>\$ 742,972</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 451,048	\$ 21,792	\$ (28,093)	\$ -	\$ 444,747
Exchange differences on translating foreign operations	103,239	-	(59,627)	-	43,612
Differences on depreciation period between finance and tax	73,591	(4,874)	-	(1,198)	67,519
Revaluation increments of land	800,993	-	-	-	800,993
Others	<u>10,137</u>	<u>4,645</u>	<u>-</u>	<u>(149)</u>	<u>14,633</u>
	<u>\$ 1,439,008</u>	<u>\$ 21,563</u>	<u>\$ (87,720)</u>	<u>\$ (1,347)</u>	<u>\$ 1,371,504</u>

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

	December 31	
	2017	2016
Loss carryforwards	<u>\$ 2,695,572</u>	<u>\$ 3,068,611</u>
Deductible temporary differences		
Defined benefit obligation	\$ 133,918	\$ 165,959
Overseas investment loss under the equity method	896,207	1,020,873
Write-down of inventories	196,007	186,780
Impairment loss on property, plant and equipment	316,637	316,637
Differences on depreciation period between finance and tax	27,724	33,510
Others	<u>17,434</u>	<u>18,124</u>
	<u>\$ 1,587,927</u>	<u>\$ 1,741,883</u>

f. Unused loss carryforwards

As of December 31, 2017, the Group's unused loss carryforwards were \$2,862,584 thousand and will expire in 2030.

g. Integrated income tax

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

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

h. Income tax assessments

The income tax returns of INOMA through 2016 have been assessed by the tax authorities. The income tax returns of the Company, ACME, APC, APCI, UPIIC, CGPC, CGPCPOL, TVCM, TTC, USIIC, TMC, TUVV, UM, TUVV and SPC through 2015 have been assessed by the tax authorities. The income tax returns of USIO, CLT and CGTD through 2014 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2017	2016
Basic and diluted earnings per share		
From continuing operations and discontinued operations	\$ 1.06	\$ 1.13
From discontinued operations	<u>-</u>	<u>(0.01)</u>
From continuing operations	<u>\$ 1.06</u>	<u>\$ 1.12</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 4, 2017. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2016 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic and diluted earnings per share		
From continuing operations and discontinued operations	\$ 1.15	\$ 1.13
From discontinued operations	<u>-</u>	<u>(0.01)</u>
From continuing operations	<u>\$ 1.15</u>	<u>\$ 1.12</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2017	2016
Profit for the period attributable to owners of the Company (earnings used in the computation of basic and diluted earnings per share)	\$ 1,111,290	\$ 1,189,570
Add: Loss (gain) for the period from discounted operations used in computation of basic earnings per share from discounted operations	<u>784</u>	<u>(7,774)</u>
Earnings used in the computation of basic and diluted earnings per share from continuing operations	<u>\$ 1,112,074</u>	<u>\$ 1,181,796</u>

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

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

31. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of ACME and its subsidiaries were granted 1,395 units of option on December 6, 2007 and 4,000 units of option on May 5, 2009. Each unit of option entitles the holder to subscribe for one thousand ordinary shares of ACME when exercisable. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. Based on the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, before the listing of ACME, the share options which are granted at the exercise price shall not be lower than the net book value per share in the financial statements which are audited by the CPA near the issue date. The share options were granted at an exercise price not lower than the closing price of ACME's ordinary shares quoted on the grant date. For any subsequent changes in ACME's paid-in capital for issuance of bonus shares or any share dividends and cash dividends issued, the exercise price will be adjusted accordingly.

ACME did not issue employee share options for the years ended December 31, 2017 and 2016.

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

	<u>For the Year Ended December 31</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Number of</u>	<u>Weighted-</u>	<u>Number of</u>	<u>Weighted-</u>
	<u>Options</u>	<u>average</u>	<u>Options</u>	<u>average</u>
		<u>Exercise</u>		<u>Exercise</u>
		<u>Price</u>		<u>Price</u>
		<u>(NT\$)</u>		<u>(NT\$)</u>
Balance at January 1	675	\$ 10.0	685	\$ 10.1
Options exercised	(8)	8.2	-	-
Options expired	<u>(104)</u>	19.9	<u>(10)</u>	19.9
Balance at December 31	<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

The weighted-average share price at the date of exercise of share options for the year ended December 31, 2017 was \$21.8. (2016: None)

Information about outstanding options as of December 31, 2017 and 2016 was as follows:

December 31			
2017		2016	
Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$ -	-	\$ 19.9	0.9
8.2	1.3	8.2	2.3

Qualified employees of USIO were granted 3,133 units of option based on the resolution made in the meeting of the board of directors held on May 7, 2012. Each unit of option entitles the holder to subscribe for one thousand ordinary shares of USIO. The options granted are valid for 10 years. The exercise price per share cannot be lower than the book value per share or the par value as stated in the USIO financial statements which are audited or reviewed by the CPA near the issue date. For any subsequent changes in USIO's paid-in capital for issuance of bonus share or any cash dividends issued, the exercise prices will be adjusted by the stipulated formula.

USIO did not have new employee share option plan for years ended December 31, 2017 and 2016.

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

	For the Year Ended December 31			
	2017		2016	
	Number of Options	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
Balance at January 1	295	\$12.1	401	\$12.1
Options expired	<u>(101)</u>	12.1	<u>(106)</u>	12.1
Balance at December 31	<u>194</u>	12.1	<u>295</u>	12.1
Options exercisable, end of year	<u>194</u>	12.1	<u>295</u>	12.1

Information about outstanding options as of December 31, 2017 and 2016 was as follows:

December 31			
2017		2016	
Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)	Weighted-average Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (In Years)
\$ 12.1	4.4	\$ 12.1	5.4

Option granted were priced using the binomial option pricing model and inputs to the model were as follows:

Expected volatility	60.5%
Risk-free interest rate	1.3%
Expected life	10 years
Expected dividend yield	12%
Weighted average fair value (NT\$/shares)	4.805

Expected volatility was based on the average annualized historical share price volatility of comparable companies.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

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

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

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

b. Consideration transferred

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

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

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

d. Non-controlling interests

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

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

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

f. Impact of acquisitions on the results of the Group

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

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

33. OPERATING LEASE AGREEMENTS

a. The Group as lessee

Operating leases are related to leases of office space and staff quarters with lease terms between 1 and 6 years. As of December 31, 2017 and 2016, the Group's refundable deposits paid resulting from operating lease agreements were \$8,646 thousand and \$8,684 thousand, respectively.

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

	December 31	
	2017	2016
Not later than 1 year	\$ 33,475	\$ 27,520
Later than 1 year and not later than 5 years	<u>59,575</u>	<u>39,401</u>
	<u>\$ 93,050</u>	<u>\$ 66,921</u>

b. The Group as lessor

Operating leases are related to leases of investment properties with lease terms between 1 and 5 years. All operating lease agreements contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

As of December 31, 2017 and 2016, the Group's guarantee deposits received resulting from operating lease agreements were \$11,304 thousand and \$10,128 thousand, respectively.

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

	December 31	
	2017	2016
Not later than 1 year	\$ 19,844	\$ 21,756
Later than 1 year and not later than 5 years	<u>30,598</u>	<u>50,623</u>
	<u>\$ 50,442</u>	<u>\$ 72,379</u>

34. CAPITAL MANAGEMENT

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

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

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

35. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 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>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 3,685	\$ -	\$ 3,685
Non-derivative financial assets held for trading	<u>6,597,581</u>	<u>-</u>	<u>-</u>	<u>6,597,581</u>
	<u>\$ 6,597,581</u>	<u>\$ 3,685</u>	<u>\$ -</u>	<u>\$ 6,601,266</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	\$ 2,157,435	\$ -	\$ -	\$ 2,157,435
Foreign listed shares and over-the-counter shares	19,953	-	-	19,953
Domestic emerging market shares	<u>-</u>	<u>-</u>	<u>6,219</u>	<u>6,219</u>
	<u>\$ 2,177,388</u>	<u>\$ -</u>	<u>\$ 6,219</u>	<u>\$ 2,183,607</u>
Financial liabilities at FVTPL				
Derivatives financial liabilities	<u>\$ -</u>	<u>\$ 9,027</u>	<u>\$ -</u>	<u>\$ 9,027</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

	<u>For the Year Ended December 31</u>	
	2017	2016
<u>Available-for-sale financial assets - no public offering equity investment</u>		
Balance at January 1	\$ 6,219	\$ 7,757
Total gain (loss)		
Recognized in other comprehensive income	<u>1,370</u>	<u>(1,538)</u>
Balance at December 31	<u>\$ 7,589</u>	<u>\$ 6,219</u>

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

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

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group applied the valuation techniques and inputs for Level 3 fair value measurement for its independent fair value authentication of financial instruments which is carried out by the financial department. Via information from independent resources, the Group keeps the result close to the market state and reviews such results periodically to ensure they are reasonable. The fair values of domestic unlisted equity securities were determined using the market approach. The discount for the lack of marketability is adjusted by the same or similar transaction price with investees. If the discount for the lack of marketability decrease, the fair value of investment will increase.

c. Categories of financial instruments

	December 31	
	2017	2016
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (FVTPL)		
Held for trading	\$ 5,315,894	\$ 6,601,266
Loans and receivables (Note 1)	17,624,208	19,976,853
Available-for-sale financial assets (Note 2)	2,753,689	2,986,664
Refundable deposits	140,530	140,502
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	7,883	9,027
Financial liabilities measured at amortized cost (Note 3)	25,067,229	24,885,198
Guarantee deposits	13,039	16,111

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

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

Note 3: The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, accounts payable, other payables, current portion of long-term borrowings, bonds payable and long-term borrowing.

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 40 and of the derivatives exposing the Group to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (US dollar denominated items). When the Group's functional currency against the USD appreciates/depreciates by 3%, the Group's profit before tax in 2017 will decrease/increase \$78,854 thousand; the profit before tax in 2016 will decrease/increase \$125,371 thousand.

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

b) Interest rate risk

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

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

	December 31	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 5,871,048	\$ 10,344,477
Financial liabilities	11,364,719	11,253,368
Cash flow interest rate risk		
Financial assets	1,801,948	2,131,990
Financial liabilities	7,764,970	8,094,132

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Group's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2017 and 2016 would have decreased/increased by \$29,815 thousand and \$29,810 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 been 5% higher/lower, profit before tax for the years ended December 31, 2017 and 2016 would have increased/decreased by \$265,585 thousand and \$329,879 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income before tax for the years ended December 31, 2017 and 2016 would have increased/decreased by \$103,878 thousand and \$109,180 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

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

3) Liquidity risk

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

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

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

December 31, 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>

December 31, 2016

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 5,537,698	\$ -	\$ -
Floating interest rate liabilities	0.73-3.92	3,074,132	5,020,000	-
Fixed interest rate liabilities	0.65-1.90	<u>5,032,503</u>	<u>3,226,440</u>	<u>2,994,425</u>
		<u>\$ 13,644,333</u>	<u>\$ 8,246,440</u>	<u>\$ 2,994,425</u>

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

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

December 31, 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>

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 315,692	\$ 645,658	\$ -
Outflows	<u>(319,899)</u>	<u>(647,013)</u>	<u>-</u>
	<u>\$ (4,207)</u>	<u>\$ (1,355)</u>	<u>\$ -</u>

c) Financing facilities

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

	December 31	
	2017	2016
Bank loan facilities		
Amount unused	<u>\$ 23,835,609</u>	<u>\$ 17,210,483</u>

36. 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

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

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

Related Party Category	For the Year Ended December 31	
	2017	2016
Other related party		
USI Education Foundation	<u>\$ 5,000</u>	<u>\$ 5,000</u>

c. Rental income (classified as other income)

Related Party Category	For the Year Ended December 31	
	2017	2016
Associate	<u>\$ -</u>	<u>\$ 555</u>

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

d. Management services income (classified as other income)

Related Party Category	For the Year Ended December 31	
	2017	2016
Joint venture	\$ 17,431	\$ -
Associate	<u>-</u>	<u>4,183</u>
	<u>\$ 17,431</u>	<u>\$ 4,183</u>

e. Other receivables

Related Party Category	December 31	
	2017	2016
Joint venture	\$ 14,642	\$ -
Associate	<u>-</u>	<u>1,397</u>
	<u>\$ 14,642</u>	<u>\$ 1,397</u>

f. Compensation of key management personnel

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

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 81,208	\$ 83,520
Post-employment benefits	<u>594</u>	<u>648</u>
	<u>\$ 81,802</u>	<u>\$ 84,168</u>

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

37. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2017	2016
Time deposits		
Current (classified as debt investments with no active market)	\$ 426,370	\$ 432,207
Non-current (classified as debt investments with no active market)	311,573	310,660
Equity shares	1,998,723	2,248,600
Property, plant and equipment	4,537,237	5,827,443
Investment properties, net	108,179	108,178
Land use rights (classified as long-term prepayments for leases)	37,809	277,744
Refundable deposits (classified as other non-current assets)	<u>521,455</u>	<u>52,079</u>
	<u>\$ 7,941,346</u>	<u>\$ 9,256,911</u>

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2017 and 2016, the Company's unused letter of credit amounted to \$4,002,441 thousand and \$3,433,974 thousand, respectively.
- b. The following is regarding the subsidiary, CGTD, who had been commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014, the Kaohsiung District Prosecutor Office instituted a public prosecution against the related personnel of the Kaohsiung City Government, LCY Chemical Corp. and CGTD employees on December 18, 2014. As of the reporting date, the attribution of responsibility for the gas explosion and the subsequent impact is still pending the conclusion of the in-progress trial of the Kaohsiung District Court.

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

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

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

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

39. SIGNIFICANT CONTRACT

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

b. Significant operating contract

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

<u>Commissioned Company</u>	<u>Operation Contract Period</u>
Taita Chemical Company, Ltd.	2017.01.01-2019.12.31
Taiwan VCM Corporation	2017.01.01-2019.12.31
USI Corporation	2017.01.01-2017.12.31
Asia Polymer Corporation	2017.01.01-2017.12.31
Oriental Union Chemical Corporation	2017.01.01-2017.12.31
LCY Chemical 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
Taiwan Styrene Monomer Corporation	2017.01.01-2019.12.31

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

40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: Foreign and Functional Currencies in Thousands

	<u>December 31, 2017</u>				
	<u>Foreign Currency</u>	<u>Exchange Rate (In Single Dollars)</u>		<u>Functional Currency</u>	<u>NTD</u>
<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)	953,473	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	6.53	(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)

December 31, 2016						
	Foreign Currency		Exchange Rate (In Single Dollars)		Functional Currency	NTD
<u>Foreign currency assets</u>						
Monetary items						
USD	\$ 184,477		32.25 (USD:NTD)		\$ 5,949,396	\$ 5,949,396
USD	4,335		6.94 (USD:RMB)		30,077	139,828
USD	3,011		4.67 (USD:MYR)		14,063	97,107
RMB	58,617		4.65 (RMB:NTD)		272,510	272,510
RMB	95,500		0.14 (RMB:USD)		13,768	431,777
JPY	44,450		0.28 (JPY:NTD)		12,251	12,251
AUD	923		23.29 (AUD:NTD)		21,492	21,492
EUR	783		33.90 (EUR:NTD)		26,545	26,545
Non-monetary items						
Associates accounted for using the equity method						
USD	4,813		32.25 (USD:NTD)		155,219	155,219

<u>Foreign currency liabilities</u>						
Monetary items						
USD	35,323		32.25 (USD:NTD)		1,139,217	1,139,217
USD	26,596		6.94 (USD:RMB)		184,495	857,717
USD	322		4.67 (USD:MYR)		1,503	10,380
RMB	26,736		4.65 (RMB:NTD)		124,298	124,298
RMB	14,425		0.14 (RMB:USD)		2,079	65,211

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange gains (losses) were \$(124,219) thousand and \$(178,788) 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.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)

- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
 - 9) Trading in derivative instruments. (Note 7 and Note 34)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 10)
 - 11) Information on investees. (Table 8)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

42. SEGMENT INFORMATION

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

a. Reportable segment income information

For the Year Ended December 31, 2017							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 11,551,511	\$ 14,701,741	\$ 19,821,042	\$ 2,370,715	\$ 6,404,467	\$ 4,973,441	\$ 59,822,917
Interest income	22,755	13,600	12,461	5,959	16,426	35,016	106,217
Interest expense	(43,818)	(13,028)	(48,934)	(26,688)	(44,275)	(60,514)	(237,257)
Depreciation and amortization	(400,266)	(455,361)	(185,935)	(235,749)	(290,762)	(377,367)	(1,945,440)
Impairment losses	(3,047)	(2,083)	(3,035)	-	(10,173)	(13,566)	(31,904)
Reportable segment profit (loss) before tax	1,206,938	1,616,143	677,851	(98,455)	655,753	885,384	4,943,614
Reportable segment tax expense	(95,648)	(274,672)	(175,772)	(43,215)	(90,399)	(96,514)	(776,220)
Reportable segment net profit (loss)	1,111,290	1,341,471	502,079	(141,670)	565,354	788,870	4,167,394

For the Year Ended December 31, 2016							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Total
Segment income	\$ 11,458,198	\$ 14,157,389	\$ 16,419,055	\$ 2,389,051	\$ 5,780,935	\$ 4,634,885	\$ 54,839,513
Interest income	24,053	11,865	18,524	9,323	13,107	18,282	95,154
Interest expense	(22,719)	(22,139)	(47,000)	(37,434)	(23,431)	(59,043)	(211,766)
Depreciation and amortization	(257,110)	(413,703)	(193,590)	(411,451)	(182,754)	(352,063)	(1,810,671)
Impairment losses	-	-	-	(256,936)	(244)	(53,227)	(310,407)
Reportable segment profit (loss) before tax	1,282,560	1,801,154	197,319	(606,863)	786,084	575,455	4,035,709
Reportable segment tax expense	(92,990)	(279,847)	(76,442)	(65,845)	(120,259)	(78,140)	(713,523)
Reportable segment net profit (loss)	1,189,570	1,521,307	120,877	(672,708)	665,825	497,315	3,322,186

b. Reportable segment income and other major adjusted of items

1) Segment income and operating results

	For the Year Ended December 31	
	2017	2016
Reportable segment net profit before tax	\$ 4,058,230	\$ 3,460,254
Reportable segment tax expense	<u>(679,706)</u>	<u>(635,383)</u>
Reportable segment profit after tax	3,378,524	2,824,871
Other non-reportable segment profit	788,870	497,315
Less: Profit between segments	<u>(1,455,344)</u>	<u>(964,485)</u>
Profit from continuing operations	2,712,050	2,357,701
Profit or loss from discontinued operations	<u>(2,197)</u>	<u>21,777</u>
Net profit after tax	<u>\$ 2,709,853</u>	<u>\$ 2,379,478</u>

2) Other significant items reconciliation

	For the Year Ended December 31, 2017							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 22,755	\$ 13,600	\$ 12,461	\$ 5,959	\$ 16,426	\$ 35,016	\$ -	\$ 106,217
Interest expense	(43,818)	(13,028)	(48,934)	(26,688)	(44,275)	(60,514)	-	(237,257)
Depreciation and amortization	(400,266)	(455,361)	(185,935)	(235,749)	(290,762)	(377,367)	889	(1,944,551)
Impairment losses	(3,047)	(2,083)	(3,035)	-	(10,173)	(13,566)	-	(31,904)

	For the Year Ended December 31, 2016							
	USI	CGPC and Its Subsidiaries	TTC and Its Subsidiaries	ACME and Its Subsidiaries	APC and Its Subsidiaries	Others	Reconciliation	Total
Interest income	\$ 24,053	\$ 11,865	\$ 18,524	\$ 9,323	\$ 13,107	\$ 18,282	\$ -	\$ 95,154
Interest expense	(22,719)	(22,139)	(47,000)	(37,434)	(23,431)	(59,043)	-	(211,766)
Depreciation and amortization	(257,110)	(413,703)	(193,590)	(411,451)	(182,754)	(352,063)	889	(1,809,782)
Impairment losses	-	-	-	(256,936)	(244)	(53,227)	-	(310,407)

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

c. Revenue from major products

	For the Year Ended December 31	
	2017	2016
<u>Products</u>		
Plastic materials	\$ 55,218,669	\$ 50,147,800
Electronic materials	2,349,246	2,251,742
Others	<u>566,028</u>	<u>702,455</u>
	<u>\$ 58,133,943</u>	<u>\$ 53,101,997</u>

d. Geographical information

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

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

	For the Year Ended December 31	
	2017	2016
Asia	\$ 51,865,408	\$ 48,535,953
America	3,284,164	2,256,914
Europe	643,616	300,251
Oceania	344,685	597,890
Others	<u>1,996,070</u>	<u>1,410,989</u>
	<u>\$ 58,133,943</u>	<u>\$ 53,101,997</u>

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2017 and 2016.

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2017

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Notes 2 and 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	\$ 211,820 (US\$ 7,000 thousand)	\$ 208,320 (US\$ 7,000 thousand)	\$ 148,800 (US\$ 5,000 thousand)	1.6286-2.39073	2	\$ -	- Business turnover	\$ -	-	-	\$ 545,229	\$ 545,229
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	251,317 (RMB 56,000 thousand)	127,526 (RMB 28,000 thousand)	87,028 (RMB 19,108 thousand)	2.30522-4.785	2	-	- Business turnover	-	-	-	545,229	545,229

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

Note 2: The ending balance of the consolidated financial statements is already written-off.

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

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

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

TABLE 1-2

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

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

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

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

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

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

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

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 YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	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	\$ 119,040 (US\$ 4,000 thousand)	\$ 119,040 (US\$ 4,000 thousand)	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 347,575	\$ 347,575

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

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

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

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

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

Note 5: The above transactions were written off when preparing the consolidated financial statements.

TABLE 1-4

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited (TTC))

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2017

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	Actual Borrowing Amount (Note 4)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	\$ 910,900 (RMB 200,000 thousand)	\$ 455,450 (RMB 100,000 thousand)	\$ 273,270 (RMB 60,000 thousand)	5.22	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,918,118	\$ 1,918,118

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

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

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

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

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

Note 5: The ending balance of the consolidated financial statements is already written-off.

TABLE 2

USI CORPORATION AND SUBSIDIARIES

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

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

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

TABLE 2-1

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation)

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement / Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement / Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement / Guarantee Limit (Note 2)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 4,089,219	\$ 695,859 (US\$ 22,200 thousand)	\$ 357,120 (US\$ 12,000 thousand)	\$ 238,080 (US\$ 8,000 thousand)	None	26.20	\$ 4,089,219	Yes	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	4,089,219	407,485 (US\$ 13,000 thousand)	297,600 (US\$ 10,000 thousand)	-	None	21.83	4,089,219	Yes	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME (Cayman)	4,089,219	125,380 (US\$ 4,000 thousand)	119,040 (US\$ 4,000 thousand)	-	None	8.73	4,089,219	Yes	No	No

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

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

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

TABLE 2-2

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

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

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

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

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

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

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

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

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

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

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

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

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd. (TTC))

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

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

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

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

TABLE 3

USI CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND AFFILIATED COMPANIES)
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

(Concluded)

TABLE 3-1**USI CORPORATION AND SUBSIDIARIES**

**(China General Plastics Corporation (CGPC))
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND AFFILIATED COMPANIES)
DECEMBER 31, 2017**

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

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

(Continued)

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

(Continued)

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

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

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

(Concluded)

TABLE 3-2

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

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND AFFILIATED COMPANIES)

DECEMBER 31, 2017

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

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

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

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

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

TABLE 3-3

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND AFFILIATED COMPANIES)
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,013,116	\$ 50,064	-	\$ 50,064	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,844,627	92,040	-	92,040	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,396,007	70,071	-	70,071	
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	798,148	10,005	-	10,005	
	Taishin Securities Investment Tr Co Ltd	-	Financial assets at fair value through profit or loss - current	3,476,051	49,091	-	49,091	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,570,721	74,082	-	74,082	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,649,432	166,121	-	166,121	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	862,076	10,024	-	10,024	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,715,649	50,252	-	50,252	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,741,512	80,267	-	80,267	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,319,943	50,004	-	50,004	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,245,636	50,001	-	50,001	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,230,679	40,009	-	40,009	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,814,087	89,035	-	89,035	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,417	50,051	-	50,051	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets measured at cost - non-current	256,140	1,975	4.45	-	
	Teratech Corp. - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	1
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets measured at cost - non-current	1,519,701	48,938	2.95	-	
	NeuroSky, Inc. - series D preference shares	-	Financial assets measured at cost - non-current	2,397,364	4,113	0.55	-	
	TGF Linux Communication, Inc. - preference shares	-	Financial assets measured at cost - non-current	300,000	-	-	-	1
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	450,000	-	-	-	1
	Boldworks, Inc. - preference shares	-	Financial assets measured at cost - non-current	689,266	-	-	-	1
	Solargiga Energy Holdings Ltd. - preference shares	-	Available-for-sale financial assets - non-current	15,868,333	17,212	0.49	17,212	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC Investment Corporation	<u>Ordinary shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	43,930	\$ 720	-	\$ 720	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	8,175	0.01	8,175	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	350,000	11,078	0.04	11,078	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,112,602	16,758	-	16,758	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,762	-	24,762	
	<u>Ordinary shares</u> Neo Solar Power Corp.	-	Available-for-sale financial assets - non-current	1,131,920	15,564	0.11	15,564	

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

Note 2: Refer to Table 7-5 and Table 8-5 for information about subsidiaries and associates.

(Concluded)

TABLE 3-4

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

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND AFFILIATED COMPANIES)

DECEMBER 31, 2017

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

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

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

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

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

TABLE 4

USI CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

(Continued)

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

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

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

(Concluded)

TABLE 4-1

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

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

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

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

TABLE 4-2

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Ltd. (TTC))

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

TABLE 4-3

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

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

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

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

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

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

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

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

TABLE 5

USI CORPORATION AND SUBSIDIARIES
(USI Optronics Corporation (USIO))

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

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

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

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

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

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

TABLE 6

USI CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

TABLE 6-1**USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation)****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Purchase (includes processing fees)	\$ 469,748	57	55 days	\$ -	-	\$(158,038)	71	Note 2
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Sale (includes processing fees)	(469,748)	45	55 days	-	-	158,038	45	Note 2
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	Sale	(190,357)	18	55 days	-	-	37,059	14	Note 2
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME (Cayman)	Purchase	190,357	76	55 days	-	-	(37,059)	82	Note 2
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Sale	(125,572)	12	55 days	-	-	13,592	5	Note 2
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Purchase	125,572	29	55 days	-	-	(13,592)	43	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
(Swanson Plastics Corporation)

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

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

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

TABLE 6-3

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation)

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

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

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 \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

Note: The amount was eliminated upon consolidation.

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)

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

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

TABLE 7**USI CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

TABLE 7-1

USI CORPORATION AND SUBSIDIARIES
(Acme Electronics Corporation)

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

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

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

Note 2: The ending balance of the consolidated financial statements is already written-off.

TABLE 7-2

USI CORPORATION AND SUBSIDIARIES

(Swanson Plastics Corporation (SWANSON))

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

DECEMBER 31, 2017

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

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

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

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

Note 3: The ending balance of the consolidated financial statements is already written-off.

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

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

Company Name	Related Party	Relationship	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>118,018</u>	3.66	\$ -	-	\$ 49,397	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties \$ <u>710,651</u>	7.51	-	-	710,651	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties \$ <u>724,061</u>	8.27	-	-	724,061	Note 1

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

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

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

USI CORPORATION AND SUBSIDIARIES
(Taita Chemical Company, Limited)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(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 (Tianjin) Co., Ltd.	Subsidiary	Accounts receivable \$ 18 Other receivables 160,928 (US\$ 5,408 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -
Taita Chemical (Zhongshan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 283,076 (RMB 62,153 thousand) (Note 2)	-	-	-	57 (RMB 13 thousand)	-

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

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

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

Note 4: The amount was eliminated upon consolidation.

TABLE 8

USI CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

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

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

Note 3: The Company and APC invested additional capital in the amount of US\$37,752 thousand (approximately \$1,200,087 thousand) and US\$23,086 thousand (approximately \$739,424 thousand) in Ever Conquest Global Limited in January 2017, respectively, and reinvested in Ever Victory Global Limited via Ever Conquest Global Limited as well as in Dynamic Ever Investments Limited. Moreover, the Company and APC invested additional capital in the amount of US\$36,643 thousand (approximately \$1,113,427 thousand) and US\$21,013 thousand (approximately \$638,499 thousand) in Ever Conquest Global Limited in July 2017, respectively. For more explanation, refer to Note 32.

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

Note 5: Information on investments in mainland china is provided in Table 9.

Note 6: There are zero shares of the limited company.

Note 7: The ending balance of the consolidated financial statements is already written-off.

(Concluded)

TABLE 8-1

USI CORPORATION AND SUBSIDIARIES
 (Acme Electronics Corporation)

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 2)		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 586,684	\$ (50,915) (US\$ -1,699 thousand)	\$ (25,423) (US\$ -847 thousand)	Note 1
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	638,676 (US\$ 19,800 thousand)	638,676 (US\$ 19,800 thousand)	19,800,000	100.00	792,622	68,614	69,046	Note 1
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	23,923 (US\$ 730 thousand)	23,923 (US\$ 730 thousand)	730,000	100.00	541	(75) (US\$ -2 thousand)	(75) (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 monocrystal	646,200	626,200	22,064,224	34.00	161,429	(175,708)	(108,561)	Note 4
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment	US\$ 11,891 thousand	US\$ 11,891 thousand	39,600,000	100.00	US\$ 19,013 thousand	US\$ 1,523 thousand (MYR 6,867 thousand)		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 45,708 thousand	MYR 6,956 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 9-1.

Note 4: The Group lost control of USIO starting from June 2016 and recognized an investment loss in the consolidated financial statements which is already written-off.

USI CORPORATION AND SUBSIDIARIES
 (Swanson Plastics Corporation)

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

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

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

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

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

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

USI CORPORATION AND SUBSIDIARIES
(China General Plastics Corporation)

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

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

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 YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

Note 2: The amount was eliminated upon consolidation.

Note 3: Investments in mainland China are included in Table 9-4.

TABLE 8-5

USI CORPORATION AND SUBSIDIARIES
(Asia Polymer Corporation)

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

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

Note: All intercompany transactions have been eliminated on consolidation.

TABLE 9

USI CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 6 and 7)	Carrying Amount as of December 31, 2017 (Notes 6 and 7)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 914,376 (US\$ 30,725,000)	Note 1	\$ 83,850 (US\$ 2,817,528)	\$ -	\$ -	\$ 83,850 (US\$ 2,817,528)	\$ (77,698) (US\$ -2,573,830)	11.23	\$ (8,722) (US\$ -288,915)	\$ 80,642 (US\$ 2,709,748)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	148,800 (US\$ 5,000,000)	Note 2	148,800 (US\$ 5,000,000)	-	-	148,800 (US\$ 5,000,000)	10,884 (US\$ 358,249)	100.00	10,884 (US\$ 358,249)	127,270 (US\$ 4,276,539)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	10,497,207 (RMB 2,304,800,000)	Note 3	-	2,147,889 (US\$ 72,173,674)	-	2,147,889 (US\$ 72,173,674)	(13,083) (US\$ -436,755)	21.24	2,602 (US\$ 86,918)	2,226,694 (US\$ 74,821,716)	-

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

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

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

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

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

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

Note 6: The carrying amount and share of profits (loss) in the consolidated financial statements are already written-off.

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

TABLE 9-1

USI CORPORATION AND SUBSIDIARIES

(Acme Electronics Corporation (ACME))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$903,037 (US\$30,344 thousand) (Notes 3 and 8)	\$1,090,198 (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 being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 09704604680 on August 29, 2008, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

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

Note 4: The carrying amount and share of profits (loss) in the consolidated financial statements are already written-off.

Note 5: ACME recognized the investment gain (loss), according to Certified Public Accountants and auditing financial report accepted in the ROC.

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 from January 1, 2017 to December 31, 2017.

Note 8: The calculation was based on the spot exchange rate on December 31, 2017.

TABLE 9-2

USI CORPORATION AND SUBSIDIARIES
(Swanson Plastics Corporation)

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2017 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 119,040 (US\$ 4,000,000)	1. Indirect investment Swanson Plastics (Nantong) Corp. (95.5%) via Curtana (HK) Company Ltd. 2. Indirect investment Swanson Plastics (Nantong) Corp. (4.5%) via Curtana (HK) Company Ltd.	\$ 113,369	\$ -	\$ -	\$ 113,369	\$ (7,773) (RMB -1,725,412)	100	\$ (7,773) (Note 1)	\$ 15,325 (Note 1)	\$ -
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	395,510 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	63,585 (US\$ 2,089,408)	100	63,585 (US\$ 2,089,408)	922,586 (US\$ 31,000,867)	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of PE release film and other release products	270,816 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	18,283 (US\$ 600,782)	100	18,283 (US\$ 600,782)	527,013 (US\$ 17,708,753)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	258,912 (US\$ 8,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(27,191) (US\$ -893,502)	100	(27,201) (US\$ -894,122)	197,752 (US\$ 6,644,903)	-

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

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

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

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

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

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

TABLE 9-3

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

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

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

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

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

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

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

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

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

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

TABLE 9-4

USI CORPORATION AND SUBSIDIARIES

(Taita Chemical Company, Limited (TTC))

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

Note 1: TAITA (ZS) resolved to issue share dividends 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 audited and attested by the parent company's ROC-based CPA.

Note 6: The amount was eliminated upon consolidation.

USI CORPORATION AND SUBSIDIARIES

(Asia Polymer Corporation (APC))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

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

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

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

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

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

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

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

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

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

TABLE 10

USI CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 4)
0	USI Corporation	USI Far East (HK) Co., Ltd.	a	Sales revenue	\$ 235,571	No significant difference	0.41
		Swanson Plastics Corporation	a	Sales revenue	100,376	No significant difference	0.17
		Forever Young Company Ltd.	a	Sales revenue	57,682	No significant difference	0.10
		USI Trading (Shanghai) Co., Ltd.	a	Sales revenue	131,710	No significant difference	0.23
		Asia Polymer Corporation	a	Purchases	596,780	No significant difference	1.03
		Swanson Plastics Corporation	a	Purchases	70,728	No significant difference	0.12
		Swanson Plastics Corporation	a	Accounts receivable	13,033	No significant difference	0.02
		Forever Young Company Ltd.	a	Accounts receivable	21,516	No significant difference	0.03
		USI Far East (HK) Co., Ltd.	a	Accounts receivable	11,759	No significant difference	0.02
		USI Trading (Shanghai) Co., Ltd.	a	Accounts receivable	37,810	No significant difference	0.06
		Asia Polymer Corporation	a	Other receivables	322,683	No significant difference	0.50
		Taiwan VCM Corporation	a	Other receivables	231,305	No significant difference	0.36
		Asia Polymer Corporation	a	Management services expense	231,747	No significant difference	0.36
		China General Terminal & Distribution Corporation	a	Accounts payable - related parties	56,685	No significant difference	0.10
		USI Management Consulting Corporation	a	Accounts payable - related parties	95,350	No significant difference	0.16
Asia Polymer Corporation	a	Accounts payable - related parties	96,995	No significant difference	0.15		
1	Asia Polymer Corporation (APC)	Swanson Plastics Corporation	c	Sales revenue	83,537	No significant difference	0.14
		Forever Young Company Ltd.	c	Sales revenue	71,596	No significant difference	0.12
		USI Far East (HK) Co., Ltd.	c	Sales revenue	25,704	No significant difference	0.04
		Swanson Plastics Corporation	c	Purchases	38,934	No significant difference	0.07
		China General Terminal & Distribution Corporation	c	Storage tank operating costs	42,991	No significant difference	0.07
		USI Trading (Shanghai) Co., Ltd.	c	Accounts receivable	30,659	No significant difference	0.05
		USI Trading (Shanghai) Co., Ltd.	c	Sales revenue	66,242	No significant difference	0.10
2	China General Plastics Corporation (CGPC)	China General Terminal & Distribution Corporation	c	Purchases costs	93,186	No significant difference	0.16
		China General Terminal & Distribution Corporation	c	Other payable	13,101	No significant difference	0.02
		USI Management Consulting Corporation	c	Management services expense	61,599	No significant difference	0.10
		Taiwan VCM Corporation	c	Accounts payable	710,651	No significant difference	1.10
		Taiwan VCM Corporation	c	Purchases	3,970,741	No significant difference	6.17
		CGPC America Corporation	c	Accounts receivable	118,018	No significant difference	0.18
		CGPC America Corporation	c	Sales revenue	437,174	No significant difference	0.68

(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 services expense	\$ 47,866	No significant difference	0.08
		China General Terminal & Distribution Corporation	c	Storage tank operating costs	16,546	No significant difference	0.03
		Taita Chemical (Zhong Shan) Co., Ltd.	c	Accounts receivable	58,796	No significant difference	-
		Taita Chemical (Zhong Shan) Co., Ltd.	c	Sales revenue	619,497	No significant difference	1.07
		Taita Chemical (Tianjin) Co., Ltd.	c	Other receivables	160,928	No significant difference	0.28
		Taita Chemical (Tianjin) Co., Ltd.	c	Cost of goods sold	19,068	No significant difference	0.03
4	Acme Electronics Corp.	ACME Electronics (Cayman) Corp.	c	Management services expense	12,249	No significant difference	0.02
		ACME Electronics (Cayman) Corp.	c	Other receivables	150,766	No significant difference	0.26
		ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	22,251	No significant difference	0.04
		Golden Amber Enterprises Limited	c	Other receivables	19,261	No significant difference	0.03
		Acme Electronics (Kunshan) Co., Ltd.	c	Sales revenue	190,357	No significant difference	0.33
		Acme Electronics (Kunshan) Co., Ltd.	c	Cost of goods sold	39,915	No significant difference	0.07
		Acme Electronics (Kunshan) Co., Ltd.	c	Premium revenue	13,926	No significant difference	0.02
		Acme Electronics (Kunshan) Co., Ltd.	c	Accounts receivable	37,059	No significant difference	0.06
		Acme Electronics (Kunshan) Co., Ltd.	c	Other receivables	100,561	No significant difference	0.17
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	125,572	No significant difference	0.22
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Processing cost	463,959	No significant difference	0.80
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	13,592	No significant difference	0.02
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Notes and accounts payable	158,038	No significant difference	0.27
5	Swanson Plastics Corporation	Asia Polymer Corporation	c	Accounts payable	12,303	No significant difference	0.02
		Asia Polymer Corporation	c	Sales revenue	38,934	No significant difference	0.07
		Asia Polymer Corporation	c	Cost of goods sold	71,596	No significant difference	0.12
		USI Management Consulting Corporation	c	Management services expense	13,638	No significant difference	0.02
		Swanson Plastics (Kunshan) Co., Ltd.	c	Accounts receivable	12,288	No significant difference	0.02
		Swanson Plastics (Kunshan) Co., Ltd.	c	Cost of goods sold	17,628	No significant difference	0.03
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Sales revenue	12,275	No significant difference	0.02
		Swanson Plastics (Singapore) Private Limited	c	Sales revenue	28,010	No significant difference	0.04
		Swanson Plastics (Singapore) Private Limited	c	Sales revenue	14,764	No significant difference	0.02
		Forever Young Company Limited	c	Sales revenue	61,589	No significant difference	0.10
		Forever Young Company Limited	c	Management services expense	16,457	No significant difference	0.03
6	USI Management Consulting Corporation	Asia Polymer Corporation	c	Management services income	30,190	No significant difference	0.05
		USI Management Consulting Corporation	c	Management services income	13,638	No significant difference	0.02
7	USIG (Shanghai) Co., Ltd.	Taita Chemical Company, Limited	c	Purchases	32,076	No significant difference	0.06
8	CGPC Polymer Corporation	Taiwan VCM Corporation	c	Accounts payable to related parties	724,061	No significant difference	1.25
		Taiwan VCM Corporation	c	Other payable to related parties	23,323	No significant difference	0.04
		Taiwan VCM Corporation	c	Purchases	4,279,656	No significant difference	7.36
9	Taita Chemical (Zhong Shan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	c	Other receivables	283,076	No significant difference	0.49
		Taita Chemical (Tianjin) Co., Ltd.	c	Interest revenue	10,818	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	Acme Electronics (Kunshan) Co., Ltd.	ACME Ferrite Product Sdn. Bhd.	c	Sales revenue	\$ 24,545	No significant difference	0.04
		ACME Ferrite Product Sdn. Bhd.	c	Cost of goods sold	16,295	No significant difference	0.03
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Sales revenue	46,128	No significant difference	0.08
		Acme Electronics (Guang-Zhou) Co., Ltd.	c	Accounts receivable	10,497	No significant difference	0.02
11	Forever Young Company Limited	Swanson Plastics (India) Private Ltd.	c	Accounts receivable	212,568	No significant difference	0.37
		Swanson Plastics (India) Private Ltd.	c	Sales revenue	119,214	No significant difference	0.21
		Swanson Plastics (Singapore) Private Limited	c	Sales revenue	42,665	No significant difference	0.07
		Swanson Plastics (Kunshan) Co., Ltd.	c	Accounts receivable	248,944	No significant difference	0.43
		Swanson Plastics (Kunshan) Co., Ltd.	c	Sales revenue	358,115	No significant difference	0.62
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts receivable	41,199	No significant difference	0.07
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Accounts payable	27,019	No significant difference	0.05
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Cost of goods sold	285,168	No significant difference	0.49
		Swanson Plastics (Malaysia) Sdn. Bhd.	c	Sales revenue	403,397	No significant difference	0.69
		Swanson Plastics (Nantong) Co., Ltd.	c	Accounts receivable	122,924	No significant difference	0.21
11	Forever Young Company Limited	PT. Swanson Plastics Indonesia	c	Accounts receivable	108,781	No significant difference	0.19
		PT. Swanson Plastics Indonesia	c	Sales revenue	110,133	No significant difference	0.19
		Swanson International Ltd.	c	Accounts receivable	92,405	No significant difference	0.16
12	API-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Kunshan) Co., Ltd.	c	Accounts payable	19,172	No significant difference	0.03
		Swanson Plastics (Kunshan) Co., Ltd.	c	Cost of goods sold	99,091	No significant difference	0.17
		Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts receivable	104,754	No significant difference	0.18
		Swanson Plastics (Nantong) Co., Ltd.	c	Accounts receivable	45,545	No significant difference	0.08
13	Swanson Plastics (Kunshan) Corp.	Swanson Plastics (Tianjin) Co., Ltd.	c	Accounts receivable	106,574	No significant difference	0.18
14	Swanson Plastics (Malaysia) Sdn. Bhd.	Swanson Plastics (Singapore) Private Limited	c	Accounts receivable	28,866	No significant difference	0.05
		Swanson Plastics (Singapore) Private Limited	c	Cost of goods sold	13,943	No significant difference	0.02
		Swanson Plastics (Singapore) Private Limited	c	Sales revenue	212,692	No significant difference	0.37
15	Swanson Plastics Company Ltd. (Singapore)	Swanson Plastics (India) Private Ltd.	c	Accounts receivable	108,349	No significant difference	0.19
		PT. Swanson Plastics Indonesia	c	Accounts receivable	124,132	No significant difference	0.21

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

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

Note 2: Investment types as follows:

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

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

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

V. The Company's parent company-only financial statements audited by CPAs in the most recent fiscal year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China (ROC). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Estimation of Inventory Write-downs

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

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

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

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

Recognition of Defined Benefit Liabilities

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

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

Corresponding audit procedures:

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tiu Jung Kuo and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2018

Notice to Readers

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

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

USI CORPORATION

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

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

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

USI CORPORATION

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

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

(Continued)

USI CORPORATION

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

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

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

(Concluded)

USI CORPORATION

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

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

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

USI CORPORATION

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

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

(Continued)

USI CORPORATION

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

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

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

(Concluded)

USI CORPORATION

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

New, Revised or Amended Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

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

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

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

IFRS 9 “Financial Instruments” and related amendments

Classification, measurement and impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1) IFRS 16 “Leases”

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

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the statements of comprehensive income, the Company should present the depreciation expense charged on right-of-use assets separately from interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized on the date of initial application.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a

liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

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

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

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

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

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

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

j. Impairment of tangible and intangible assets

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at fair value through profit or loss

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar provisions. Provisions for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

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

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

2) Dividend and interest income

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Borrowing costs

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

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

o. Government grants

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

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

b. Write-down of inventories

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

c. Useful lives of property, plant and equipment

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

d. Impairment measurement of tangible and intangible assets

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

e. Realization of deferred tax assets

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

f. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

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

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

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

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

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

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Notes and accounts receivable

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

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

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

For the notes receivable balances that were not past due at December 31, 2017 and 2016, the Company did not recognize an allowance for impairment loss. For the accounts receivable balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was no significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements for these balances. In addition, the Company did not have the legal right of offset the accounts receivable and payable against the respective counterparties.

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

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

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

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

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

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

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

b. Other receivables

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

11. INVENTORIES

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

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

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

12. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

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

Classifications according to financial asset measurement categories were as follows:

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

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

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

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

(Continued)

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

(Concluded)

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

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

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

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

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

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

UPIIC will test the goodwill for impairment annually. The recoverable amount of goodwill was based on a

value in use model. For the year ended December 31, 2016, UPIIC recognized an impairment loss of \$40,000 thousand on Taita Chemical Company, Ltd., an investment accounted for using the equity method.

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

15. INVESTMENT PROPERTIES

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

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

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

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

16. INTANGIBLE ASSETS

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

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

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

17. BORROWINGS

a. Short-term borrowings

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

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

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

18. BONDS PAYABLE

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

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

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

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

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

19. ACCOUNTS PAYABLE

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

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

20. OTHER PAYABLES

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% (the percentage increased to 12% since November 10, 2016) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2017	2016
Present value of defined benefit obligation	\$ (773,362)	\$ (822,474)
Fair value of plan assets	<u>396,924</u>	<u>371,246</u>
Net defined benefit liabilities- non-current	<u>\$ (376,438)</u>	<u>\$ (451,228)</u>

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

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

(Continued)

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

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

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

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

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

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

(decrease) as follows:

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

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

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

22. EQUITY

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

a. Share capital

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

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

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

b. Capital surplus

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

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

e. Treasury shares

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

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

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

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

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

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations includes the following:

a. Other income

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

b. Other gains and losses

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

c. Finance costs

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

Information about capitalized interest is as follows:

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

d. Depreciation and amortization

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

e. Employee benefits expense

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

f. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015.

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

g. Gain or loss on foreign currency exchange

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

24. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

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

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

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

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

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

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

b. Current income tax assets and liabilities

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

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

(Continued)

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

For the year ended December 31, 2016

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

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

d. Integrated income tax

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

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

e. Income tax assessments

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

25. EARNINGS PER SHARE

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

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

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

Net Profit for the Year

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

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

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

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

26. OPERATING LEASE AGREEMENTS

a. The Company as lessee

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

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

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

b. The Company as lessor

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

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

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

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	\$ 18,854	\$ 21,756
Later than 1 year and not later than 5 years	<u>23,157</u>	<u>50,623</u>
	<u>\$ 42,011</u>	<u>\$ 72,379</u>

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall management strategy remains unchanged from the past year.

The capital structure of the Company consists of its net debt and equity.

Key management of the Company review the capital structure periodically. As part of this review, the key management consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values. Otherwise, the fair values cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 20	\$ -	\$ 20
Non-derivative financial assets held for trading	<u>1,680,700</u>	<u>-</u>	<u>-</u>	<u>1,680,700</u>
	<u>\$</u>			
	<u>=</u>			
	<u>2</u>			
	<u>*</u>			
	<u>2</u>			
	<u>6</u>			
	<u>5</u>			
	<u>*</u>			
	<u>8</u>			
	<u>7</u>			
	<u>2</u>			
	<u>\$ 1,680,700</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 1,680,720</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares	<u>\$ 892,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892,511</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 5,154</u>	<u>\$ -</u>	<u>\$ 5,154</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 360	\$ -	\$ 360
Non-derivative financial assets held for trading	<u>2,265,512</u>	<u>-</u>	<u>-</u>	<u>2,265,512</u>

	\$			
	2			
	2			
	6			
	5			
	8			
	7			
	<u>2</u>	<u>\$ 2,265,512</u>	<u>\$ 360</u>	<u>\$ -</u>
				<u>\$ 2,265,872</u>
Available-for-sale financial assets				
Domestic listed shares and over-the-counter shares		<u>\$ 1,046,653</u>	<u>\$ -</u>	<u>\$ -</u>
				<u>\$ 1,046,653</u>

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 1,464	\$ -	\$ 1,464

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Evaluation techniques measured by fair value and assumptions

The Company holds non-derivative financial assets held for trading and available-for-sale financial assets which are used to active market transactions. Their fair values are measured at the market price.

c. Categories of financial instruments

	<u>December 31</u>	
	2017	2016
<u>Financial assets</u>		
Financial assets at fair value through profit or loss (FVTPL)		
Held for trading	\$ 1,680,720	\$ 2,265,872
Loans and receivables (Note 1)	3,954,329	5,577,450
Available-for-sale financial assets (Note 2)	1,079,161	1,254,350
Refundable deposits	39,187	34,989
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	5,154	1,464
Financial liabilities measured at amortized cost (Note 3)	7,920,313	5,996,433

Note 1: The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and accounts receivable (included related parties) and other receivables (including related parties, except tax refund receivable).

Note 2: The balance includes the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, accounts payable (including related parties), other payables (including related parties) and bonds payable.

d. Financial risk management objectives and policies

The Company's risk controlling and hedging strategy is influenced by the operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. The trade of derivative financial instruments that the Company engaged in was not for speculation purposes. In order to avoid the impact of foreign currency changes, which lead to the deduction of foreign currency assets and fluctuations of future cash flows, the Company used foreign exchange forward contracts to eliminate currency exposure and thus mitigate the impact of the risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (U.S. dollar denominated items). When the USD appreciates/depreciates by 3%, the Company's profit before tax in 2017 will decrease/increase \$4,716 thousand; the profit before tax in 2016 will decrease/increase \$45,162 thousand.

Because this formerly mentioned sensitivity analysis is based on the computation of foreign currency exposure at balance sheet date, the management concedes that this analysis cannot properly reflect the mid-year exposures.

b) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by the changing market rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 1,928,138	\$ 3,980,215
Financial liabilities	5,990,167	4,293,044
Cash flow interest rate risk		
Financial assets	94,558	104,748
Financial liabilities	200,000	200,000

Sensitivity analysis

Regarding the sensitivity analysis of interest risk, the Company's computation was based on financial assets and financial liabilities with cash flow interest rate risk. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Company's profit before tax for the years ended December 31, 2017 and 2016 would have decreased/increased by \$528 thousand and \$476 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities listed in the ROC and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

The analysis below was determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower, profit before tax for years ended December 31, 2017 and 2016 would have increased/decreased by \$84,035 thousand and \$113,276 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the years ended December 31, 2017 and 2016 would have increased/decreased by \$44,626 thousand and \$52,333 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk mainly comes from:

- a) Carrying amount of financial assets recognized on the balance sheets.
- b) Amount of contingent liabilities generated from the financial guarantees of the Company.

The Company adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. The Company provides financial guarantees and endorsements for tariffs and loans of subsidiaries. As of December 31, 2017 and 2016 the amount the Company's provided endorsements and guarantees as \$4,845,869 thousand and \$4,899,397 thousand. As the end of the reporting period expected, subsidiaries operate well and the possibility of loss on such endorsements and guarantees due to defaults of subsidiaries is not high.

The counterparties of the Company's trade receivable include numerous clients distributed over a variety of areas, and not centered on a single client or location. Besides this, ongoing credit evaluations are performed on the financial condition of trade receivables, so the Company's credit risk is limited. At balance sheet date, the Company's maximum exposure to credit risk approximates the carrying amounts of the respective recognized financial assets as stated in the balance sheet.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates.

December 31, 2017

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,730,146	\$ -	\$ -
Fixed interest rate liabilities	0.80-1.90	-	5,990,167	-
Floating interest rate liabilities	0.80	<u>200,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,930,146</u>	<u>\$ 5,990,167</u>	<u>\$ -</u>

December 31, 2016

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,503,389	\$ -	\$ -
Fixed interest rate liabilities	0.60-1.90	299,980	998,844	2,994,220
Floating interest rate liabilities	0.80	<u>200,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,003,369</u>	<u>\$ 998,844</u>	<u>\$ 2,994,220</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 168,320	\$ 398,995	\$ -
Outflows	<u>(169,883)</u>	<u>(403,984)</u>	<u>-</u>
	<u>\$ (1,563)</u>	<u>\$ (4,989)</u>	<u>\$ -</u>

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled</u>			
Foreign exchange forward contracts			
Inflows	\$ 171,619	\$ -	\$ -
Outflows	<u>(172,910)</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,291)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2017 and 2016, the unused amount of bank loan facilities were as follows:

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Bank loan facilities		
Amount unused	<u>\$ 4,772,671</u>	<u>\$ 4,074,318</u>

29. TRANSACTIONS WITH RELATED PARTIES

Except for disclosure on other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties' names and their relationships

<u>Related Party Name</u>	<u>Relationship with the Company</u>
USIFE Investment Co., Ltd.	Subsidiary
Swanson Plastics Corp. ("SPC")	Subsidiary
Acme Electronics Corp. ("ACME")	Subsidiary
Chong Loong Trading Co., Ltd. ("CLT")	Subsidiary
Swanlake Traders Ltd.	Subsidiary
Union Polymer Int'l Investment Corp. ("UPIIC")	Subsidiary
USI Far East (HK) Co., Ltd. ("USI HK")	Subsidiary
USI Management Consulting Corp. ("UM")	Subsidiary
Thintec Materials Corporation	Subsidiary
Forever Young Company Limited ("Forever Young")	Subsidiary
Swanson Technologies Corporation	Subsidiary
Taiwan United Venture Management Corp. ("TUV")	Subsidiary
China General Plastics Corporation ("CGPC")	Subsidiary
Taita Chemical Company, Ltd. ("TTC")	Subsidiary
Asia Polymer Corporation ("APC")	Subsidiary
Taiwan VCM Corporation ("TVCM")	Subsidiary
CGPC Polymer Corporation	Subsidiary
China General Terminal & Distribution Co. ("CGTD")	Subsidiary
INOMA Corporation	Subsidiary
USIG (Shanghai) Co., Ltd. ("USIG")	Subsidiary
Forum Pacific Trading Ltd.	Subsidiary
USI International Corporation ("USI International")	Subsidiary
USI Trading (Shanghai) Co., Ltd. ("USI Trading Shanghai")	Subsidiary
APC Investment Corporation	Subsidiary
USI Optronics Corporation	Subsidiary
Dynamic Ever Investments Limited ("DEIL")	Associates (Since January 13, 2017 as a subsidiary)
USI Education Foundation ("USIF")	Other related party

b. Sales

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>525,339</u>	\$ <u>448,417</u>

The Company sold inventories to subsidiaries in 2017 and 2016, and at the end of 2017 and 2016, the Company's unearned gross margin for SPC was \$1,453 thousand and \$1,396 thousand, respectively, which was deferred. The Company's unearned gross margin for USI Trading (Shanghai) was \$452 thousand and \$731 thousand, respectively, which was deferred. The deferred unrealized gain of subsidiaries was \$1,905 thousand and \$2,127 thousand in 2017 and 2016, respectively.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>667,508</u>	\$ <u>1,005,420</u>

d. Exports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 733,680	\$ 161,143
TVCM	<u>337,238</u>	<u>110,074</u>
	<u>\$ 1,070,918</u>	<u>\$ 271,217</u>

e. Imports of ethylene

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 75,044	\$ 188,034
TVCM	<u>18,004</u>	<u>238,249</u>
	<u>\$ 93,048</u>	<u>\$ 426,283</u>

f. Rental income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
SPC	\$ 6,442	\$ 6,298
CGPC	5,283	5,307
TTC	5,325	5,129
ACME	2,883	2,947
Others	<u>8,641</u>	<u>9,011</u>
	28,574	28,692
Associates	<u>-</u>	<u>555</u>
	<u>\$ 28,574</u>	<u>\$ 29,247</u>

The Company leased part of the floors of its Neihu office building to subsidiaries, and the lease period was from April 2006 to April 2014. When the lease term ended, the contract was extended to April 2019, and the rental income was received monthly according to the contract.

The Company entered into a housing lease contract between the Company and Dynamic Ever Investments Limited in May 2016, and the lease period is from May 2016 to April 2018. The rental income was received monthly in accordance with the contract.

g. Management service income (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary		
CGPC	\$ 3,981	\$ 2,729
APC	6,474	5,617
TTC	9,912	10,630
DEIL	5,579	-
Others	<u>11,544</u>	<u>11,286</u>
	37,490	30,262
Associate		
Dynamic Ever Investments Limited	<u>-</u>	<u>4,183</u>
	<u>\$ 37,490</u>	<u>\$ 34,445</u>

The Company, in order to correspond to the demands of management and integrating corporation resources, signed a resource support contract with its subsidiary, UM, on July 2002. UM coordinates the resources of the Company's common services department, and the related fee is calculated and charged by the contract content.

In order to correspond to management demands, the Company signed a management service contract with Dynamic Ever Investment Limited on May 2015, and the related fee is calculated and charged by the contract content.

- h. Management service fee-investment (classified as other gains and losses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary TUVM	\$ <u>542</u>	\$ <u>542</u>

- i. Management service fee-management (classified as general and administrative expenses and research and development expense)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary UM	\$ 95,350	\$ 79,456
Others	<u>10,104</u>	<u>9,463</u>
	\$ <u>105,454</u>	\$ <u>88,919</u>

- j. Rental expenses (classified as operating expense)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 2,689	\$ 2,593
TTC	910	836
USI International	164	1,052
Others	<u>135</u>	<u>78</u>
	\$ <u>3,898</u>	\$ <u>4,559</u>

- k. Commission expenses (classified as selling and marketing expenses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USI Trading (Shanghai)	\$ <u>1,065</u>	\$ <u>1,005</u>

- l. Environmental protection expenses (classified as cost of goods sold)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>537</u>	\$ <u>-</u>

- m. Operating storage tank costs (classified as cost of goods sold)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary CGTD	\$ <u>56,685</u>	\$ <u>36,888</u>

- n. Donations (classified as general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USIF	\$ <u>3,000</u>	\$ <u>3,000</u>

- o. Foreign business trip expenses (classified as operating expense)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>21</u>	\$ <u>69</u>

- p. Revenue from sale of raw materials (classified as other income)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary APC	\$ 135,944	\$ 141,276
TVCM	<u>37,435</u>	<u>105,183</u>
	\$ <u>173,379</u>	\$ <u>246,459</u>

- q. Import fees on ethylene inspection income (classified as other income)

Related Party Category	For the Year Ended December 31	
	2017	2016
Subsidiary	\$ <u>888</u>	\$ <u>696</u>

- r. Gains on disposal of property, plant and equipment (classified as other income and loss)

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Subsidiary USI HK	\$ <u>889</u>	\$ <u>889</u>

The Hong Kong branch sold fixed assets to USI (HK) in August 2005, and the price was \$18,049 thousand (HK\$4,180 thousand). As of December 31, 2017 and 2016, the unrealized profit and loss was \$6,813 thousand and \$7,702 thousand, which was deferred, and the reversal was recognized by estimating the useful life of the equipment.

s. Accounts receivable

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
USI HK	\$ 11,759	\$ 3,019
SPC	13,033	21,223
Forever Young	21,517	13,037
USI Trading (Shanghai)	<u>37,810</u>	<u>37,378</u>
	<u>\$ 84,119</u>	<u>\$ 74,657</u>

There was no collateral provided for outstanding related party receivables. There is no bad debt for related parties' accounts receivable in 2017 and 2016.

t. Other receivables

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
APC	\$ 322,683	\$ 145,945
TVCM	231,747	239,852
Others	<u>11,708</u>	<u>9,894</u>
	566,138	395,691
Associates	<u>-</u>	<u>1,386</u>
	<u>\$ 566,138</u>	<u>\$ 397,077</u>

u. Accounts payable

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
APC	\$ 96,995	\$ 160,975
Others	<u>3,233</u>	<u>5,923</u>
	<u>\$ 100,228</u>	<u>\$ 166,898</u>

Outstanding amounts due to related parties had no guarantee provided.

v. Other payables

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
UM	\$ 7,407	\$ 3,934
CGTD	7,710	2,011
APC	240	54,843
TVCM	518	119,373
Others	<u>1,845</u>	<u>2,187</u>
	<u>\$ 17,720</u>	<u>\$ 182,348</u>

w. Other unearned revenue (classified as current liabilities)

Related Party Category	December 31	
	2017	2016
Subsidiary	\$ 284	\$ 284

x. Endorsements (tariffs and bank loans)

Related Party Category/Name	December 31	
	2017	2016
Subsidiary		
UPIIC	\$ 3,900,000	\$ 3,700,000
USIG	479,469	504,397
CLT	317,600	533,750
Others	<u>148,800</u>	<u>161,250</u>
	<u>\$ 4,845,869</u>	<u>\$ 4,899,397</u>

y. Compensation of key management personnel

The types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 49,019	\$ 50,160
Post-employment benefits	<u>432</u>	<u>432</u>
	<u>\$ 49,451</u>	<u>\$ 50,592</u>

Compensation of the directors and other key management personnel depends on individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as guarantees for materials' purchases, outward documentary bill, and collateral for bank borrowings:

	December 31	
	2017	2016
Time deposits		
Classified as debt investments with no active market - current	\$ 54,000	\$ 54,000
Classified as other assets - non-current	21,017	15,854
Property, plant and equipment	<u>564,104</u>	<u>515,273</u>
	<u>\$ 639,121</u>	<u>\$ 585,127</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENT

- a. As of December 31, 2017 and 2016, the Company's unused letter of credit amounted to \$1,884,286 thousand and \$1,332,033 thousand, respectively, and the Company's endorsements and guarantees provided by related parties were \$4,845,869 thousand and \$4,899,397 thousand. Refer to Notes 28 and 29 for details.
- b. The following is regarding the subsidiary, CGTD, who had been commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014, the Kaohsiung District Prosecutor Office instituted a public prosecution against the related personnel of the Kaohsiung City Government, LCY Chemical Corp. and CGTD employees on December 18, 2014. As of the reporting date, the attribution of responsibility for the gas explosion and the subsequent impact is still pending the conclusion of the in-progress trial of the Kaohsiung District Court.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of \$226,983 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. At the end of February 2018, the provisionally attached property was worth \$151,229 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received \$12,000 thousand, and the compensation was \$384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties.

Up to February 2018, victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. Along with the formerly mentioned compensation, the accumulated amount of compensation is \$4,038,198 thousand, and the actual payment of CGTD depends on the verdict of the civil procedures. The date of the criminal procedures is estimated to be on May 11, 2018 and part of the civil procedures will be held on June 22, 2018.

32. SIGNIFICANT CONTRACT

The Company and APC enter into a joint venture contract for their investment on Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenery Global Corporation and Lien Hwa Industrial Corporation. The main contents of the contract and commitments include: (1) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to the “Joint Venture”) and agree to pass the establishment of the 100%-owned company named Dynamic Ever Investments Limited in Hong Kong, whose purpose is to build oil refineries and produce ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission at Taiwan’s Ministry of Economic Affairs and according to the operating business permitted by the Joint Venture’s board of directors; and (2) Dynamic Ever Investments Limited will establish a joint venture company in accordance with the laws of the People’s Republic of China with Fujian Refining and Chemical Co. in Gulei Park located in Zhangzhou Fujian province (hereunder “Gulei Company”) and acquire 50% interest of Gulei Company for cooperative investment.

The Company and APC invested US\$3,131 thousand (approximately \$94,221 thousand) and US\$2,171 thousand (approximately \$65,202 thousand), respectively, to establish Ever Conquest Global Limited in order to invest in Ever Victory Global Limited via the third party, and the shareholding ratio of the joint venture is 31.75%. Dynamic Ever Investments Limited and Fujian Refining and Chemical Co. signed “Fujian Gulei Petrochemical Corporation Limited joint venture contract” which stipulated an increase in the investment amount, and this contract led to part of the original related contract entities being unable to keep their respective investment ratio as provided by the original contract or to participate in the subsequent capital increase procedures. In order to meet the business requirement of the original contract, the Company and APC resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$37,572 thousand (approximately \$1,200,087 thousand) and US\$23,086 thousand (approximately \$739,424 thousand), respectively, on January 13, 2017. Via Ever Conquest Global Limited, the Company and APC increased capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding rights ratio of the Joint Venture increased from 31.75% to 66.4% (qualifying as having control) after the capital increase. Dynamic Ever Investments Limited invested in Gulei Company by RMB576,200 thousand on April 18, 2017.

The Company and APC increased the investment in Ever Conquest Global Limited by US\$36,643 thousand (approximately \$1,113,427 thousand) and US\$21,013 thousand (approximately \$638,499 thousand), respectively, in July 2017. Via Ever Conquest Global Limited, the Company and APC increased capital in Ever Victory Global Limited and then reinvested in Dynamic Ever Investments Limited. The shareholding rights ratio of the joint venture was 67.9% after the capital increase. Dynamic Ever Investments Limited reinvested in Gulei Company by RMB576,200 thousand on August 1, 2017.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: Foreign Currency/Carrying Amount in Thousands

	December 31, 2017		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 25,885	29.76	\$ 770,347
RMB	145,369	4.55	662,084
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	127,252	29.76	3,787,032
HKD	34,042	3.81	129,596
<u>Foreign currency liabilities</u>			
Monetary items			
USD	20,603	29.76	613,136
	December 31, 2016		
	Foreign Currency	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 58,203	32.25	\$ 1,877,056
RMB	43,059	4.65	200,180
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	48,959	32.25	1,578,934
HKD	34,408	4.16	143,067
<u>Foreign currency liabilities</u>			
Monetary items			
USD	11,524	32.25	371,664

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange losses were \$29,240 thousand and \$23,863 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 5)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 7)
- 9) Trading in derivative instruments:

As of December 31, 2017, information about foreign exchange forwards contracts held by the Company and its subsidiaries were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2017</u>			
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB193,200/NTD870,415
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	USD/MYR	2018.03.30	USD170/MYR725
Sell	USD/NTD	2018.01.03-2018.04.03	USD44,190/NTD1,319,154
Buy	NTD/USD	2018.01.02-2018.01.26	NTD249,743/USD8,340
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	EUR/MYR	2018.04.30-2018.05.31	EUR101/MYR484
Sell	AUD/USD	2018.01.26-2018.03.23	AUD600/USD461

- 10) Information on investees. (Table 8)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 2)
 - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

USI CORPORATION

(Acme Electronics Corporation (ACME))

FINANCING PROVIDED TO OTHERS**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Borrowing Amount (Note 3)	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Other receivables - related parties	Yes	\$ 211,820 (US\$ 7,000 thousand)	\$ 208,320 (US\$ 7,000 thousand)	\$ 148,800 (US\$ 5,000 thousand)	1.6286-2.39073	2	\$ -	Business turnover	\$ -	-	-	\$ 545,229	\$ 545,229
		Acme Electronics (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	251,317 (RMB 56,000 thousand)	127,526 (RMB 28,000 thousand)	\$ 87,028 (RMB 19,108 thousand)	2.30522-4.785	2	-	Business turnover	-	-	-	545,229	545,229

Note 1: Total financing provided to others shall not exceed 40% of ACME's net value, and the highest aggregate financing limits are calculated by the net value as of December 31, 2017.

Note 2: The nature of financing is provided as follow:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 3: The amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION
(Swanson Plastics Corporation (SPC))

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
1	Forever Young Company Limited	Swanson Plastics (Kunshan) Co., Ltd.	Long-term receivables - related parties	Yes	\$ -	\$ -	\$ -	-	1	\$ 7,403	-	\$ -	-	-	\$ 116,293	\$ 116,293
		PT Swanson Plastics Indonesia	Long-term receivables - related parties	Yes	3,260	3,206	3,206	-	1	2,334	-	-	-	-	116,293	116,293
		A.S. Holding (UK) Limited	Long-term receivables - related parties	Yes	9,369	8,895	8,895	-	1	-	-	-	-	-	116,293	116,293
		Swanson Plastics (India) Private Limited	Long-term receivables - related parties	Yes	130,373	87,272	87,272	-	1	2,350	-	-	-	-	116,293	116,293
		Swanson International Ltd.	Other receivables - related parties	Yes	97,326	92,405	92,405	-	2	-	Business turnover	-	-	-	116,293	116,293
		Swanson Plastics (Nantong) Co., Ltd.	Long-term receivables - related parties	Yes	145,419	122,924	122,924	-	1	-	-	-	-	-	116,293	116,293
2	Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	82,260	81,981	81,981	4.35	2	-	Business turnover	-	-	-	922,586	922,586
		Swanson Plastics (Nantong) Co., Ltd.	Other receivables - related parties	Yes	45,720	-	-	-	2	-	Business turnover	-	-	-	922,586	922,586
3	ASK-Swanson (Kunshan) Co., Ltd	Swanson Plastics (Nantong) Co., Ltd.	Other receivables - related parties	Yes	45,545	45,545	45,545	4.35	2	-	Business turnover	-	-	-	527,013	527,013
		Swanson Plastics (Tianjin) Co., Ltd.	Other receivables - related parties	Yes	128,016	104,754	104,754	4.35	2	-	Business turnover	-	-	-	527,013	527,013
4	Swanson Plastics (Singapore) Private Limited	Swanson Plastics (India) Private Limited	Other receivables - related parties	Yes	138,431	108,349	108,349	-	1	-	-	-	-	-	314,359	314,359
		PT Swanson Plastics Indonesia	Other receivables - related parties	Yes	183,541	77,467	77,467	-	1	-	-	-	-	-	314,359	314,359

Note 1: Fill in the nature of financing provided as follow:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 2: Financing provided to others limits shall not exceed 40% of SPC's net value.

Note 3: The foreign currency amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION

(China General Plastics Corporation (CGPC))

FINANCING PROVIDED TO OTHERS**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4)	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 4)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
1	CGPC (BVI) Holding Co., Ltd.	Continental General Plastics (Zhong Shan) Co., Ltd.	Other receivables - related parties	Yes	\$ 119,040 (US\$ 4,000 thousand)	\$ 119,040 (US\$ 4,000 thousand)	\$ -	-	2	\$ -	Business turnover	\$ -	-	-	\$ 347,575	\$ 347,575

Note 1: The total amount of financing by CGPC to others shall not exceed 40% of the net worth of CGPC. CGPC has no financing provided to others as of December 31, 2017.

Note 2: The total amount of financing by the CGPC (BVI) Holding Co., Ltd. to others collectively and to any individual entity shall not exceed 40% of its net worth. However, the total amount of financing provided to any subsidiary wholly-owned by CGPC shall not exceed 100% of the net worth of CGPC according to the most recent audit.

Note 3: The alphabetic indications for the nature of financing are described as follows:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 4: The amount is calculated using the spot exchange rate as on December 31, 2017.

USI CORPORATION

(Taita Chemical Company, Limited (TTC))

FINANCING PROVIDED TO OTHERS**FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4)	Actual Borrowing Amount (Note 4)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1, 2 and 4)	Aggregate Financing Limit (Notes 1, 2 and 4)
													Item	Value		
1	Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Other receivables from related parties	Yes	\$ 910,900 (RMB 200,000 thousand)	\$ 455,450 (RMB 100,000 thousand)	\$ 273,270 (RMB 60,000 thousand)	5.22	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,918,118	\$ 1,918,118

Note 1: The total amount of lending to TTC for funding for a short-term period shall not exceed 40% of the net worth of TTC. As of December 31, 2017, TTC didn't loan funds to anyone.

Note 2: The total amount of lending to a company for funding for a short-term period shall not exceed 40% of the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. The restriction does not apply to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by TTC. As December 31, 2017, the audited net worth of Taita Chemical (Zhongsan) Co., Ltd. is RMB421,148 thousand.

Note 3: The nature of financing is provided as follows:

- a. Business relationship is coded "1"
- b. For short-term financing is coded "2"

Note 4: The amount is calculated using the spot exchange rate of December 31, 2017.

USI CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	USI Corporation	Union Polymer Int'l Investment Corp.	Subsidiary which directly held more than 50% of ordinary shares	\$ 10,874,644	\$ 4,000,000	\$ 3,900,000	\$ 1,526,000	None	21.52	\$ 10,874,644	Yes	No	No
		Chong Loong Trading Co., Ltd.	Subsidiary which directly held more than 50% of ordinary shares	10,874,644	317,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	317,600 (US\$ 10,000 thousand) (NT\$ 20,000 thousand)	68,773	None	1.75	10,874,644	Yes	No	No
		Forum Pacific Trading Ltd.	Subsidiary which Chong Loong Co. directly held more than 50% of ordinary shares	10,874,644	148,800 (US\$ 5,000 thousand)	148,800 (US\$ 5,000 thousand)	-	None	0.82	10,874,644	Yes	No	No
		Usig (Shanghai) Co., Ltd.	Parent company and subsidiary totally held more than 50% of ordinary shares	10,874,644	479,469 (RMB 53,000 thousand) (US\$ 8,000 thousand)	479,469 (RMB 53,000 thousand) (US\$ 8,000 thousand)	245,767	None	2.64	10,874,644	Yes	No	Yes

Note: Both total endorsements/guarantees provided amounts and the amount of endorsements/guarantees for an individual entity shall not exceed 60% of the Company's net value. Maximum limits on endorsement/guarantees provided is calculated by net value of December 31, 2017.

USI CORPORATION
(Acme Electronics Corporation)

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	\$ 4,089,219	\$ 695,859 (US\$ 22,200 thousand)	\$ 357,120 (US\$ 12,000 thousand)	\$ 238,080 (US\$ 8,000 thousand)	None	26.20	\$ 4,089,219	Yes	No	Yes
		Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	4,089,219	(US\$ 13,000 thousand)	(US\$ 10,000 thousand)	-	None	21.83	4,089,219	Yes	No	Yes
		ACME Ferrite Products Sdn. Bhd.	Subsidiary of ACME (Cayman)	4,089,219	(US\$ 125,380 thousand)	(US\$ 119,040 thousand)	-	None	8.73	4,089,219	Yes	No	No

Note 1: The rate is calculated by the ending balance of equity of the endorser/guarantor as of December 31, 2017.

Note 2: The maximum total endorsement/guarantee shall not exceed 300% of the equity attributable to owners of the endorser/guarantor. The maximum of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2017.

Note 3: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

USI CORPORATION
(Swanson Plastics Corporation (SPC))

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (Note 2)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
0	Swanson Plastics Corporation	Forever Young Company Limited	Subsidiary	\$ 6,199,885	\$ 2,757,752	\$ 2,107,616	\$ 550,560	\$ -	85	\$ 6,199,885	No	No	No
		Swanson Plastics (Singapore) Private Limited	Subsidiary	6,199,885	94,035	89,280	-	-	4	6,199,885	No	No	No
		Swanson Plastics (Malaysia) Sdn. Bhd.	Sub-subsi-dary	6,199,885	31,345	29,760	-	-	1	6,199,885	No	No	No
		Swanson Plastics (Kunshan) Co., Ltd.	Sub-subsi-dary	6,199,885	125,380	119,040	57,073	-	5	6,199,885	No	No	Yes
		Swanson Technologies Corporation	Subsidiary	6,199,885	122,690	89,760	88,000	-	4	6,199,885	No	No	No
						<u>\$ 2,435,456</u>							

Note 1: The amount of endorsements/guarantees for an individual entity shall not exceed 250% of SPC's equity.

Note 2: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

Note 3: On the condition that the public parent company endorses the subsidiary, the subsidiary endorses the public parent company and endorsements for mainland China-based entities shall be coded "Yes".

USI CORPORATION

(China General Plastics Corporation (CGPC))

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 11,709,512	\$ 3,297,600	\$ 3,297,600	\$ 514,880	None	42.24	\$ 11,709,512	Yes	No	No

Note 1: The ratio is calculated by the ending balance of equity of CGPC as of December 31, 2017.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of CGPC. The maximum amount of endorsement/guarantee was calculated based on the equity of CGPC as of December 31, 2017.

Note 3: The foreign currency amount is calculated based on the spot exchange rate on December 31, 2017.

USI CORPORATION

(Taita Chemical Company, Ltd. (TTC))

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 1)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount (Note 1)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taita Chemical Company, Ltd.	Taita (BVI) Holding Co., Ltd.	Subsidiary	\$ 7,811,100	\$ 1,482,080 (US\$ 33,000 thousand) (NT\$ 500,000 thousand)	\$ 1,482,080 (US\$ 33,000 thousand) (NT\$ 500,000 thousand)	\$ 720,787 (US\$ 24,220 thousand)	\$ -	37.95	\$ 7,811,100	Yes	No	No
		Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares indirectly owned by TTC	7,811,100	239,890 (US\$ 5,000 thousand) (RMB 20,000 thousand)	239,890 (US\$ 5,000 thousand) (RMB 20,000 thousand)	-	-	6.14	7,811,100	Yes	No	Yes
		Taita Chemical (Tianjin) Co., Ltd.	100% voting shares indirectly owned by TTC	7,811,100	297,600 (US\$ 10,000 thousand)	148,800 (US\$ 5,000 thousand)	148,800 (US\$ 5,000 thousand)	-	3.81	7,811,100	Yes	No	Yes

Note 1: The amount is calculated at the spot exchange rate on December 31, 2017.

Note 2: The ceilings on the aggregate amounts of endorsements/guarantees permitted shall not exceed 200% of total equity of TTC.

USI CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USI Corporation	<u>Shares</u>							
	Vanguard International Semiconductor Corporation	-	Available-for-sale financial assets - non-current	1,538,343	\$ 101,530	0.10	\$ 101,530	
	AU Optronics Corporation	-	Available-for-sale financial assets - non-current	8,514,006	105,574	0.21	105,574	
	CTCI Corporation	-	Available-for-sale financial assets - non-current	15,180,656	685,407	1.99	685,407	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	18,200,000	182,000	11.90	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	310,000	4,650	0.45	-	
	Teratech Corp.	-	Financial assets measured at cost - non-current	110,000	-	-	-	Note
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	30,950	-	30,950	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	24,525	-	24,525	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	830,000	26,270	-	26,270	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	3,150	-	3,150	
	<u>Beneficiary certificates</u>							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,061,105	49,659	-	49,659	
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	6,641,554	100,999	-	100,999	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,982,392	61,351	-	61,351	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	14,417,605	145,638	-	145,638	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,861,923	153,837	-	153,837	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,788,001	46,323	-	46,323	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,516,652	24,513	-	24,513	
	Taishin Ta-chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,542,105	50,024	-	50,024	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,378	\$ 50,051	-	\$ 50,051	
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	312,467	55,423	-	55,423	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,233	50,050	-	50,050	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,608,393	169,545	-	169,545	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	861,156	10,013	-	10,013	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,582,049	67,482	-	67,482	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,035,366	41,052	-	41,052	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,841,100	21,921	-	21,921	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,672,231	75,727	-	75,727	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,650,272	138,590	-	138,590	
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,956,314	50,917	-	50,917	
	<u>Beneficiary certificates (REIT)</u>							
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	8,000,000	90,960	-	90,960	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	3,000,000	43,530	-	43,530	
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,900,000	64,925	-	64,925	
	Mega Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	
Union Polymer Int'l Investment Corp.	<u>Shares</u>							
	Asia Polymer Corporation	Equity-method investee	Available-for-sale financial assets - non-current	19,356,952	373,589	3.74	373,589	
	China General Plastics Corporation	Equity-method investee	Available-for-sale financial assets - non-current	3,784,347	122,613	0.77	122,613	
	Taita Chemical Company, Ltd.	Equity-method investee	Available-for-sale financial assets - non-current	376,000	5,715	0.11	5,715	
Swanlake Traders Ltd.	<u>Shares</u>							
	SOHOware Inc.	-	Financial assets measured at cost - non-current	1,150,000	-	1.05	-	Note
	TGF Linux Communications Inc.	-	Financial assets measured at cost - non-current	300,000	-	2.14	-	Note
	Neurosky Inc. Preferred D	-	Financial assets measured at cost - non-current	2,397,364	4,113	0.70	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
USIFE Investment Co., Ltd.	Shares							
	AU Optronic Corporation	-	Available-for-sale financial assets - current	1,266,061	\$ 15,699	0.01	\$ 15,699	
	AU Optronic Corporation	-	Available-for-sale financial assets - non-current	1,266,061	15,699	0.01	15,699	
	Wafer Works Corporation	-	Available-for-sale financial assets - non-current	3,000,891	127,838	0.64	127,838	
	Solargiga Energy Holdings Ltd.	-	Available-for-sale financial assets - non-current	11,876,111	12,886	0.37	12,886	
	Dah Chung Bills Finance Corporation	-	Financial assets measured at cost - non-current	470,914	4,000	0.10	-	
	Swanson Plastics Corp.	Investor company and investee have the same chairman	Financial assets measured at cost - non-current	207,403	1,330	0.14	-	
	USI Optronics Corporation	Investor company and investee have the same chairman	Financial assets measured at cost - non-current	165,279	1,471	0.25	-	
	Digimax, Inc.	-	Financial assets measured at cost - non-current	23,234	170	0.05	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	712,000	10,680	1.03	-	
	Silicon Technology Investment (Cayman) Corp.	-	Financial assets measured at cost - non-current	1,215,798	42,419	2.36	-	
	Boldworks Inc.	-	Financial assets measured at cost - non-current	300,000	-	-	-	Note
	TGF Linux Communication, Inc.	-	Financial assets measured at cost - non-current	200,000	-	-	-	Note
	!Hey Inc.	-	Financial assets measured at cost - non-current	557,661	-	-	-	Note
	SOHWARE Ordinary	-	Financial assets measured at cost - non-current	9,000,000	-	8.19	-	Note
	SOHWARE Preferred A	-	Financial assets measured at cost - non-current	4,950,000	-	4.51	-	Note
	SOHWARE Preferred A (new)	-	Financial assets measured at cost - non-current	700,000	-	-	-	Note
	SOHWARE Preferred D	-	Financial assets measured at cost - non-current	7,725,000	-	7.03	-	Note
	SOHWARE Preferred E	-	Financial assets measured at cost - non-current	5,000,000	-	4.55	-	Note
	China General Plastics Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	426,298	13,812	0.09	13,812	
Asia Polymer Corporation	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,474,588	28,460	0.28	28,460		
Taita Chemical Company, Ltd.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	1,132,098	17,208	0.35	17,208		
Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	354,000	11,204	0.04	11,204		
Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	8,175	0.01	8,175		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	2,465,005	\$ 33,894	0.24	\$ 33,894	
	Acme Electronics Corp.	Investor company and investee have the same chairman	Financial assets at fair value through profit or loss - current	500,000	9,200	0.27	9,200	
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	678,000	1,071	-	1,071	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,239,968	33,738	-	33,738	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,470,081	40,035	-	40,035	
	Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	2,149,137	30,868	-	30,868	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,151,207	63,793	-	63,793	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	750,000	9,983	-	9,983	
Taiwan United Venture Capital Corp.	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	4,384,556	62,976	-	62,976	
	<u>Shares</u> Neo Solar Power Corp.	-	Available-for-sale financial assets - current	4,593,286	63,158	0.45	63,158	
	Mitac Holdings Corp.	-	Available-for-sale financial assets - current	1,392,422	49,709	0.17	49,709	
	Chitec Technology Co., Ltd.	-	Available-for-sale financial assets - current	374,418	7,589	1.37	7,589	
	Leadwell Cnc Machines Mfg., Corp.	-	Financial assets measured at cost - non-current	419,753	3,651	0.68	-	
	Digimax, Inc.	-	Financial assets measured at cost - non-current	720,804	-	0.73	-	Note
	Orgchem Technology, Inc.	-	Financial assets measured at cost - non-current	518,898	3,804	1.18	-	
	Hexawave, Inc.	-	Financial assets measured at cost - non-current	594,594	20,400	1.04	-	
	Global BioPharma, Inc.	-	Financial assets measured at cost - non-current	770,000	7,703	1.08	-	
	Uranus Chemicals Co., Ltd.	-	Financial assets measured at cost - non-current	712,000	10,680	1.03	-	
	Teratech Corp.	-	Financial assets measured at cost - non-current	8,022	120	0.03	-	
	B4 Composites, Inc.	-	Financial assets measured at cost - non-current	90,000	-	0.58	-	Note
		-	Financial assets measured at cost - non-current	4,000	-	4.00	-	Note

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Preference Shares</u> SOHOware Inc.	-	Financial assets measured at cost - non-current	750,000	\$ -	0.68	\$ -	Note
	TGF Linux Communications Inc.	-	Financial assets measured at cost - non-current	600,000	-	4.26	-	Note
	Intergrafx, Inc.	-	Financial assets measured at cost - non-current	167,000	-	1.20	-	Note
	Neurosky Inc. Preferred A	-	Financial assets measured at cost - non-current	10,000,000	9,862	2.14	-	
	Neurosky Inc. Preferred B	-	Financial assets measured at cost - non-current	12,595,523	21,608	2.62	-	
	Neurosky Inc. Preferred C	-	Financial assets measured at cost - non-current	4,532,823	7,776	0.97	-	
	IWICS, Inc.	-	Financial assets measured at cost - non-current	500,000	-	0.40	-	Note
Taiwan United Venture Management Corp.	<u>Beneficiary certificates</u> Fuh Hwa Money Market	-	Financial assets at fair value through profit or loss - current	91,730	1,318	-	1,318	
	<u>Shares</u> Sohoware Inc. Preferred B2	-	Financial assets measured at cost - non-current	5,277,560	-	4.80	-	Note
	Sohoware Inc. Preferred C	-	Financial assets measured at cost - non-current	1,250,458	-	1.14	-	Note
Thintec Materials Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,600,167	21,517	-	21,517	
USI Management Consulting Corp.	<u>Beneficiary certificates</u> Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,848,497	25,000	-	25,000	
Inoma Corporation	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,616,732	21,740	-	21,740	
	Taishin Lucky Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,085,963	12,013	-	12,013	
USI Optronics Corporation	<u>Beneficiary certificates</u> Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,082,411	60,124	-	60,124	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,483,573	35,075	-	35,075	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	596,073	8,015	-	8,015	

Note: The amount is all already recognized as impairment losses.

(Concluded)

USI CORPORATION AND JOINT VENTURES
(China General Plastics Corporation (CGPC))

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	<u>Closed-end fund beneficiary certificates</u>							
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	5,000,000	\$ 56,850	-	\$ 56,850	1
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	56,551	-	56,551	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	43,530	-	43,530	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	1
	<u>Open-end fund beneficiary certificates</u>							
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,518,158	144,744	-	144,744	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,991,755	111,032	-	111,032	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,249,509	84,037	-	84,037	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,194,133	50,220	-	50,220	1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,710,217	50,179	-	50,179	1
	Shin Kong Chi-Shin Money-market Fund	-	Financial assets at fair value through profit or loss - current	3,247,534	50,030	-	50,030	1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,805,646	45,515	-	45,515	1
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	248,133	44,013	-	44,013	1
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,188,217	43,027	-	43,027	1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,431,581	39,002	-	39,002	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,106,999	35,009	-	35,009	1
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,101,771	23,026	-	23,026	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan VCM Corporation (TVCM)	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,378,417	\$ 21,502	-	\$ 21,502	1
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,615,339	20,004	-	20,004	1
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	877,683	11,002	-	11,002	1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	430,108	5,001	-	5,001	1
	<u>Ordinary shares</u> KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	9,100,000	91,000	5.95	-	1
	<u>Open-end fund beneficiary certificates</u> Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,205,806	50,008	-	50,008	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,540,976	50,008	-	50,008	1
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,352,443	50,008	-	50,008	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,180,641	50,008	-	50,008	1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,085,429	50,008	-	50,008	1
CGPC Polymer Corporation	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,200,022	50,007	-	50,007	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,805,815	30,004	-	30,004	1
	<u>Ordinary shares</u> Asia Polymer Corporation	The major shareholders are the same as the those of CGPC	Available-for-sale financial assets - non-current	113,656	2,194	0.02	2,194	1
	<u>Open-end fund beneficiary certificates</u> Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,199,457	50,001	-	50,001	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,969,885	30,000	-	30,000	1
CGPC (BVI) Holding Co., Ltd.	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,132,944	16,000	-	16,000	1
	<u>Shares</u> Teratech Corporation - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	1 and 3
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	100,000	-	-	-	1, 2 and 3

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preference shares are not used in the calculation of the shareholding ratio and net worth.

Note 3: The carrying amount has been fully recognized as accumulated impairment loss.

USI CORPORATION
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Taita Chemical Company, Ltd.	<u>Ordinary shares</u> USI Corporation	Parent company	Available-for-sale financial assets - non-current	14,813,629	\$ 242,944	1.27	\$ 242,944	1	
	Harbinger Venture Capital	-	Financial assets measured at cost - non-current	170,000	1,700	0.50	-		
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust Fund	-	Financial instruments at fair value through profit or loss (FVTPL)	4,900,000	64,925	-	64,925	1	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	2,500,000	33,275	-	33,275	1	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	4,000,000	58,040	-	58,040	1	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial instruments at FVTPL	6,600,000	75,042	-	75,042	1	
	<u>Mutual funds and beneficiary certificates</u> Franklin Templeton SinoAm Money Market Fund	-	Financial instruments at FVTPL	4,866,985	50,000	-	50,000	2	
	TCB Taiwan Money Market Fund	-	Financial instruments at FVTPL	2,276,912	23,000	-	23,000	2	
	Taita (BVI) Holding Co., Ltd.	<u>Shares</u> Budworth Investment Ltd. - ordinary shares	-	Financial assets measured at cost - non-current	127,980	983 (US\$ 33 thousand)	2.22	-	
		Teratech Corporation - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.72	-	3
Sohoware Inc. - preference shares		-	Financial assets measured at cost - non-current	100,000	-	-	-	3	

Note 1: Fair value was based on the closing price of the Taiwan Stock Exchange as on December 31, 2017.

Note 2: Fair value was based on the carrying amount as on December 31, 2017.

Note 3: The carrying amount was zero as of December 31, 2017 due to the impairment loss recognized over the years.

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES HELD

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	<u>Ordinary shares</u>							
	Harbinger Venture Capital Corp.	-	Financial assets measured at cost - non-current	408,000	\$ 4,080	1.20	\$ -	
	Riselink Venture Capital	-	Financial assets measured at cost - non-current	769,516	7,695	1.67	-	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	18,200,000	182,000	11.90	-	
	USI Corporation	Ultimate parent company	Available-for-sale financial assets - non-current	99,368,307	1,629,640	8.53	1,629,640	
	CTCI Corporation	-	Available-for-sale financial assets - non-current	14,496,107	654,499	1.90	654,499	
	AU Optronics Corporation	-	Available-for-sale financial assets - non-current	9,618,516	119,270	0.10	119,270	
	Wafer Works Corporation	-	Available-for-sale financial assets - current	2,017,271	85,936	0.43	85,936	
	Neo Solar Power Corp.	-	Financial assets at fair value through profit or loss - current	229,127	3,150	0.02	3,150	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,500,000	24,525	0.04	24,525	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	866,000	27,409	0.10	27,409	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	30,950	0.01	30,950	
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	64,938	-	64,938	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	29,020	-	29,020	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	56,850	-	56,850	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,534,072	52,048	-	52,048	
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,262,916	26,000	-	26,000	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,089,187	50,115	-	50,115	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,050	-	50,050	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,013,116	50,064	-	50,064	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,844,627	92,040	-	92,040	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,396,007	\$ 70,071	-	\$ 70,071	
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	798,148	10,005	-	10,005	
	Taishin Securities Investment Tr Co Ltd	-	Financial assets at fair value through profit or loss - current	3,476,051	49,091	-	49,091	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,570,721	74,082	-	74,082	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,649,432	166,121	-	166,121	
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	862,076	10,024	-	10,024	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,715,649	50,252	-	50,252	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,741,512	80,267	-	80,267	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,319,943	50,004	-	50,004	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,245,636	50,001	-	50,001	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,230,679	40,009	-	40,009	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,814,087	89,035	-	89,035	
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,120,417	50,051	-	50,051	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets measured at cost - non-current	256,140	1,975	4.45	-	
	Teratech Corp. - ordinary shares	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	(1)
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets measured at cost - non-current	1,519,701	48,938	2.95	-	
	NeuroSky, Inc. - series D preference shares	-	Financial assets measured at cost - non-current	2,397,364	4,113	0.55	-	
	TGF Linux Communication, Inc. - preference shares	-	Financial assets measured at cost - non-current	300,000	-	-	-	(1)
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	450,000	-	-	-	(1)
	Boldworks, Inc. - preference shares	-	Financial assets measured at cost - non-current	689,266	-	-	-	(1)
	Solargiga Energy Holdings Ltd. - preference shares	-	Available-for-sale financial assets - non-current	15,868,333	17,212	0.49	17,212	
APC Investment Corporation	<u>Ordinary shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	43,930	720	-	720	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	500,000	8,175	0.01	8,175	
	Oriental Union Chemical Corp.	-	Financial assets at fair value through profit or loss - current	350,000	11,078	0.04	11,078	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Beneficiary securities</u> Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,112,602	\$ 16,758	-	\$ 16,758	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,762	-	24,762	
	<u>Ordinary shares</u> Neo Solar Power Corp.	-	Available-for-sale financial assets - non-current	1,131,920	15,564	0.11	15,564	

Note 1: The carrying amount was zero as of December 31, 2017 due to the impairment loss recognized in prior years.

Note 2: Refer to Table 8-5 and Table 9-5 for information about subsidiaries and associates.

(Concluded)

USI CORPORATION
(China General Terminal & Distribution Co.)

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Terminal & Distribution Co.	Shares Asia Polymer Corporation	Equity-method investor	Available-for-sale financial assets - non-current	4,616,599	\$ 89,100	0.89	\$ 89,100	Note 2
	China General Plastics Corporation	Equity-method investor	Available-for-sale financial assets - non-current	2,490,089	80,679	0.51	80,679	Note 1
	Taita Chemical Company, Ltd.	Equity-method investor	Available-for-sale financial assets - non-current	1,877,484	28,538	0.57	28,538	Note 1
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	499,552	12,364	-	12,364	Note 3

Note 1: No guarantees, pledged loans, or other restrictions on the use of the contract were provided.

Note 2: Part of 2,907,349 shares were provided to Taiwan Power Company as a provisional attachment.

Note 3: Part of 257,000 shares were provided to Taiwan Water Corporation as a provisional attachment.

USI CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition		Disposal				Ending Balance (Notes 1 and 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
USI Corporation	<u>Shares</u> Ever Conquest Global Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	\$ 91,665	(Note 3)	\$ 2,313,514	-	\$ -	\$ -	\$ -	(Note 3)	\$ 2,375,283
	USI Optronics Corporation	Investments accounted for using the equity method	-	Subsidiary	-	-	33,000,000	330,000	-	-	-	-	330,000	241,439
	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,188,052	248,621	13,458,590	167,400	33,646,642	418,246	416,021	2,225	-	-
	FSITC Money Market	Financial assets at fair value through profit or loss - current	-	-	1,150,662	202,700	3,345,530	592,600	4,183,725	741,082	739,900	1,182	312,467	55,400
	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	14,183,429	212,700	18,486,740	278,000	32,670,169	491,196	490,700	496	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,248,952	81,500	34,292,317	534,000	29,679,346	462,046	461,800	246	9,861,923	153,700
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,280,669	62,600	25,316,059	300,900	28,755,628	341,766	341,600	166	1,841,100	21,900
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,224,199	100,400	19,555,255	316,500	21,107,223	341,444	341,200	244	4,672,231	75,700
	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,026,770	107,400	24,621,692	293,700	33,648,462	401,348	401,100	248	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	16,874,242	247,300	47,949,809	704,600	60,242,002	885,478	884,515	963	4,582,049	67,385
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	18,646,181	249,600	40,128,549	539,000	46,166,337	619,487	619,100	387	12,608,393	169,500
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,788,678	18,000	87,261,553	880,100	74,632,626	752,709	752,500	209	14,417,605	145,600
	FSITC Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	125,568	1,900	24,387,173	370,200	17,871,187	271,357	271,200	157	6,641,554	100,900
	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	31,334,124	342,800	18,683,852	204,328	204,300	28	12,650,272	138,500
	Ever Conquest Global Limited	<u>Shares</u> Ever Victory Global Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	155,219	(Note 3)	3,691,437	-	-	-	-	(Note 3)
Ever Victory Global Limited	<u>Shares</u> Dynamic Ever Investments Limited	Investments accounted for using the equity method	-	Subsidiary	(Note 3)	488,910	(Note 3)	5,117,728	-	-	-	-	(Note 3)	5,565,831
Dynamic Ever Investments Limited	<u>Shares</u> Fujian Gulei Petrochemical Co., Ltd.	Investments accounted for using the equity method	-	Joint venture	-	-	(Note 3)	5,150,364	-	-	-	-	(Note 3)	5,241,747

Note 1: Carrying amount includes the original acquisition cost, investments gain (loss) on valuation for using equity method, effects of exchange rate and net value changes.

Note 2: The ending balance of beneficiary certificates is at the original investment cost.

Note 3: There are zero shares of the limited company.

USI CORPORATION
(China General Plastics Corporation)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal			Ending Balance (Note)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
China General Plastics Corporation	<u>Beneficiary certificates</u> FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	203,859	\$ 36,000	3,385,939	\$ 599,500	3,341,665	\$ 591,717	\$ 591,500	\$ 217	248,133	\$ 44,000
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,495,273	87,000	33,848,684	454,500	34,094,448	457,603	457,500	103	6,249,509	84,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,763,872	142,937	39,158,039	575,500	48,921,911	719,337	718,437	900	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	68,459,581	690,500	57,467,806	579,579	579,500	79	10,991,775	111,000
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	19,995,988	246,958	8,042,918	100,000	28,038,906	348,425	346,958	1,467	-	-
Taiwan VCM Corporation	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,275,936	250,000	20,110,824	250,000	40,386,760	501,958	500,000	1,958	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	192,475	34,000	2,847,354	504,000	3,039,829	538,280	538,000	280	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	29,953,256	356,000	25,753,234	306,048	306,000	48	4,200,022	50,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	13,051,361	191,001	19,594,354	288,000	32,645,715	479,769	479,001	768	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,968,796	50,000	47,817,505	482,000	52,786,301	532,174	532,000	174	-	-
CGPC Polymer Corporation	<u>Beneficiary certificates</u> TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	62,363,316	628,900	59,393,431	598,967	598,900	67	2,969,885	30,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,066,041	412,746	28,066,041	412,787	412,746	41	-	-

Note: The amount as of December 31, 2017 was accounted for as the original investment cost.

USI CORPORATION
(Taita Chemical Company, Ltd.)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition (Note)		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Company, Ltd.	Beneficiary certificates													
	FSITC Money Market Fund	Financial instruments at fair value through profit or loss (FVTPL)	-	-	73,571	\$ 13,000	3,141,155	\$ 556,000	3,214,726	\$ 569,066	\$ 569,000	\$ 66	-	\$ -
	FSITC Taiwan Money Market Fund	Financial instruments at FVTPL	-	-	-	-	24,758,506	375,800	24,758,506	375,837	375,800	37	-	-
	Jih Sun Money Market Fund	Financial instruments at FVTPL	-	-	2,386,049	35,000	48,802,637	717,500	51,188,686	752,592	752,500	92	-	-
	Franklin Templeton SinoAm Money Market Fund	Financial instruments at FVTPL	-	-	-	-	30,575,310	313,500	25,708,325	263,533	263,500	33	4,866,985	50,000
	TCB Taiwan Money Market Fund	Financial instruments at FVTPL	-	-	-	-	64,170,053	647,200	61,893,141	624,248	624,200	48	2,276,912	23,000

Note: The amount as of December 31, 2017 was accounted for as the original investment cost.

USI CORPORATION
(Asia Polymer Corporation)

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Asia Polymer Corporation	<u>Shares</u> Ever Conquest Global Limited	Investments accounted for using the equity method	-	Associate	2,171,000	\$ 63,554	44,099,000	\$ 1,377,923	-	\$ -	\$ -	\$ -	46,270,000	\$ 1,420,944 (Note 1)
	<u>Beneficiary certificates</u> Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	18,538,306	248,000	33,085,671	444,300	44,779,350	601,232	600,300	932	6,844,627	92,040 (Note 2)
	TCB Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	47,665,006	480,700	38,850,919	392,037	391,715	322	8,814,087	89,035 (Note 3)
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	10,862,044	159,000	15,710,003	231,000	23,037,975	339,156	337,972	1,184	3,534,072	52,048 (Note 4)
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,731,694	354,000	12,082,262	188,259	188,000	259	10,649,432	166,121 (Note 5)

Note 1: The ending balance includes the original investment cost, the share of profit (loss) of investees, effect of exchange rate and other related adjustments.

Note 2: The ending balance includes the original investment amount of \$92,000 thousand and adjustments for fair value changes of \$40 thousand.

Note 3: The ending balance includes the original investment amount of \$88,985 thousand and adjustments for fair value changes of \$50 thousand.

Note 4: The ending balance includes the original investment amount of \$52,028 thousand and adjustments for fair value changes of \$20 thousand.

Note 5: The ending balance includes the original investment amount of \$166,000 thousand and adjustments for fair value changes of \$121 thousand.

USI CORPORATION
(USI Optronics Corporation (USIO))

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
USI Optronics Corporation	Plant and partial attached electromechanical equipment	2017.02.22	Acquisition in 2008 and 2011, continue to decorating until 2014	\$ 275,314	\$ 290,000	Fully collected at the end of June 30, 2017	\$ 14,686	China General Plastics Corporation	Have the same chairman	For raising operating capital and repaying bank loans	Appraisal report prepared by CCIS Real Estate Joint Appraisers Firm with appraisal price \$324,536 thousand	None

Note 1: The disposal assets which should be appraised under regulations must note the appraisal conclusion in the column entitled "Price Reference".

Note 2: The paid-in capital is defined by USIO. The issuer issued none or NT\$10 par value shares, according to the present value of the defined 20% of the paid-in capital as calculated with reference to the 10% equity of USIO as indicated in the balance sheets.

Note 3: The event date refers to the earliest contract date, payment date, delegate delivery date, transfer date, the board of directors meeting date or date and transaction amount which can be define by the counterparty.

USI CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
USI Corporation	USI Far East (HK) Co., Ltd.	Subsidiary	Sale	\$(235,571)	(2.04)	Collection within 60 days after selling on credit	No significant difference	No significant difference	\$ 11,759	0.89	
	Swanson Plastics Corp.	Subsidiary	Sale	(100,376)	(0.87)	Collection within 60 days after selling on credit	No significant difference	No significant difference	13,033	0.99	
	USI Trading (Shanghai) Co., Ltd.	Subsidiary	Sale	(131,711)	(1.14)	Collection within 60 days after selling on credit	No significant difference	No significant difference	37,810	2.88	
	Asia Polymer Corporation	Investee of UPI under equity method	Purchase	596,780	6.55	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(96,995)	(7.38)	
USI Far East (HK) Co., Ltd.	USI Corporation	Parent company	Purchase	235,571	2.58	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(11,759)	(55.04)	
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Parent company	Purchase	131,711	1.44	Payments within 60 days after purchasing on credit	No significant difference	No significant difference	(37,810)	(53.75)	

USI CORPORATION
(Acme Electronics Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Purchase (includes processing fees)	\$ 469,748	57	55 days	\$ -	-	\$ (158,038)	71	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Sale (includes processing fees)	(469,748)	45	55 days	-	-	158,038	45	
Acme Electronics Corporation	Acme Electronics (Kunshan) Co., Ltd.	Subsidiary of ACME (Cayman)	Sale	(190,357)	18	55 days	-	-	37,059	14	
Acme Electronics (Kunshan) Co., Ltd.	Acme Electronics Corporation	Subsidiary of ACME (Cayman)	Purchase	190,357	76	55 days	-	-	(37,059)	82	
Acme Electronics Corporation	Acme Electronics (Guang-Zhou) Co., Ltd.	Subsidiary of GAEL	Sale	(125,572)	12	55 days	-	-	13,592	5	
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Purchase	125,572	29	55 days	-	-	(13,592)	43	

Note: The transaction terms and prices between Acme Electronics Corporation, Acme Electronics (Guang-Zhou) Co., Ltd. and Acme Electronics (Kunshan) Co., Ltd. have no significant difference from abnormal transactions.

USI CORPORATION
(Swanson Plastics Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase / Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Swanson Plastics Corporation	USI Corporation	Investor of company accounted for using the equity method	Purchase	\$ 100,376	10	Net 60 days from the end of the month of when invoice is issued	\$ -	-	Accounts payable - \$ (13,033) related parties	15	
Swanson Plastics Corporation	Forever Young Company Limited	Subsidiary	Sale	(104,553)	9	Net 120 days from the end of the month of when invoice is issued	-	-	Accounts receivable - 35,984 related parties	21	
Forever Young Company Limited	Our Company	Parent company	Purchase	104,553	8	Net 120 days from the end of the month of when invoice is issued	-	-	Accounts payable - (35,984) related parties	15	

USI CORPORATION
(China General Plastics Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase / Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	\$ 3,970,741	72	45 days	No significant difference	No significant difference	Accounts payable to related parties	\$ (710,651)	(77)
	CGPC America Corporation	Subsidiary	Sale	(437,174)	(5)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	118,018	12
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(3,970,741)	(43)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	710,651	47
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(4,279,656)	(46)	45 days	No significant difference	No significant difference	Accounts receivable from related parties	724,061	48
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	4,279,656	96	45 days	No significant difference	No significant difference	Accounts payable to related parties	(724,061)	(97)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	437,174	86	90 days	No significant difference	No significant difference	Accounts payable to related parties	(118,018)	(99)

USI CORPORATION
(Taita Chemical Company, Limited)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase / Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total
Taita Chemical Company, Ltd.	Taita Chemical (Zhongsan) Co., Ltd.	Sub-subsidiary	Sales	\$ (619,497) (US\$ -20,294 thousand)	(4.72)	30 days	No significant difference	No significant difference	Accounts payable - \$ 58,796 related parties (US\$1,976 thousand)	3.74

USI CORPORATION
(Asia Polymer Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase / Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	\$ (596,780)	(9.32)	60 days	No significant difference	No significant difference	Accounts receivable - \$ 99,228	16.42
			Purchase	275,942	4.83	30 days	No significant difference	No significant difference	Accounts payable - 63,843	35.96
								related parties		
								related parties		

USI CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
USI Corporation	Asia Polymer Corporation	Subsidiary of the Company	Other receivables - related parties \$ 322,683	-	\$ -	-	\$ 322,683	Note 1
	Taiwan VCM Corporation	Subsidiary of the Company	Other receivables - related parties 231,747	-	-	-	231,747	Note 1

Note 1: The assessment does not need to recognize allowance for impairment loss.

Note 2: Subsequent period is between January 1, 2108 and March 16, 2018.

USI CORPORATION
(Acme Electronics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Acme Electronics Corporation	ACME Electronics (Cayman) Corp	Subsidiary of ACME	Other receivables - related parties \$150,767	-	\$ -	-	\$ 61,613	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Acme Electronics Corporation	Subsidiary of GAEL	Accounts receivable - related parties 158,038	3.31	-	-	84,568	-

Note: The assessment does not need to recognize an allowance for impairment loss.

USI CORPORATION
(Swanson Plastics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss (Note 1)
					Amount	Actions Taken		
Forever Young Company Limited	Swanson Plastics (Nantong) Co., Ltd.	Have the same parent company	Long-term receivables - related parties \$ 122,924 (US\$ 4,130,506)	-	\$ -	-	\$ -	\$ -
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Accounts receivable - related parties \$ 125,296 (US\$ 4,210,208)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Long-term receivables - related parties \$ 87,272 (US\$ 2,932,530)	-	-	-	9,281 (US\$ 311,850)	-
	Swanson Plastics (Kunshan) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties \$ 248,944 (US\$ 8,365,056)	-	-	-	-	-
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Accounts receivable - related parties \$ 108,781 (US\$ 3,655,290)	-	-	-	3,092 (US\$ 103,885)	-
	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Long-term receivables - related parties \$ 3,206 (US\$ 107,728)	-	-	-	3,206 (US\$ 107,728)	-
ASK-Swanson (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Other receivables - related parties \$ 104,951 (¥ 23,043,258)	-	-	-	-	-
Swanson Plastics (Kunshan) Co., Ltd.	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Accounts receivable - related parties \$ 23,992 (¥ 5,267,774)	-	-	-	-	-
	Swanson Plastics (Tianjin) Co., Ltd.	Have the same ultimate parent company	Other receivables - related parties \$ 82,582 (¥ 18,131,950)	-	-	-	-	-
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Have the same ultimate parent company	Other receivables - related parties \$ 108,349 (US\$ 3,640,750)	-	-	-	-	-
	Swanson Plastics (India) Private Ltd.	Have the same ultimate parent company	Other receivables - related parties \$ 124,132 (US\$ 4,171,102)	-	-	-	-	-

Note 1: The assessment does not need to recognize an allowance for impairment loss.

Note 2: The subsequent period refers to the period between January 1, 2108 and February 28, 2018.

USI CORPORATION
(China General Plastics Corporation)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Accounts receivable from related parties \$ <u>118,018</u>	3.66	\$ -	-	\$ 49,397	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Accounts receivable from related parties \$ <u>710,651</u>	7.51	-	-	710,651	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Accounts receivable from related parties \$ <u>724,061</u>	8.27	-	-	724,061	Note 1

Note 1: There is no allowance of impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and February 26, 2018.

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USI CORPORATION
(Taita Chemical Company, Limited)

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 3)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Company, Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Accounts receivable \$ 18 Other receivables 160,928 (US\$ 5,408 thousand) (Note 1)	-	\$ -	-	\$ -	\$ -
Taita Chemical (Zhongsan) Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables 283,076 (RMB 62,153 thousand) (Note 2)	-	-	-	57 (RMB 13 thousand)	-

Note 1: The total amount of other receivables of Taita Chemical Co., Ltd. stems from selling raw materials to Taita Chemical (Tianjin) Co., Ltd.

Note 2: The total amount of other receivables of Taita Chemical (Zhongsan) Co., Ltd. from Taita Chemical (Tianjin) Co., Ltd. includes the amount of financing provided, interest receivables and rental receivables.

Note 3: The amount received in the subsequent period means the collection made from January 1, 2018 to March 12, 2018.

USI CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
USI Corporation	USIFE Investment Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product, transportation, storage, building, bank, securities investment and trading industry")	\$ 550,000	\$ 550,000	87,250,000	100.00	\$ 744,391	\$ 10,952	\$ 7,734	Subsidiary
	Swanlake Traders Ltd.	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Trading and investment	728,439	728,439	30,000,000	100.00	1,270,833	10,759	10,759	Subsidiary
	USI Far East (HK) Co., Ltd.	6/F., Caltex House, 258 Hennessy Road, Hong Kong	Trading and investment	63,482	63,482	159,999	100.00	129,596	(1,446)	(1,446)	Subsidiary
	Union Polymer Int'l Investment Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Investment (focus on "product and service industry")	3,490,255	3,490,255	462,758,000	100.00	5,142,634	663,670	644,331	Subsidiary
	Taiwan United Venture Capital Corp.	10F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Venture capital (focus on "high technology industry")	471,800	471,800	32,900,000	70.00	224,863	20,110	14,077	Subsidiary
	Chong Loong Trading Co., Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Engaging in import and export trade	28,323	28,323	3,758,195	99.93	32,484	1,000	999	Subsidiary
	Swanson Plastics Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of stretch film, embossed film and industrial-use multi-layer wrap	171,210	171,210	60,792,524	40.58	1,001,333	164,402	66,711	Subsidiary
	Acme Electronics Corp.	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of manganese-zinc soft ferrite powder	221,513	221,513	49,250,733	27.00	352,649	(103,454)	(37,577)	Subsidiary
	INOMA Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Engaging in optical products and fireproof materials	250,354	210,796	9,126,786	93.20	71,417	(39,279)	(35,799)	Subsidiary (Note 2)
	USI Management Consulting Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Providing management services	1,000	1,000	671,400	100.00	(2,841)	996	996	Subsidiary (Note 1)
	Cypress Epoch Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	150,540	150,540	5,000,000	100.00	127,270	10,884	10,884	Subsidiary
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Reinforced plastic products manufacturing	36,250	36,250	1,825,000	30.42	7,616	(866)	(264)	Subsidiary
	Ever Conquest Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	2,407,735	94,221	77,346,000	62.57	2,375,283	2,289	1,421	Subsidiary (Note 3)
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of sapphire crystal	330,000	-	33,000,000	50.85	241,439	(175,708)	(52,186)	Subsidiary (Note 4)
	Ever Conquest Global Limited	Ever Victory Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment	3,678,812 (US\$ 123,616 thousand)	157,795 (US\$ 5,302 thousand)	(Note 5)	67.89	3,796,226 (US\$127,561,371)	3,417 (US\$ 115,185)	
Ever Victory Global Limited	Dynamic Ever Investments Limited	Hong Kong	Investment	5,412,660 (US\$ 181,877 thousand)	494,016 (US\$ 16,600 thousand)	(Note 5)	100.00	5,565,831 (US\$187,023,877)	4,043 (US\$ 135,894)		Sub-subsiary (Note 3)
Union Polymer Int'l Investment Corp.	Taita Chemical Company, Ltd.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of polystyrene, acrylonitrile, butadiene, ABS resin, SAN resin, glasswool insulation products and plastic materials	1,749,212	1,749,212	120,159,750	36.67	1,685,281	502,079		Sub-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	167,598,922	32.35	3,674,890	565,354		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	119,060,262	24.20	2,018,752	1,269,808		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	132,189	(103,454)		Subsidiary
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production, marketing and development of EVA packaging film and other value added plastic products	30,000	30,000	3,000,000	15.00	(9,397)	(21,502)		Sub-subsiary (Note 1)
	Taiwan United Venture Management Corp.	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Business management consulting	8,000	8,000	800,000	100.00	15,628	1,206		Sub-subsiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Taiwan United Venture Capital Corp.	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Reinforced plastic products manufacturing	\$ 21,465	\$ 21,465	900,000	15.00	\$ 3,756	\$ 130	Subsidiary	
Chong Loong Trading Co., Ltd.	Forum Pacific Trading Ltd.	British Virgin Islands	Engaging in import and export trade	(US\$ 6,547 220 thousand)	(US\$ 6,547 220 thousand)	220,000	100.00	33,751	(2,302) -76 thousand)	Sub-subsiidiary	
Swanlake Traders Ltd.	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Reinvestment	(US\$ 105,278 3,538 thousand)	(US\$ 105,278 3,538 thousand)	5,609,231	11.23	128,573 (US\$ 4,320 thousand)	(50,195) -1,699 thousand)	Sub-subsiidiary	

Note 1: The Company gained control over USI Management Consulting Corp. and recognized the investment gain (loss) using the equity method, but it made a reclassification to other non-current liabilities if there was an accounting credit.

Note 2: The shareholders, in the shareholders' meeting for INOMA Corporation, approved a capital reduction project for the make-up of losses in the amount of \$67,500 thousand and a capital increase project on June 26, 2017. The board of directors approved the issuance of 4,000 thousand shares. The Company invested a proportionate share of the accumulated additional capital equivalent to \$39,558 thousand.

Note 3: The Company invested additional capital in the amount of US\$37,752 thousand (approximately \$1,200,087 thousand) and US\$36,643 thousand (approximately \$1,113,427 thousand) in Ever Conquest Global Limited in January 2017 and July 2017, respectively.

Note 4: To cover for the loss of \$966,795 thousand, USIO performed a capital reduction by cancelling 96,680 thousand shares, 80.18% of the amount of USIO's capital reduction, on May 24, 2017, as approved in the shareholder's meeting held on April 7, 2017. USIO performed a capital increase of 41,000 thousand shares on June 8, 2017. The Company subscribed for 33,000 thousand shares.

Note 5: There are zero shares of the limited company.

Note 6: Information on investments in mainland china is provided in Table 9.

(Concluded)

USI CORPORATION
 (Acme Electronics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Acme Electronics Corporation	ACME Electronics (Cayman) Corp.	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Investment	\$ 605,182 (US\$ 18,336 thousand)	\$ 605,182 (US\$ 18,336 thousand)	25,621,692	51.27	\$ 586,684	\$ (50,915) (US\$ -1,699 thousand)	\$ (25,423) (US\$ -847 thousand)	Note 3
	Golden Amber Enterprises Limited	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Investment	(US\$ 19,800 thousand)	(US\$ 19,800 thousand)	19,800,000	100.00	792,622	68,614	69,046	
	ACME Electronics (BVI) Corp.	CITCO Building, Wickhams Cay P.O. Box 662, Road Town, Tortola, British Virgin Islands	Investment	(US\$ 23,923 thousand)	(US\$ 23,923 thousand)	730,000	100.00	541	(75) (US\$ -2 thousand)	(75) (US\$ -2 thousand)	
	USI Optronics Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production and marketing of sapphire monocrystal	(US\$ 646,200 thousand)	(US\$ 626,200 thousand)	22,064,224	34.00	161,429	(175,708)	(108,561)	
ACME Electronics (Cayman) Corp.	ACME Components (Malaysia) Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Investment	US\$ 11,891 thousand	US\$ 11,891 thousand	39,600,000	100.00	US\$ 19,013 thousand	US\$ 1,523 thousand (MYR 6,867 thousand)		
ACME Components (Malaysia) Sdn. Bhd.	ACME Ferrite Products Sdn. Bhd.	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Production and marketing of soft ferrite core	MYR 5,500 thousand	MYR 5,500 thousand	5,500,000	100.00	MYR 45,708 thousand	MYR 6,956 thousand		

Note 1: The amount is calculated according to the original investment cost.

Note 2: Information on investments in mainland china is provided in Table 9-1.

Note 3: The Company lost control of USIO starting from June 2016 and recognized an investment loss in its financial statements.

USI CORPORATION
 (Swanson Plastics Corporation)

 INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017 (Note 2)	December 31, 2016 (Note 2)	Number of Shares	%	Carrying Amount (Notes 2)			
Swanson Plastics Corporation	Swanson Plastics (Singapore) Private Limited Forever Young Company Limited	16 Pandan Road Singapore 60926	Production and marketing of plastic products	\$ 808,506	\$ 808,506	36,863	100	\$ 1,873,976	\$ 107,793	\$ 107,793	Note 3
		Skelton Building Main Street P.O. Box 3136 Road Town, Tortola British Virgin Islands	Import, export and agency services	1,297	1,297	50	100	116,240	5,528	5,547	
	Swanson International Ltd.	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Islands, British West Indies	Investment	454,134	454,134	14,541	100	1,347,066	81,868	81,868	Note 3
	Curtana Company Ltd.	Flatb 6/F Caltex House 258 Hennessy Road Wanchai, Hong Kong	Investment	4,850	4,850	1,600	100	689	(367)	(367)	Note 3
	Swanson Technologies Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Production, sales and development of EVA packaging film and other value added plastic products	140,000	140,000	14,000	70	(43,850)	(21,502)	(15,052)	
Swanson Plastics (Singapore) Private Limited	PT. Swanson Plastics Indonesia	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	Production and marketing of plastic products	5,486	4,588	180	1	4,315	(24,141)	(241)	
	Swanson Plastics (Malaysia) Sdn. Bhd.	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Zon Perdagangan Bebas, 13600 Perai, Seberang Perai	Production and marketing of plastic products	196,220 (US\$ 6,593,398)	196,220 (US\$ 6,593,398)	20,000	100	708,513 (US\$ 23,807,555)	124,487 (RMB 17,571,514)		
	Swanson Plastics (India) Private Ltd.	PLOT No. 2, GDDIDC. Honda, Bhuipal Sattari- 403 506, Goa-India	Production and marketing of plastic products	102,995 (US\$ 3,460,850)	102,995 (US\$ 3,460,850)	16,543	100	69,482 (US\$ 2,334,747)	23,577 (INR 50,323,622)		
Swanson International Ltd.	A.S. Holdings (UK) Limited	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto United Kingdom	Production and marketing of plastic products Investment	530,323 (US\$ 17,820,000)	441,936 (US\$ 14,850,000)	17,820	99	431,502 (US\$ 14,499,386)	(24,141) (IDR-10,579,944,583)		Notes 1 and 3
				211,120 (US\$ 7,094,082)	211,120 (US\$ 7,094,082)	-	100	515,704 (US\$ 17,328,758)	18,283 (US\$ 600,782)		

Note 1: There are zero shares of the limited company.

Note 2: The original investment amount and carrying amount are translated at the spot exchange rate of December 31, 2017.

Note 3: Information on investments in mainland china is provided in Table 9-2.

USI CORPORATION
(China General Plastics Corporation)

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Nature of Activities	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacture and marketing of vinyl chloride monomer	\$ 2,930,994	\$ 2,930,994	196,198,860	87.22	\$ 2,642,545	\$ 543,460	\$ 477,156	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of PVC resin	800,000	800,000	56,478,291	100.00	845,548	248,678	248,678	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citeo Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100.00	347,575	(4,427)	(4,427)	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehouse of petrochemical raw materials	41,106	41,106	17,079,108	33.33	272,509	53,358	17,786	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S. A.	Marketing of PVC second- and third-time processed products	648,931	648,931	100	100.00	198,483	9,101	9,101	Subsidiary
	Krystal Star International Corporation	Citeo Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Marketing of PVC second- and third-time processed products	283,502	283,502	5,780,000	100.00	72,489	744	744	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of manganese-zinc soft ferrite powder	33,995	33,995	3,176,019	1.74	23,731	(103,454)	(1,801)	Associate accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,504	(866)	(87)	Associate accounted for using the equity method

USI CORPORATION
(Taita Chemical Company, Limited)

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	Taita (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 1,837,323 (US\$ 61,738 thousand)	\$ 1,837,323 (US\$ 61,738 thousand)	61,738,000	100.00	\$ 1,447,102 (US\$ 48,646 thousand)	\$ 122,436 (US\$ 4,021 thousand)	\$ 122,436 (US\$ 4,021 thousand)	Subsidiary (Notes 1 and 2)
	China General Plastics Corporation	Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	9,751,224	1.98	154,719	1,269,808	25,168	Investments accounted for using the equity method (Note 1)
	China General Terminal & Distribution Corporation	Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	17,079,107	33.33	272,509	53,358	17,786	Investments accounted for using the equity method (Note 1)
	Acme Electronics Corporation	Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.44	33,212	(103,454)	(2,521)	Investments accounted for using the equity method (Note 1)
	Thintec Materials Corporation	Taiwan	Manufacture and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,504	(866)	(87)	Investments accounted for using the equity method (Note 1)
Taita (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corporation	British Virgin Islands	Reinvestment	50,593 (US\$ 1,700 thousand)	50,593 (US\$ 1,700 thousand)	2,695,619	5.39	61,788 (US\$ 2,076 thousand)	(50,915) (US\$ -1,699 thousand)		Investments accounted for using the equity method (Note 1)

Note 1: The amount of the investee was based on audited financial statements.

Note 2: Investments in mainland China are included in Table 9-4.

USI CORPORATION
 (Asia Polymer Corporation)

 INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 409,938 (US\$ 13,774,806)	\$ 409,938 (US\$ 13,774,806)	11,342,594	100.00	\$ 435,497	\$ (8,545)	\$ (8,545)	Subsidiary
	APC Investment Corporation	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	108,578	3,315	3,315	Subsidiary
	USI International Corp.	British Virgin Islands	Reinvestment	83,328 (US\$ 2,800,000)	83,328 (US\$ 2,800,000)	2,800,000	70.00	121,144	4,898	3,428	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	39,700,480	8.07	629,910	1,269,808	102,464	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,802	41,802	17,079,107	33.33	272,509	53,358	17,786	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	11,909,495	7.95	197,140	164,402	13,069	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.32	45,253	(103,454)	(3,435)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,913,533	8.33	26,748	20,110	1,675	Investments accounted for using the equity method
	Thintec Materials Corporation	Taipei, Taiwan	Manufacture and marketing of reinforced plastic products	36,250	36,250	1,825,000	30.42	7,617	(866)	(263)	Investments accounted for using the equity method
USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	-	5,972,464	9.20	43,697	(175,708)	(16,028)	Investments accounted for using the equity method	
Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	1,376,995 (US\$ 46,270,000)	64,609 (US\$ 2,171,000)	46,270,000	37.43	1,420,944	10,291	868	Investments accounted for using the equity method	
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	156,088 (US\$ 5,244,903)	156,088 (US\$ 5,244,903)	8,316,450	16.64	190,627	(50,915)		Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	35,712 (US\$ 1,200,000)	35,712 (US\$ 1,200,000)	1,200,000	30.00	51,919	4,898		Investments accounted for using the equity method
APC Investment Corporation	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03	14,081	(103,454)		Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	30,000	30,000	3,000,000	15.00	(9,397)	(21,502)		Investments accounted for using the equity method

USI CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	Carrying Amount as of December 31, 2017 (Note 6)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 914,376 (US\$ 30,725,000)	Note 1	\$ 83,850 (US\$ 2,817,528)	\$ -	\$ -	\$ 83,850 (US\$ 2,817,528)	\$ (77,698) (US\$ -2,573,830)	11.23	\$ (8,722) (US\$ -288,915)	\$ 80,642 (US\$ 2,709,748)	\$ -
Usig (Shanghai) Co., Ltd.	Importing and distributing various chemical raw materials and products	148,800 (US\$ 5,000,000)	Note 2	148,800 (US\$ 5,000,000)	-	-	148,800 (US\$ 5,000,000)	10,884 (US\$ 358,249)	100.00	10,884 (US\$ 358,249)	127,270 (US\$ 4,276,539)	-
Fujian Gulei Petrochemical Co., Ltd. ("Gulei")	Manufacture of crude oil and petroleum products	10,497,207 (RMB 2,304,800,000)	Note 3	-	2,147,889 (US\$ 72,173,674)	-	2,147,889 (US\$ 72,173,674)	(13,083) (US\$ -436,755)	21.24	2,602 (US\$ 86,918)	2,226,694 (US\$ 74,821,716)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$2,632,233 (US\$88,448,702)	\$7,915,253 (US\$265,969,510) (Note 5)	\$ - (Note 4)

Note 1: The Company reinvested in China-based companies via Swanlake Traders Ltd. (100%) by wiring transfer funds to other areas.

Note 2: The Company reinvested in the China area via the Cypress Epoch Limited (100%).

Note 3: The Company reinvested in 50% of the outstanding shares of Gulei at first via Ever Conquest Global Limited (62.57%), then via Ever Victory Global Limited (67.89%), and finally via Dynamic Ever Investments Limited (100%).

Note 4: As the Company has obtained the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10320406700 on March 25, 2014, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5: As included in the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10500116380 on September 1, 2016 and No. 10500234240 on December 29, 2016, the Company was able to wire transfer US\$198,595 thousands to Gulei.

Note 6: Except for Gulei, whose financial statements are audited by KPMG and adjusted according to the ROC GAAP, the financial statements of ACME Electronics (Kunshan) and USIG (Shanghai) are calculated by the CPA of the ROC parent company.

USI CORPORATION

(Acme Electronics Corporation (ACME))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 5)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 5)	Net Income (Loss) of the Investee (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 4 and 6)	Carrying Amount as of December 31, 2017 (Note 7)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Acme Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 30,725 thousand	-	\$ 374,188 (US\$ 11,144 thousand)	\$ -	\$ -	\$ 374,188 (US\$ 11,144 thousand)	\$ (77,698) (RMB -17,065 thousand)	51.27	\$ (39,835) (RMB -8,749 thousand)	\$ 368,355 (RMB 80,877 thousand)	\$ -
Acme Electronics (Guang-Zhou) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	US\$ 19,200 thousand	-	619,676 (US\$ 19,200 thousand)	-	-	619,676 (US\$ 19,200 thousand)	69,445 (RMB 15,449 thousand)	100.00	69,445 (RMB 15,449 thousand)	817,486 (RMB 179,490 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$903,037 (US\$30,344 thousand) (Notes 3 and 7)	\$1,090,198 (US\$36,633 thousand) (Notes 3 and 7)	\$ - (Note 2)

Note 1: ACME reinvested in the China area via another investment area.

Note 2: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 09704604680 on August 29, 2008, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 3: ACME Electronics (Kunshan) transferred earnings to ordinary shares, and ACME increased the amount of US\$6,289 thousand at its ownership percentage.

Note 4: ACME recognized the investment gain (loss), according to Certified Public Accountants and auditing financial report accepted in the ROC.

Note 5: The calculation was based on the exchange rate on the original investment date.

Note 6: The calculation was based on the average exchange rate from January 1, 2017 to December 31, 2017.

Note 7: The calculation was based on the spot exchange rate on December 31, 2017.

USI CORPORATION
 (Swanson Plastics Corporation)

 INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Swanson Plastics (Nantong) Co., Ltd. (Note 3)	Production and sale of heavy bags, garbage bags, diapers and so on	\$ 119,040 (US\$ 4,000,000)	1. Indirect investment Swanson Plastics (Nantong) Corp. (95.5%) via Curtana (HK) Company Ltd. 2. Indirect investment Swanson Plastics (Nantong) Corp. (4.5%) via Curtana (HK) Company Ltd.	\$ 113,369	\$ -	\$ -	\$ 113,369	\$ (7,773) (RMB -1,725,412)	100	\$ (7,773) (Note 1)	\$ 15,325 (Note 1)	\$ -
Swanson Plastics (Kunshan) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	395,510 (US\$ 13,290,000)	Indirect investment it via Swanson (BVI) International Ltd.	223,930	-	-	223,930	63,585 (US\$ 2,089,408)	100	63,585 (US\$ 2,089,408)	922,586 (US\$ 31,000,867)	-
ASK-Swanson (Kunshan) Co., Ltd.	Management of PE release film and other release products	270,816 (US\$ 9,100,000)	Indirect investment A.S. Holdings (UK) Limited via Swanson International Ltd.	193,447	-	-	193,447	18,283 (US\$ 600,782)	100	18,283 (US\$ 600,782)	527,013 (US\$ 17,708,753)	-
Swanson Plastics (Tianjin) Co., Ltd.	Production, sales and development of multi-functional film, optical film and so on	258,912 (US\$ 8,700,000)	Indirect investment it via Swanson (Singapore) Private Ltd.	170,754	-	-	170,754	(27,191) (US\$ -893,502)	100	(27,201) (US\$ -894,122)	197,752 (US\$ 6,644,903)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$701,500	\$1,041,126 (US\$34,984,062)	\$ - (Note 4)

Note 1: The amount is the total amount between Curtana Company Ltd. and Swanson Plastics Corporation.

Note 2: Paid in capital and upper limit on the amount investment stipulated by Industrial Development Bureau, MOEA was calculated based on the spot exchange rate on December 31, 2017.

Note 3: Swanson Plastics Corporation disposed of Swanson Plastics (Nantong) Corp. as agreed in the meeting of the board of directors held in April 2016. Swanson Plastics (Nantong) Corp. has not completed the liquidation process as of December 31, 2017.

Note 4: According to the certificate of being qualified for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620415720, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable, and the effective period is the year-end from 2017 to 2020.

USI CORPORATION

(China General Plastics Corporation (CGPC))

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Nature of Activities	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5 and 6)	Carrying Amount as of December 31, 2017 (Notes 1 and 6)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Continental General Plastics (ZhongShan) Co., Ltd. (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	\$ 595,200 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	\$ 595,200 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 595,200 (US\$ 20,000 thousand)	\$ (4,449) (US\$ 148 thousand)	100.00	\$ (4,449) (US\$ 148 thousand)	\$ 261,767 (US\$ 8,796 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacture and marketing of PVC leather and third-time processed products	44,640 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd.	44,640 (US\$ 1,500 thousand)	-	-	44,640 (US\$ 1,500 thousand)	2,252 (US\$ 74 thousand)	100.00	2,252 (US\$ 74 thousand)	14,167 (US\$ 476 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$805,960 (US\$27,082 thousand)	\$1,020,619 (US\$34,295 thousand)	\$4,683,805

Note 1: The calculation was based on the spot exchange rate as on December 31, 2017.

Note 2: Pursuant to the Letter No. 09704604680 of the Ministry of Economic Affairs, the amount is determined as 60% of the equity attributable to owners of CGPC as on December 31, 2017.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") retrieved the residual assets. The shares of Continental General Plastics (SanHe) Co., Ltd. were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of \$20,356 thousand (US\$684 thousand), the investment amount of Union (ZS) of \$26,724 thousand (US\$898 thousand) and the investment amount of Continental General Plastics (SanHe) Co., Ltd. of \$119,040 thousand (US\$4,000 thousand).

Note 4: The board of directors of CGPC passed a resolution to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of December 31, 2017, the dissolution procedures have not yet been completed.

Note 5: The investment income (loss) recognition in 2017 is based on the financial statements audited by the parent company's R.O.C.-based CPA.

USI CORPORATION

(Taita Chemical Company, Limited)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2017 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and marketing of polystyrene derivatives	\$ 1,376,400 (US\$ 46,250 thousand) (Note 1)	Investment through a holding company registered in a third region	\$ 1,279,680 (US\$ 43,000 thousand)	\$ -	\$ -	\$ 1,279,680 (US\$ 43,000 thousand)	\$ 234,197 (US\$ 7,716 thousand)	100.00	\$ 234,197 (US\$ 7,716 thousand)	\$ 1,918,118 (US\$ 64,453 thousand)	\$ -
Taita Chemical (Tianjin) Co., Ltd. ("TAITA (TJ)")	Producing and marketing of polystyrene derivatives	813,936 (US\$ 27,350 thousand) (Note 2)	Investment through a holding company registered in a third region	773,760 (US\$ 26,000 thousand)	-	-	773,760 (US\$ 26,000 thousand)	(86,042) (US\$ -2,848 thousand)	100.00	(86,042) (US\$ -2,848 thousand)	188,852 (US\$ 6,346 thousand)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	914,376 (US\$ 30,725 thousand)	Investment through a holding company registered in a third region	40,295 (US\$ 1,354 thousand)	-	-	40,295 (US\$ 1,354 thousand)	(77,699) (US\$ -2,574 thousand)	5.39	(4,191) (US\$ -139 thousand)	38,754 (US\$ 1,302 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 2,093,735 (US\$ 70,354 thousand)	\$ 2,256,323 (US\$ 75,817 thousand) (Note 3)	\$ 2,343,330 (Note 4)

Note 1: TAITA (ZS) resolved to issue share dividends US\$3,250 thousand in 2007.

Note 2: TAITA (TJ) resolved to issue share dividends US\$1,350 thousand in 2012.

Note 3: The amount of share dividends included US\$3,250 thousand from TAITA (ZS), US\$1,350 thousand from TAITA (TJ) and US\$802 thousand from ACME (KS).

Note 4: The limit cannot exceed 60% of Taita Chemical Co., Ltd.'s net asset value.

Note 5: The basis for investment income (loss) recognition is from the financial statement audited and attested by R.O.C. parent company's CPA.

USI CORPORATION
(Asia Polymer Corporation)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 914,376 (US\$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	\$ 124,319 (US\$ 4,177,369)	\$ -	\$ -	\$ 124,319 (US\$ 4,177,369)	(Note 2,2) \$ (77,698)	16.64	\$ (12,931)	\$ 119,563	\$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	74,400 (US\$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	90,339 (US\$ 3,035,601)	-	-	90,339 (US\$ 3,035,601)	(Note 2,2) 6,555	100.00	6,555	99,903	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	10,497,207 (RMB 2,304,800,000)	(2) Dynamic Ever Investments Ltd.	-	1,284,912 (US\$ 43,175,806)	-	1,284,912 (US\$ 43,175,806)	(Note 2,1) (13,083)	12.71	(1,662)	1,332,033	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,643,017 (Note 4) (US\$55,208,912)	\$4,802,717 (US\$161,381,608)	- (Note 5)

Note 1: Investments are divided into three categories as follows:

- a. Direct investment: 1.
- b. Investments through a holding company registered in a third region: 2.
- c. Others: 3.

Note 2: For the column of investment gain (loss):

- a. If there is no investment gain (loss) during the preparation, it should be noted.
- b. If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:
 - 1) Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
 - 2) Financial statements audited by the parent company's CPA.
 - 3) Others.

Note 3: The calculation was based on the exchange rate as at December 31, 2017.

Note 4: The accumulated outward remittance includes the investments in Wafer Works Epitaxial Corp., Wafer Works (Shanghai) Corp., Shanghai JingJi Electronic Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Qinghai Chenguang New Energy Co., Ltd., USI Trading (Shanghai) Co., Ltd. ("USIT"), and Fujian Gulei Petroleum Company.

- a. APC invested in Wafer Works Epitaxial Corp. and Wafer Works (Shanghai) Corp. through Silicon Technology Investment (Cayman) Corp.
- b. APC invested in Solar Technology Investment (Cayman) Corp. and Risheng Investment Limited through Solargiga Energy Holdings Limited, which indirectly invested in Solar Energy Silicon Materials Co., Ltd. and then in Shanghai JingJi Electronic Materials Co., Ltd. Risheng Investment Limited indirectly invested in Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., and Qinghai Chenguang New Energy Co., Ltd.

Note 5: As APC has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No.10520427730 on November 11, 2016, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.



VI. Any financial difficulties experienced by the Company and its affiliated companies during the most recent year up to the publication date of this annual report, as well as the impact of the aforesaid difficulties on the financial position of the Company shall be listed: None.

Chapter 7 Review and analysis of financial position and financial performance and risk issues - Consolidated information

I. Financial position

Major reasons for material changes in assets, liabilities and shareholders' equity, as well as related effects in the most recent two fiscal years, and response measures in the future if such effects are significant

Unit: NT\$ thousands

Item	Year	End of 2017	End of 2016	Difference	
				Amount	%
Current assets		\$30,484,428	\$33,880,175	\$(3,395,747)	(10)
Long-term investments		8,092,507	3,250,758	4,841,749	149
Property, plant and equipment		23,758,495	22,804,814	953,681	4
Intangible assets		362,375	417,620	(55,245)	(13)
Other assets		1,696,046	1,642,108	53,938	3
Total assets		64,393,851	61,995,475	2,398,376	4
Current liabilities		12,863,294	14,291,961	(1,428,667)	(10)
Non-current liabilities		16,722,138	15,684,028	1,038,110	7
Total liabilities		29,585,432	29,975,989	(390,557)	(1)
Capital		11,654,544	11,426,024	228,520	2
Retained earnings		6,738,561	6,474,504	264,057	4
Equity attributable to shareholders of the parent company		18,124,407	17,726,796	397,611	2
non-controlling interests		16,684,012	14,292,690	2,391,322	17
Total equity		34,808,419	32,019,486	2,788,933	9

(I). Major reasons for material changes

Increase in long-term investments: An increase in the investment on Fujian Gulei Petrochemical Co., Ltd. by the Company's subsidiary in 2017.

(II). Effects

The Joint Venture is accounted for using the equity method.

(III). Future response plan

Not applicable.

II. Financial performance

Major reasons for material changes in revenue, operating income and net profit before taxes in the most recent two fiscal years are estimated sales volume and its basis, as well as possible effects on the Company's financial operations and response measures in the future

Unit: NT\$ thousands

Item	Year	2017	2016	Increase (decrease)	
				Amount	(%)
Operating Revenue		\$58,133,943	\$53,101,997	5,031,946	9
Operating costs		(51,007,011)	(46,220,862)	4,786,149	10
Gross profit		7,126,932	6,881,135	245,797	4
Operating expenses		(3,749,265)	(3,719,651)	29,614	1
Operating income		3,377,667	3,161,484	216,183	7
Total non-operating income and expenses		110,603	(90,260)	200,863	223
Net income before taxes		3,488,270	3,071,224	417,046	14
Income tax expenses		(776,220)	(713,523)	62,697	9
Net income from continuing operations		2,712,050	2,357,701	354,349	15
Gain (loss) from discontinued operations		(2,197)	21,777	(23,974)	(110)
Net income		2,709,853	2,379,478	330,375	14
Other comprehensive income (net amount after taxes)		(370,554)	(242,451)	(128,103)	(53)
Total comprehensive income		2,339,299	2,137,027	202,272	9

(I). Major reasons for material changes

1. The increase in total non-operating income and expenses was mainly resulted from the increase in commission income and gains from disposed investments, as well as the decrease in currency exchange losses.
2. The decrease in income from discontinued business was mainly due to reduced non-operating income from discontinued business.

3. The decrease in the net amount of other comprehensive income was mainly caused by the decrease in unrealized gains on available-for-sale financial assets.

(II). Estimated sales volume and its basis

The Company forecasts the sales target for PE / EVA in 2018 to be 400,000 metric tons, and that for Vinyl series and its downstream processed products to be 530,000 metric tons. On the other hand, the sales target for ABS / PS will be 430,000 metric tons, whereas the sales target for glass wool products will be 10,000 metric tons. Furthermore, the sales target for Cubic printing products will be 130,000 jigs, while the sales target for ferrite powder and cores will be 10,000 metric tons. In principle, sales targets are primarily determined by taking into consideration the balance between production and sales, as well as niche products.

(III). Possible effects on the Company's financial operations in the future

No material effect

(IV). Future response plan

Not applicable

III. Cash flow

Analysis of changes in cash flow and improvement plans for liquidity shortage in the most recent fiscal year, and cash liquidity analysis in the coming fiscal year

(I). Analysis and explanation of changes in cash flow in the most recent fiscal year

Unit: NT\$ thousands

Beginning cash balance	Annual net cash flow from operating activities	Other cash outflows throughout the year	Ending cash balance	Remedial measures for cash inadequacy	
				Investment projects	Financial plans
11,924,303	4,331,719	7,782,160	8,473,862	-	-

1. Operating activities:

Net cash inflow from operating activities reached NT\$ 4,331,719 thousand, mainly because of the increase in sales volume and net profit.

2. Investing activities:

Net cash outflow from investing activities amounted to NT\$7,214,245 thousand, due mainly to an increase in long-term equity investment accounted for using the equity method.

3. Financing activities:

Net cash outflow from financing activities reached NT\$849,585 thousand, due mainly to the payment of cash dividends.

(II). Improvement plans for liquidity shortage

No liquidity shortage situation

(III). Cash flow analysis for the coming fiscal year

Beginning cash balance: NT\$ 8,473,862 thousand

Annual cash inflow: NT\$ 7,855,245 thousand

Annual cash outflow: NT\$ 7,272,755 thousand

Ending cash balance (shortage): NT\$ 9,056,352 thousand

iv. Material expenditure and its impact on the Company's financial operations in the most recent fiscal year:

A scheduled of estimated expenses has been prepared for the Company's capital expenditure for the construction of CBC production plant. These expenses will first be paid using the Company's own funds, while the Company will also assess the cost of raising capital in the capital market and the cost of borrowing from financial institutions to avoid the risk of rising interest rates.

v. Investment policies, profit/loss analysis and improvement plans in the most recent fiscal year, as well as investment plans for the coming fiscal year:

(I). Investments whose amounts exceed five (5) percent of paid-in capital at the end of 2017:

Item	Explanation	Amount (NT\$ thousands)	Policy	Major reasons for profit or loss	Improvement plan	Other investment plans in the future
CTCI Corporation		1,339,906	Investment diversification	Steady growth in overall performance, and hence continuously profitable	None	—
Fujian Gulei Petrochemical Co., Ltd.		5,241,747	Petrochemical investments	Construction in progress	None	—

(II). Investments whose estimated amounts exceed five (5) percent of paid-in capital in the coming fiscal year

The Company will indirectly invest in the Gulei Park in Zhangzhou, Fujian Province, China, with APC to produce petrochemical-related products, downstream deep-processing equipment, and supporting public facilities. The investment amount will not exceed NT\$8 billion and NT\$6 billion, respectively. After being approved by the relevant competent authority, funds are invested year by year according to the progress.

vi. Risk analysis and evaluation

The Company has enhanced its risk management operations, and designated specific executive and responsible units to assess specific matters or risks. Moreover, the Company has also established a monitoring mechanism, where the organizational structure is as follows:

Major risk evaluation item	Executive and responsible unit	Supervision unit
1. Effects of interest rates, exchange rate fluctuation and inflation on the Company's profit and loss, as well as future response measures:	Finance Division	Audit Office
2. Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives trading, main reasons for profits or losses generated, and future response measures to be undertaken		
3. Future R&D projects and estimated R&D expenditure:	Research and Development Division	
4. Effects of changes in local and overseas policies and laws on the Company's financial operations, and related response measures	Each related unit	
5. Effects of changes in technology and industry on the Company's financial operations, and related response measures		
6. Effects of changes in corporate image on the Company's risk management, and related response measures	Human Resources Division	
7. Expected benefits and possible risks of mergers and acquisitions, and related response measures	Finance Division / Legal Division Accounting Division	
8. Expected benefits and possible risks resulted from expansion of factory buildings, and related response measures	Plant	
9. Risks caused by concentration of purchases and sales, and related response measures	Procurement and Logistics Division Sales and Marketing Division	
10. Effects and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than ten (10) percent of the Company's shares, and related response measures	Finance Division	
11. Effects and risks related to any changes in management control in the Company, and related response measures	Board of Directors	
12. For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report:	Legal Division	

(I). Effects of interest rates, exchange rate fluctuation and inflation on the Company's profit and loss, as well as future response measures:

1. Implementation or Responsible Unit: Finance Division
2. Effects on the Company's profit and loss:

Item	2017 (NT\$ thousand; %)
Net interest income (expense)	(131,040)
Net currency exchange gain (loss)	(124,219)
Ratio of net interest income (expense) to net revenue	(0.23%)
Ratio of net interest income (expense) to net profit before taxes	(3.76%)
Ratio of net currency exchange gain (loss) to net revenue	(0.21%)
Ratio of net currency exchange gain (loss) to net profit before taxes	(3.56%)

3. Interest rate: The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk on the balance sheet date are as follows:

	As of December 31, 2017 (NT\$ thousands)
Interest rate risks with fair value	
— Financial assets	5,871,048
— Financial liabilities	11,364,719
Interest rate risks with cash flow	
— Financial assets	1,801,948
— Financial liabilities	7,764,970

An increase or decrease of 0.5% in market interest rates is used as a reasonable risk assessment for reporting changes in interest rates to the Company's senior management team. With all other variables remaining unchanged, an increase or decrease of 0.5% in market interest rates will lead to a decrease or increase of NT\$ 29,815 thousand in the Company's net profit before taxes in 2017.

The Company's current strategy is to use excess funds to diversify investments in monetary fund beneficiary certificates, real estate investment trusts (REITs) and stocks with better dividend yield, which is not only able to reduce the risk of interest rate fluctuations, but can also contribute to the Company's profits.

4. Exchange rates: The Company engages in sales and purchase transactions denominated in foreign currencies, thereby exposing the Company to changes in exchange rates. In order to avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows due to exchange rate changes, the Company avoids exposure to such risks through forward exchange contracts to reduce the impact of such risks. The use of forward exchange contracts are governed by the policies adopted by the Company's Board of Directors. Internal auditors continuously review the compliance and risk exposure of these policies. The Company has not engaged in speculative activities related to derivative instruments. The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items (mainly in US\$) on the end date of the financial reporting period. When the Company's functional currency appreciates / depreciates against U.S. dollar by 3%, the Company's next profit before taxes in 2017 will decrease / increase by NT\$ 78,854 thousand.
5. Inflation: It has no material effect on the Company.

5.1. There is no significant inflation in certain countries (including Taiwan), and thus inflation has been moderate.

5.2 The main cost of the Company is raw material costs, where both product prices and raw material costs fluctuate in the same direction.

(II). Policies to engage in high-risk and high-leverage investments, provision of loans to others, making guarantees and endorsements, as well as derivative trading, major reasons for profits and losses, as well as future response measures:

1. Executive and responsible unit: Finance Division

2. High-risk and high-leverage investments and provision of loans to others:

The Company's Regulations Governing the Acquisition and Disposal of Assets stipulates that it shall not engage in high-risk and high-leverage investments. The Company has also established the Procedures for Loaning of Funds to Others, but it is yet to implement such an operation.

3. Endorsements or guarantees: Endorsements or guarantees are handled in accordance with the Company's Regulations Governing the Making of Endorsements/Guarantees, and no loss has been caused since the implementation of such regulations.

4. Derivative trading: The Company engages in derivative trading, with the purpose of avoid risk. Trading instruments are primarily selected with the aim of avoiding risks resulted from businesses managed by the Company. For counterparties, the Company selects financial institutions with better conditions to engage in hedging transactions based on business needs, so as to avoid credit risks.

4.1 Hedging transactions: Forward exchange contracts are used for avoiding changes in exchange rates that have not occurred or are yet to occur. The Company will not intervene in speculative operations whatsoever.

- (III). Future R&D projects and estimated R&D expenditure:
1. Executive and responsible unit: Research and Development Division
 2. The plans are as follows:

Unit: NT\$ thousands

Research and Development Project	Current progress	R&D expenditure that requires investment	Estimated time for the completion of mass production	Major factors that influence the success of R&D in the future
Development of new optical-grade applied materials	85%	45,000	2018	High barrier for the development of formulas and mass production technology for different application needs
Development of batch production technology for coating-grade EVA with low crystallization point	—	20,600	2018 Quarter 4	Cultivation of R&D talents, inheritance of technology, sufficient market intelligence and addition of necessary equipment
Low-membrane rapidly gelatinized PVC powder	10%	2,000	Before the end of 2019	Equipment, formulas and process conditions
TPE leather series for automotive upholstery	50%	600	Before the end of 2018	Equipment, formulas and process conditions
Water-based scratch-resistant soft PVC leather for automobiles	40%	500	Before the end of 2018	Raw materials formulas and process conditions
TPE leather series for building materials	50%	500	Before the end of 2018	Raw materials formulas and process conditions
TPE leather series for sporting goods	30%	400	Before the end of 2018	Equipment, formulas and process conditions
TPE leather series for furniture	50%	400	Before the end of 2018	Raw materials formulas and process conditions
Development of third generation stain-resistant PVC leather	80%	300	Before the end of 2018	Raw materials formulas and process conditions
Development of PU casting stain-resistant PVC leather	90%	200	Before the end of 2018	Raw materials formulas and process conditions
Development of TPE leather for high pressure exhaust pipe	90%	200	Before mid-2018	Raw materials formulas and process conditions
Development of TPE leather for baby carriage supplies	90%	200	Before mid-2018	Raw materials formulas and process conditions
Fire-retardant plastic pellets for Grade 2 building materials	50%	100	Before the end of 2018	Raw materials formulas and process conditions
Development of TPE leather for conductive exhaust pipes	90%	100	Before mid-2018	Equipment, formulas and process conditions
Development of high-strength safety helmet-grade acrylonitrile-butadiene-styrene (ABS) copolymer	75%	500	2018	Customer-end product design based on formula design and costs of raw materials
Development of acrylonitrile-butadiene-styrene (ABS) polymerization emulsion for low VOC ABS materials	80%	500	2018	Rectification of SAN process equipment for ABSL reaction formula flow
Development of acrylonitrile-butadiene-styrene (ABS) copolymer for electroplating-grade materials for high-end automobiles	75%	200	2018	Customer-end electroplating process parameters based on formula design and costs of raw materials
Rectification of SAN blue tin addition system	40%	4,000	2018	Process change design and cost of investment in quality yield
Development of low odor expanded polystyrene (EPS)	80%	500	2018	Partner cooperation, formula development, downstream market demand, optimum conditions for technology mass production
Continuous development of expanded polystyrene (EPS) products for panel packaging materials	70%	200	2018	Integration between formula design and formulas based on customer needs, as well as process stability
Development of low molding cycle expanded polystyrene (EPS)	70%	200	2018	Integration between formula design and formulas based on customer needs, process stability, as well as methods for customizing specifications and eliminating different grades
Customized background color for disposable polystyrene (GPPS) tableware	60%	200	2018	Partner cooperation and formula development Dye and process compatibility
Equipment rectification project for enhancing NOVA GPPS production capacity	40%	1,000	2018	Process change design and cost of investment in quality yield
RTI-certified acrylonitrile-butadiene-styrene (ABS) polymer materials	70%	1,000	2018	The obtainment of reference sample and comparative analysis target, RTI > 80°C aim at demand for high-end home electrical appliances
Water material application-certified acrylonitrile-butadiene-styrene (ABS) polymer materials	50%	500	2018	Compliance with the WRAS specifications in the UK within the limits of production process optimization
Development of new molding technology	Product testing and verification phase	5,000	At the end of 2018	Demand for medical equipment / consumables
SiC Powder	Product Qualification	90,000	At the end of 2019	Demand for power semiconductor devices

- (IV). Effects of changes in local and overseas policies and laws on the Company's financial operations, and related response measures:

1. Executive and Responsible Unit: Each related unit
2. Effects on financial operations:
 - (1) Please refer to Chapter V in this annual report: the third section of "Information Regarding Environmental Protection Expenditure" indicated in "Operations Overview" in response to the European Union's Restriction of Hazardous Substances Directive (RoHS)
 - (2) The Company continues to pay attention to the effects of the adoption of IFRS on corporate taxation.
 - (3) The Company continues to assess the effects of the Anti-tax avoidance Clauses on taxation.
 - (4) The Company continues to assess the effects of amendments to the provisions related to labor pension stipulated in the Labor Standards Act on the Company.
3. Response measures: The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the Accounting Division assesses the changes in accounting and tax-related laws and

regulations, and evaluate such the effects of such changes on the Company's financial operations and formulate related response measures. Besides, discussions are held with CPAs to make prior planning for related changes.

- (V). Effects of changes in technology and industry on the Company's financial operations, and related response measures:
1. Executive and responsible unit: Sales and Marketing Division, Research and Division and Information Systems Division
 2. Establish a webcam system to ensure communications within the Company is more mobile and save on travel expenses and time.
 3. Continuously enhance applications and upgrades through the enterprise resource planning (ERP) system and the consolidated financial statement system, in order to enhance the efficiency of the Company's overall management and financial operations.
 4. Incorporate the online signature system to optimize the official document processing speed and the process flow of the agent system, so as to simplify the process of tracking official documents, enhance efficiency, save paper and achieve environment protection targets.
 5. Shorten the process and time of account operations through the development and integrated application of the payment flow system
 6. Implement web-based electronic form system on platforms for environmental protection, safety and health, procurement, sales, customs and credit, in order to provide platforms with fast and convenient operations and a safe information environment, thereby implementing the goal of technology-enabled management
 7. Promote social engineering exercises to enhance employees' awareness of information security, with the purpose of maintaining information security and protecting information from foreign invasion
 8. Refer to Section 2 - "Industry Overview" in Chapter V - "Operations Overview".
- (VI). Effects of changes in corporate image on the Company's risk management, and related response measures
1. Executive and responsible unit: Human Resources Division
 2. The Company has always adhered to upright and down-to-earth management, sound financial operations and good product quality, and has garnered positive reviews from the industry. In the event of a crisis, the Company not only will submit report according to its organization system, but can also obtain help from external organizations to help overcome the crisis.
- (VII). Expected benefits and possible risks of mergers and acquisitions, and related response measures
1. Executive and responsible unit: Finance Division
 2. There was no merger and acquisition implemented by the Company in the most recent fiscal year up to the publication date of this annual report.
- (VIII). The Expected Benefits and Possible Risks to Expand the Plants and the Countermeasures:
The Company has completed the construction of EVA production line with a production capacity of 80,000 to 90,000 tons, and has already begun operations.
Expected benefits: Enhance product quality and competitiveness, reduce equipment repair costs and risks of production halt, and increase revenue and profits.
Possible risks: Increase in supply from its Chinese peers, thereby leading to price drop
Response measures: Develop products of high quality and high VA content to avoid price competition
- (IX). Risks caused by concentration of purchases and sales, and related response measures
1. Executive and responsible unit: Material Planning Division
 2. The Company has always paid attention to the judgment of market information on petrochemical plastics and the enhancement of operational and strategic planning for sales and procurement so as to achieve profit maximization, so that it can reduce risks caused by concentration of purchases and sales to a minimum.
- (X). Effects and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than ten (10) percent of the Company's shares, and related response measures
1. Executive and responsible unit: Finance Division
 2. There was no such situation at the Company in the most recent fiscal year up to the publication date of this annual report.
- (XI). Effects and risks related to any changes in management control in the Company, and related response measures
1. Executive and responsible unit: Board of Directors
 2. There have been no changes in management control at the Company in the most recent fiscal year up to the publication date of this annual report.
- (XII). For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report:
1. Executive and responsible unit: Legal Division
 2. Significant litigious, non-litigious or administrative disputes that have been decided or are still pending in the most recent fiscal year up to the publication date of this annual report:

- (1) The Company: None.
- (2) Directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the company's shares: None.
- (3) Subsidiaries:

With regard to the gas explosions on July 31, 2014, where the Company's subsidiary, China General Terminal & Distribution Corporation (CGTD), was contracted by LCY Chemical Corp. (LCY) to transport petrochemical through the propene pipelines, the Kaohsiung District Prosecutors Office indicted relevant Kaohsiung City Government officials, relevant personnel of LCY and employees of CGTD on December 18, 2014.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT\$226,983 thousand (including interests) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied to the court to execute provisional attachments on the properties of CGTD on August 27 and November 26, 2015, respectively. Taiwan Water Corporation applied to the court to execute provisional attachments on the properties of CGTD on February 3 and March 2, 2017, respectively. Assets under attachment amounted to approximately NT\$150,540 thousand as of April 30, 2018.

For the deceased, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims (hereinafter, "family of the deceased"). Each family was entitled to NT\$12,000 thousand and the total compensation was NT\$384,000 thousand. The compensation was paid in installments over a maximum of four years. LCY will pay the bill first and also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the deceased.

For victims suffering from serious injuries, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement on October 25, 2017 agreeing to negotiate the compensation first with the 65 seriously injured victims. The compensation was paid by CGTD and the Kaohsiung City Government first. CGTD would represent the three parties in the settlement negotiation. It has signed the settlement agreements with 63 victims of serious injuries.

As of the publication date of this annual report, persons with rights or interests infringed, victims or their family of the Kaohsiung gas explosion have filed civil (including criminal and civil) lawsuits against LCY, CGTD and CPC Corporation, Taiwan, requesting for compensation. Claims for compensation, plus the settlement payable in the preceding paragraph amounted to NT\$4,067,082 thousand. However, the actual amount of compensation paid by CGTD will be subject to the proportion of liability that will be assumed based on the future ruling of the civil suit. The court of the first instance handed out sentence concerning the Kaohsiung gas explosion on May 11, 2018. Three staff members of CGTD were sentenced to four years and six months' prison terms each. CGTD will help its employees with appeal once the court verdict was received. Some civil cases are expected to receive the first ruling on June 22, 2018.

(XIII). Other significant risks and response measures:

1. Receivables recovery risk
 - (1) Executive and responsible unit: Trust Department
 - (2) Conduct usual transactions through advance receipts or letter of credit (L/C), provide credit to customers based on their credit limits and risks after performing credit assessment, and purchase accounts receivable insurances involving mainland customers whose risks are beyond its control to reduce risks to a manageable level.
2. Continue to pay attention to the impact of issues related to global climate change, the enactment of regulations associated with greenhouse gas reduction methods and future carbon emissions or carbon rights on the operations of the Company. Continue to promote efforts related to energy conservation and carbon reduction, as well as participate in the promotion of voluntary reduction of industrial greenhouse gases as initiated by the Industrial Development Bureau,
3. As of the publication date of this annual report, there has been no other risk issues in the Company.

VII. Other important matters: None

(I). Key performance indicators of USI

1. Disaster-free working hours: The production environment at Renwu plant, with a strong emphasis on occupational safety, health and environmental protection, won the Excellence Award in the Selection of Excellent Units and Employees Promoting Occupational Safety and Health conducted by the Ministry of Labor. As of December 31, 2017, the production environment at Renwu plant, with a strong emphasis on occupational safety, health and environmental protection, has accumulated 550,216 hours in terms of injury-free working hours in total.
2. Equipment operating rate: The equipment operating rate in 2017 was 83.93%.

(II). Key performance indicators of APC

1. Injury-free working hours: As of December 31, 2017, the high-pressure production environment at Linyuan plant, with a strong emphasis on occupational safety, health and environmental protection, has accumulated 3,025,561 hours in terms of injury-free working hours in total.
2. Equipment operating rate: Apart from production shutdown due to equipment maintenance and power outage in coordination with Tai Power Company, production at the plant remains normal for the rest of the time. The equipment operating rate in 2017 was 95.72%.

(III). Key performance indicators of CGPC

1. Production rate: Compared to the annual target, the production rate for raw materials was 103.4%, while the production rate for processed products was 92.8%.
2. Yield rate: Compared to the annual target, the yield rate for raw materials was 102.2%, while the yield rate for processed products was 100%.
3. Customer objections: The percentage of losses due to customer objections (excluding quantity discount) was 0.08% (which is the proportion of loss due to customer objections to revenue), which was within a manageable range for the Company.
4. Employee proposal: 450 proposals were submitted, where these proposals were estimated to bring in a total savings of NT\$ 88.68 million.
5. Workplace accidents: Frequency of injury (number of persons injured per million hours): 1.33
Injury severity rate (total number of days of losses due to disability and injury per million hours): 65
Workplace accident incidence rate is still within a manageable range for the Company.

(IV). Key performance indicators of TTC

1. Disaster-free working hours: As of December 31, 2017, the cumulative number of injury-free working hours at Cianjhen Plant, Linyuan Plant and Toufen Plant were 1,398,410 hours, 428,669 hours and 31,224 hours respectively.
2. Equipment operating rate: In 2017, the equipment operating rate for ABS, GPS, EPS, glass wool products and Cubic printing were 81.9%, 89.8%, 76.64%, 91% and 23% respectively.

(V). Key performance indicators of ACME

1. Inventory turnover (times): 1.91 times in 2017
2. Property, plant and equipment turnover (times): 1.28 times in 2017

(VI). Pollution prevention:

1. The Company's subsidiary, Taiwan VCM Corporation rented part of the land occupied by the China Petrochemical Development Corporation's Cianjhen Plant from January 1, 1970 to December 31, 1989 to set up its plant and manufacture VCM. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by INOMA Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government on January 11, 2016, it was announced on April 11, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region.
2. In 2010, part of the land occupied by the Company's Toufen Plant was listed as a groundwater pollution control site and included in the groundwater pollution control region by environment unit. Therefore, the Company introduced and implemented the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation to carry out remediation and improvement of the area. After the field samples collected were verified by environmental protection agencies, it was found that various data have complied with the government's control standards. The site was removed as a groundwater pollution control site by the Environmental Protection Administration on February 24, 2017 and the Environmental Protection Bureau of the Miaoli County Government on March 21, 2017.

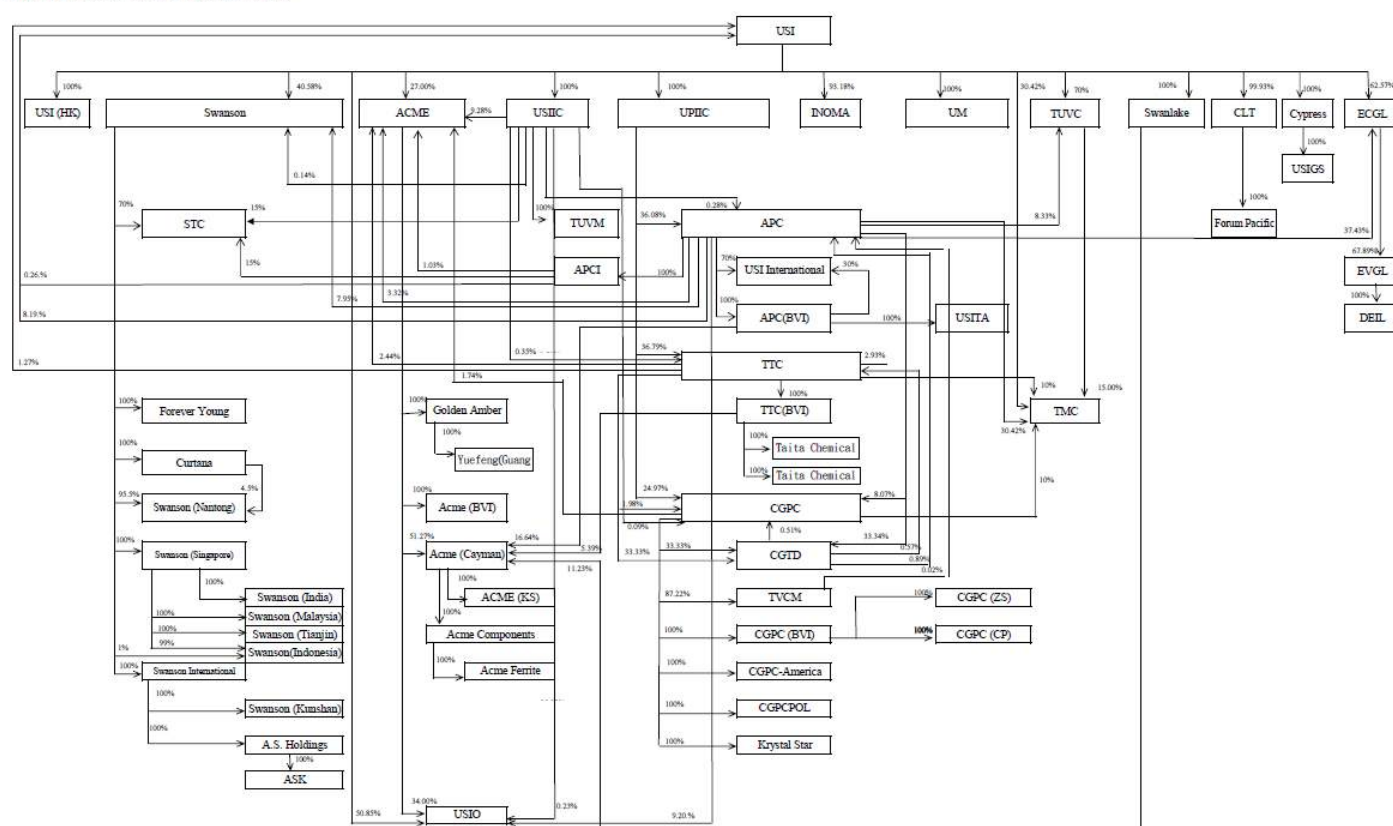
Chapter 8 Special Notes

I. Information regarding Affiliated Companies:

(I). Consolidated Business Report of Affiliated Companies

- The organizational chart for affiliated companies (as of December 31, 2017) is shown in the following. In addition, the shareholding structure of affiliated companies are also detailed in the following section, whereas the financial statements, including both the consolidated financial statements and related notes, in the most recent four fiscal years, are also included in the consolidated financial statements of its subsidiaries.

USI Corporation
Related Business Organization Chart (2017.12.31)



2. Basic information regarding Various Affiliated Companies

As of December 31, 2017

Unit: Amount in NT\$ thousands, unless otherwise stated

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
Swanson Plastics Corp.	1986.07.03	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	1,498,173	Production and sale of embossed films, stretch films, heavy bags and industrial multi-layer packaging films
Forever Young Company Limited	1993.03.03	Skelton Building, Main Street, P.O. Box 3136, Road Town, Tortola, British Virgin Islands	1,488 (US\$ 50,000)	Trading and agency businesses
Curtana Company Limited	1979.10.19	Flatb 6/F, Caltex House 258 Hennessy Road Wanchai, Hong Kong	6,091 (HK\$ 1,599,999)	Investments
Swanson Plastics (Nantong) Co., Ltd.	1991.12.16	No. 8, Zhenxing Road, Nantong Economic Development Zone, Jiangsu Province, China	119,040 (US\$ 4,000,000)	Production and sale of heavy bags, garbage bags and diaper films
Swanson Plastics (Singapore) Pte. Ltd.	1997.07.23	16, Pandan Road, Singapore 60926	782,942 (US\$ 26,308,543)	Production and sale of plastic products
Acme Electronics Corporation	1991.09.05	8th Floor, No. 39, Jihu Road, Neihu District, Taipei City	1,824,307	1. Manufacture and sale of soft ferrite powder, cores and other related electromagnetic components and raw materials 2. Design, manufacture, processing and sale of production equipment for the abovementioned products 3. Import and export of the abovementioned products, and other businesses excluding those subject to special approval
Golden Amber Enterprises Ltd.	1998.03.26	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	638,676 (US\$ 19,800,000)	Corporate investments
USIFE Investment Co., Ltd.	1989.05.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	872,508	Investments in production, transportation, warehousing, construction, banking, securities companies and trading companies
Taiwan United Venture Management Corporation	1998.01.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	8,000	Corporate management consulting
Union Polymer Int'l Investment Corp.	1996.10.09	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	4,627,580	Investments in various production and service businesses
Swanlake Traders Ltd.	1995.09.21	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British	721,685 (US\$ 24,250,184.6)	Engage in various trading and investment businesses

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
		Virgin Islands		
Acme Components (Malaysia) Sdn. Bhd.	1990.09.06	Plot 15, Jalan Industri 6, Kawasan Perindustrian Jelapang II (ZPB), Jelapang 30020 Ipoh, Perak, Malaysia.	280,051 (RM39,600,000)	Corporate investments
Acme Ferrite Products Sdn. Bhd.	1990.09.21	Plot 15, Jalan Industri 6, Kawasan Perindustrian Jelapang II (ZPB), Jelapang 30020, Ipoh, Perak, Malaysia.	38,896 (RM5,500,000)	Manufacture and sale of soft ferrite powder
Chong Loong Trading Co., Ltd.	1960.06.22	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	37,608	Import and export business (excluding those subject to special approval), sales agent and distribution of products from domestic and overseas manufacturers, (excluding derivatives), commodity wholesaling and retail sales, management and investments related to the abovementioned businesses
Forum Pacific Trading Ltd.	1995.02.28	Citco Building, Wickhamo Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	6,547 (US\$ 220,000)	Import and export business, sales agent and distribution of products from domestic and overseas manufacturers, commodity wholesaling and retail sales
Taiwan United Venture Capital Corp.	1995.04.10	10th Floor, No. 39, Jihu Road, Neihu District, Taipei City	470,000	Engage in venture capital investments in invested businesses Planning, consulting, engagement and management services to invested businesses Corporate business, management and consulting services to other venture capital businesses Other related businesses approved by the government
USI Far East(HK) Co., Ltd.	1999.12.08	6/F, Caltex House,258 Hennessy Road, Hong Kong.	60,912 (HK\$ 16,000,000)	Engage in various trading businesses
Taita Chemical Company, Ltd.	1960.04.06	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	3,276,518	Production and sale of ABS, PS, glass wool insulation products and Cubic printing
Taita Chemical Company, Ltd. - Linyuan Plant	1979.08	No.5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		Production and sale of ABS
Taita Chemical Company, Ltd. Cianjhen Plant	1960.04.06	No. 3, Jianji Road, Cianjhen Plant, Kaohsiung City		Production and sale of PS
Taita Chemical Company, Ltd.	1992.03	No. 571, Minzu Road, Toufen		Production and sale of glass wool products

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
- Toufen Plant		Township, Miaoli County		
Taita (BVI) Holding Co., Ltd.	1997.04.10	CITCO Building, Wickhams CAY, P.O. Box 662, Road Town, Tortola, British Virgin Island	1,837,323 (US\$ 61,738,000)	Investment holding company
Taita Chemical (Zhongshan) Co., Ltd.	1999.03.24	Along Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	1,376,400 (US\$ 46,250,000)	Production and sale of expanded polystyrene (EPS) derivatives
Asia Polymer Corporation	1977.01.25	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	5,181,147	Manufacture and sale of medium- and low-density polyethylene and ethylene vinyl acetate copolymer resins
Asia Polymer Corporation - Linyuan Plant	1979.03	No. 3, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
APC (BVI) Holding Co., Ltd.	1997.04.10	Citco Building, Wickham Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	337,556 (US\$ 11,342,594)	Reinvestment business
China General Plastics Corporation	1964.04.29	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	4,919,996	Production and sale of PVC raw materials and processed products
China General Plastics Corporation - Toufen Plant	1964.02	No. 571, Minzu Road, Toufen Township, Miaoli County		
Taiwan VCM Corporation	1970.01.21	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	2,249,528	Production and sale of vinyl chloride monomer
Taiwan VCM Corporation - Linyuan Plant	1992.11.30	No. 1, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City		
China General Terminal & Distribution Co., Ltd.	1989.02.25	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	512,373	Petrochemical materials storage and transportation operations
Swanson Plastics (Malaysia) Sdn. Bhd.	1989.04.10	Plot 505, Tingkat Perusahaan 4A, Kawasan Perusahaan, Zon Perdagangan Bebas, 13600 Prai, Penang Malaysia	141,440 (RM20,000,000)	Manufacture and sale of plastic products
CGPC America Corporation	1988.06.21	11310 Harrel Street Mira Loma CA 91752	596,688 (US\$ 20,050,000)	Production and sale of secondary and tertiary processed PVC products
CGPC (BVI) Holding Co., Ltd.	1987.04.10	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	485,334 (US\$ 16,308,258)	Investment holding companies
Krystal Star International Corporation	1998.03.23	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British	172,013 (US\$ 5,780,000)	Production and sale of secondary and tertiary processed products

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
		Virgin Islands		
Continental General Plastics (Zhongshan) Co., Ltd.	1997.12.02	Along Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	595,200 (US\$ 20,000,000)	Manufacture and sale of secondary and tertiary processed PVC products
Acme Electronics (Cayman) Corporation	2000.06.28	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	148,712 (US\$ 4,997,051)	Corporate investments
Acme Electronics (Kunshan) Co., Ltd.	2000.07.27	No. 533, Huangpujiang North Road, Kunshan City, Jiangsu Province, China	914,376 (US\$ 30,725,000)	Production and sale of soft ferrite cores
USI Management Consulting Corp.	2001.03.16	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	6,714	Corporate management consulting
Swanson International Limited	2001.03.29	Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	432,746 (US\$ 14,541,205)	Trading and agency businesses
Swanson Plastics (Kunshan) Co., Ltd.	2001.10.08	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	395,510 (US\$ 13,290,000)	Production, sale and development of multifunctional membranes and photolysis membranes
Acme Electronics (BVI) Corporation	2003.03.18	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	21,725 (US\$ 730,000)	Corporate investments
USI International Corporation	2002.09.20	TrustNet Chambers, P.O.Box3444, Road Town, Tortola, British Virgin Island.	119,040 (US\$ 4,000,000)	Investments
Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Chemical Industry Park, Development Zone, Tianjin City, China	813,936 (US\$ 27,350,000)	Production and sale of expanded polystyrene (EPS) derivatives
Acme Electronics (Guang-Zhou) Co., Ltd.	2004.11.24	No. 2, Fuqian East Road, East District Industrial Zone, Zengcheng City, Guangdong Province, China	571,392 (US\$ 19,200,000)	Manufacture and sale of soft ferrite cores
A.S. Holdings (UK) Limited	2004.02.02	7/10 Chandos Street Cavendish Square London W1G 9DQ	172,151 (UK£ 4,291,972)	Investments

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
USI Trading (Shanghai) Co., Ltd.	2006.03.13	Room 6A, No. 1358, Yan'an West Road, Shanghai City	74,400 (US\$ 2,500,000)	Engage in wholesaling, commission agency, import and export and related supporting businesses for products including petrochemical products and related equipment, rubber products and electronic materials
Swanson (Kunshan) Co., Ltd.	2004.02.17	No. 289, Qingyang North Road, Kunshan City, Jiangsu Province, China	270,816 (US\$ 9,100,000)	Production and sale of PE release film and other release products
Thintec Materials Corporation	2006.12.21	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	60,000	Manufacture of reinforced plastic products
CGPC Consumer Products Corporation	2007.02.13	Along Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	44,640 (US\$ 1,500,000)	Engage in the manufacture and production of tertiary processed PVC products
APC Investment Corporation	2007.12.20	10th Floor, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investments
CGPC Polymer Corporation	2009.05.19	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	564,783	Manufacture and sale of PVC powder
Swanson Technologies Corporation	2009.10.12	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	200,000	Production, sale and development of EVA packaging films and other high value-added plastic products
USI Optronics Corporation	2010.10.07	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	649,017	Manufacture and sale of sapphire ingots and other related crystals
Swanson Plastics (India) Private Limited	2011.03.08	PLOT No.2, GDDIDC. Honda, Bhuipal Sattari-403 506, Goa-India	81,243 (INR 165,430,000)	Manufacture and sale of plastic products
Swanson Plastics (Tianjin) Co., Ltd.	2012.05.02	Shuangtang High-grade Metal Product Industrial Park. Jinghai County, Tianjin City, China	169,632 (US\$ 5,700,000)	Manufacture and sale of plastic products
Cypress Epoch Limited	2013.11.20	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	148,800 (US\$ 5,000,000)	Engage in investment business
PT. Swanson Plastics Indonesia	2014.12.27	Ngoro Industrial Park Blok D2-3 Ds. Lolawang Kec. Ngoro Kab. Mojokerto	535,680 (US\$ 18,000,000)	Manufacture and sale of plastic products
USIG (Shanghai) Co., Ltd.	2014.03.13	Block A, 6th Floor, Yinglong Building, No. 1358, Yan'an West Road, Shanghai, Postcode: 200052	148,800 (US\$ 5,000,000)	Engage in import and distribution of various types of chemical raw materials and products
Ever Conquest Global Limited	2014.05.21	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British	3,678,812 (US\$ 123,616,000)	Engage in investment business

Company Name	Date of Incorporation	Address	Paid-up Capital	Main Business or Production Items
		Virgin Islands		
INOMA Corporation	2014.04.17	12th Floor, No. 37, Jihu Road, Neihu District, Taipei City	97,950	Engage in optical products and fire protection materials businesses
Ever Victory Global Limited	2013.05.21	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	5,418,612 (US\$ 182,077,000)	Engage in investment business
Dynamic Ever Investments Limited	2013.09.03	Flat/Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	5,412,660 (US\$ 181,877,000)	Engage in investment business

3. Information of shareholders with corporate governance power while working in the company: None.
4. Businesses engaged by affiliated companies their relationships:

Industry	Enterprise Name	Business relationship with other affiliated companies
Petrochemical industry	Asia Polymer Corporation	Purchase of goods, ethylene transfer and dispense
	Taiwan VCM Corporation	Ethylene transfer and dispense
Manufacture and sale of plastic products	Swanson Plastics Corp.	Purchase and sale of goods
	Swanson Technologies Corporation	Sale of goods
Trading	Forever Young Co., Ltd.	Sale of goods
	USI Far East(HK) Co., Ltd.	Sale of goods
	USI Trading (Shanghai) Co., Ltd.	Sale of goods

5. Information regarding the directors, supervisors and general managers of affiliated companies

As of December 31, 2017

Unit: shares; %

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
USI Corporation	Chairman	Wu I-Kuei (Representative of Shing Lee Enterprise (Hong Kong) Limited)	110,904/0.01	294,610,680/25.28
	Director	Yu Ching-Shou (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Director	Shih Yen-Hsiang (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Director	Kao Che-I (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Director	Huang Kuang-Che (Representative of Shing Lee Enterprise (Hong Kong) Limited)	154,103/0.01	
	Director	Chang Chi-Chung (Representative of Shing Lee Enterprise (Hong Kong) Limited)	0/0	
	Independent Director	Chen Chung	0/0	—
	Independent Director	Tsai Li-Hsing	0/0	—
	Independent Director	Hai Ying-Chun	0/0	—
	General Manager	Wang Ke-Shun	15,200/0	—
Swanson Plastics Corp.	Chairman	Wu I-Kuei (Representative of USI Corporation)	142,606/0.10	60,792,524/40.58
	Vice Chairman	Wu Tung-Yang (Representative of USI Corporation)	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage	
	Director	Li Kuo-Hung (Representative of USI Corporation)	0/0		
	Director	Liu Chen-Tu (Representative of USI Corporation)	0/0		
	Director	Liu Han-Tai (Representative of USI Corporation)	0/0		
	Director	Wu Pei-Chi (Representative of USI Corporation)	0/0		
	Director	Wang Chao-An (Representative of USI Corporation)	268,219/0.18		
	Supervisors	Chiang Hui-Chung	0/0		—
	Supervisor	Huang Ya-I	42,973/0.03		—
	General Manager	Wang Chao-An	268,219/0.18	—	
Forever Young Co., Ltd.	Director	Wu I-Kuei	0/0	—	
	Director	Ying Pao-Luo	0/0	—	
	Director	Wang Chao-An	0/0	—	
	Director	Tang Hai-Hao	0/0	—	
	Director	Liu Chen-Tu	0/0	—	
Curtana Company Limited	Director	Wu I-Kuei	0/0	—	
	Director	Wang Chao-An	0/0	—	
	Director	Tang Hai-Hao	0/0	—	
Swanson Plastics (Nantong) Co., Ltd.	Chairman	Wang Chao-An (Appointed by Curtana Company Limited)	0/0	Capital contribution US\$ 190,000/4.5	
	Director	Wu I-Kuei (Appointed by Curtana Company Limited)	0/0		
	Director and General Manager	Tang Hai-Hao (Appointed by Curtana Company Limited)	0/0		
Swanson Plastics (Singapore) Pte. Ltd.	Director	Wu I-Kuei	0/0	—	
	Director	Ying Pao-Luo	0/0	—	
	Director and General Manager	Tang Hai-Hao	0/0	—	
	Director	Lin Sai-Chin	0/0	—	
	Director	Wang Chao-An	0/0	—	
Acme Electronics Corporation	Chairman	Wu I-Kuei (Representative of USI Corporation)	956,284/0.52	49,250,733/27.00	
	Director	Chuang Yu-Tsang (Representative of USI Corporation)	366,513/0.20		
	Director	Hsu Shan-Ko (Representative of USI Corporation)	78,695/0.04		
	Director	Cheng Hui-Ming (Representative of USI Corporation)	0/0		
	Director	Wu Hsien-Tsung (Representative of USI Corporation)	83,462/0.05		
	Director	Huang Chun-Hui (Representative of USI Corporation)	0/0		
	Independent Director	Chang Yen-Hui	0/0		—

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Independent Director	Chen Piao-Chun	0/0	—
	Independent Director	Chang Li-Chiu	0/0	—
	General Manager	Wu Hsien-Tsung	83,462/0.05	—
Golden Amber Enterprises Ltd.	Director and General Manager	Chuang Yu-Tsang	0/0	19,800,000/100
	Director	Wu I-Kuei	0/0	
	Director	Wu Hsien-Tsung	0/0	
USIFE Investment Co., Ltd.	Chairman	Wu Hsien-Tsung (Representative of USI Corporation)	0/0	87,250,800/100
	Director	Chang Chi-Chung (Representative of USI Corporation)	0/0	
	Director	Huang Ya-I (Representative of USI Corporation)	0/0	
	Supervisor	Liu Chen-Tu (Representative of USI Corporation)	0/0	
	General Manager	Huang Ya-I	0/0	—
Taiwan United Venture Management Corporation	Chairman	Wu I-Kuei (Representative of USIFE Investment Co., Ltd.)	0/0	800,000/100
	Director	Liu Chen-Tu (Representative of USIFE Investment Co., Ltd.)	0/0	
	Director	Huang Ya-I (Representative of USIFE Investment Co., Ltd.)	0/0	
	Supervisor	Huang Hui-Chen (Representative of USIFE Investment Co., Ltd.)	0/0	
	General Manager	Huang Ya-I	0/0	—
Union Polymer Int'l Investment Corp.	Chairman	Wu I-Kuei (Representative of USI Corporation)	0/0	462,758,000/100
	Director	Yu Ching-Shou (Representative of USI Corporation)	0/0	
	Director	Wang Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu Chen-Tu (Representative of USI Corporation)	0/0	
	Supervisor	Huang Hui-Chen (Representative of USI Corporation)	0/0	
	General Manager	Wu I-Kuei	0/0	—
Swanlake Traders Ltd.	Director	Wu I-Kuei	0/0	—
	Director	Wang Ke-Shun	0/0	—
	Director	Liu Chen-Tu	0/0	—
Acme Components (Malaysia) Sdn. Bhd.	Chairman	Dato' Cheong Kai Fu	0/0	39,600,000/100
	Director	Ho Sew Kong	0/0	
	Director	Wu I-Kuei	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Director and President	Wu Hsien-Tsung	0/0	
Acme Ferrite Products Sdn. Bhd.	Chairman	Dato' Cheong Kai Fu	0/0	5,500,000/100
	Director	Ho Sew Kong	0/0	
	Director	Wu I-Kuei	0/0	
	Director and President	Wu Hsien-Tsung	0/0	
Chong Loong Trading Co., Ltd.	Chairman	Wu I-Kuei (Representative of USI Corporation)	0/0	3,758,195/99.93
	Director	Wang Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu Chen-Tu (Representative of USI Corporation)	0/0	
	Director	Wu Pei-Chi (Representative of USI Corporation)	0/0	
	Supervisor	Huang Hui-Chen	0/0	—
	General Manager	Wang Ke-Shun	0/0	—
Forum Pacific Trading Ltd.	Director	Wu I-Kuei	0/0	—
	Director	Yu Ching-Shou	0/0	—
	Director	Lin Han-Fu	0/0	—
	Director	Liu Chen-Tu	0/0	—
	Director	Wang Ke-Shun	0/0	—
Taiwan United Venture Capital Corp.	Chairman	Wu I-Kuei (Representative of USI Corporation)	0/0	32,900,000/70
	Director	Chang Chi-Chung (Representative of USI Corporation)	0/0	
	Director	Wang Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu Chen-Tu (Representative of USI Corporation)	0/0	
	Director	Huang Ya-I (Representative of USI Corporation)	0/0	3,913,533/8.33
	Supervisor	Huang Hui-Chen (Representative of Asia Polymer Corporation)	0/0	
	General Manager	Huang Ya-I	0/0	
USI (Hong Kong) Corporation	Director	Wu I-Kuei	1/0	—
	Director	Wang Ke-Shun	0/0	—
Taita Chemical Company, Ltd.	Chairman	Wu I-Kuei (Representative of Union Polymer Int'l Investment Corp.)	0/0	120,535,750/36.79
	Director	Matthew Miao (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Ying Pao-Luo (Representative of Union Polymer Int'l Investment Corp.)	26,448/0.01	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage	
	Director	Liu Han-Tai (Representative of Union Polymer Int'l Investment Corp.)	0/0		
	Director	Liu Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0		
	Director	Ko I-Shao (Representative of Union Polymer Int'l Investment Corp.)	0/0		
	Independent Director	Ma Yi-Kung	0/0		—
	Independent Director	Tien-Wen Chen	0/0		—
	Independent Director	Juan Chi-Ying	0/0		—
	General Manager	Ying Pao-Luo	26,448/0.01		—
Taita (BVI) Holding Co., Ltd.	Director	Wu I-Kuei	0/0	—	
	Director	Matthew Miao	0/0	—	
	Director	Ying Pao-Luo	0/0	—	
	Director	Liu Chen-Tu	0/0	—	
Taita Chemical (Zhongshan) Co., Ltd.	Chairman	Ying Pao-Luo (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 46,250,000/100	
	Director	Chang Te-Wei (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0		
	Director	Wu Pei-Chi (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0		
	Director	Yen Tai-Ming (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0		
	Director	Liu Chen-Tu (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0		
	General Manager	Yen Tai-Ming	0/0		
Asia Polymer Corporation	Chairman	Wu I-Kuei (Representative of Union Polymer Int'l Investment Corp.)	0/0	186,955,874/36.08	
	Director	Matthew Miao (Representative of Taiwan Union International Investment Co.)	0/0	19,563,353/3.78	
	Director	Huang Kuang-Che (Representative of Union Polymer Int'l Investment Corp.)	0/0	186,955,874/36.08	
	Director	Li Kuo-Hung (Representative of Union Polymer Int'l Investment Corp.)	0/0		
	Director	Liu Han-Tai (Representative of Union Polymer Int'l Investment Corp.)	0/0		
	Director	Liu Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0		

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Independent Director	Chen Ta-Hsiung	0/0	—
	Independent Director	Shen Shang-Hung	0/0	—
	Independent Director	Cheng Tun-Chien	0/0	—
	General Manager	Li Kuo-Hung	0/0	—
APC (BVI) Holding Co., Ltd.	Director	Wu I-Kuei	0/0	—
	Director	Li Kuo-Hung	0/0	—
	Director	Matthew Miao	0/0	—
	Director	Liu Chen-Tu	0/0	—
China General Plastics Corporation	Chairman	Wu I-Kuei (Representative of Union Polymer Int'l Investment Corp.)	0/0	122,844,609/24.97
	Director	Chang Chi-Chung (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Lin Han-Fu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Ying Pao-Luo (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Liu Han-Tai (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Director	Liu Chen-Tu (Representative of Union Polymer Int'l Investment Corp.)	0/0	
	Independent Director	Li Tsu-Te	0/0	—
	Independent Director	Cheng Ying-Pin	0/0	—
	Independent Director	Li Liang-Hsien	0/0	—
	General Manager	Lin Han-Fu	0/0	—
Taiwan VCM Corporation	Chairman	Lin Han-Fu (Representative of China General Plastics Corporation)	0/0	196,198,860/87.22
	Director	Wu I-Kuei (Representative of China General Plastics Corporation)	0/0	
	Director	Wang Ping-I (Representative of China General Plastics Corporation)	0/0	
	Director	Chen Yao-Sheng (Representative of China General Plastics Corporation)	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Director	Li Kuo-Hung (Representative of China General Plastics Corporation)	0/0	
	Director	Liu Han-Tai (Representative of China General Plastics Corporation)	0/0	
	Director	Chen Chin-Yuan (Representative of Ocean Plastics Co. Ltd.)	0/0	28,029,923/12.46
	Supervisor	Huang Kuang-Che	21,420/0.01	—
	Supervisor	Ko I-Shao (Representative of Taiwan Union International Investment Co.)	0/0	10,710/0.00
	General Manager	Lin Han-Fu	0/0	—
China General Terminal & Distribution Corporation	Chairman	Chang Hung-Chiang (Representative of China General Plastics Corporation)	0/0	17,079,108/33.33
	Director	Chen Yao-Sheng (Representative of China General Plastics Corporation)	0/0	
	Director	Lin Han-Fu (Representative of China General Plastics Corporation)	0/0	
	Director	Li Kuo-Hung (Representative of Asia Polymer Corporation)	0/0	17,079,107/33.33
	Director	Ying Pao-Luo (Representative of Asia Polymer Corporation)	0/0	
	Director	Ko I-Shao (Representative of Asia Polymer Corporation)	0/0	
	Director	Liu Chen-Tu (Representative of Asia Polymer Corporation)	0/0	
	Supervisor	Liu Han-Tai (Representative of Taita Chemical Company, Ltd.)	0/0	17,079,107/33.33
Supervisor	Wu Sheng-Chuan (Representative of Taita Chemical Company, Ltd.)	0/0		
Swanson Plastics (Malaysia) Sdn. Bhd.	Director	Dato' Cheong Kai Fu	0/0	—
	Director	Ho Sew Kong	0/0	—
	Director	Wu I-Kuei	0/0	—
	Director	Wang Chao-An	0/0	—
	Director	Ying Pao-Luo	0/0	—
	Director and General Manager	Tang Hai-Hao	0/0	—
CGPC America Corporation	Director	Wu I-Kuei	0/0	—
	Director	Lin Han-Fu	0/0	—
	Director and General Manager	Hu Chi-Hung	0/0	—
CGPC (BVI) Holding Co., Ltd.	Director	Wu I-Kuei	0/0	—
	Director	Lin Han-Fu	0/0	—

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Director	Matthew Miao	0/0	—
	Director	Liu Chen-Tu	0/0	—
Krystal Star International Corporation	Director	Wu I-Kuei	0/0	—
	Director	Matthew Miao	0/0	—
	Director	Liu Han-Fu	0/0	—
Continental General Plastics (Zhongshan) Co., Ltd. (Closed)	Chairman and General Manager	Lin Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 20,000,000/100
	Director	Matthew Miao (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Liu Chen-Tu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Hu Chi-Hung (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang Yung-Hui (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
Acme Electronics (Cayman) Corp.	Chairman	Wu I-Kuei	0/0	25,621,692/51.27
	Director	Wu Hsien-Tsung	0/0	
Acme Electronics (Kunshan) Co., Ltd.	Chairman and General Manager	Wu Hsien-Tsung	0/0	Capital contribution: US\$ 30,725,000/100
	Director	Wu I-Kuei	0/0	
	Director	Chang Chi-Chung	0/0	
	Director	Liu Chen-Tu	0/0	
	Director	Chuang Yu-Tsang	0/0	
	Supervisor	Huang Hui-Chen	0/0	
USI Management Consulting Corp.	Chairman	Wu I-Kuei (Representative of USI Corporation)	0/0	671,400/100
	Director	Wang Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Liu Chen-Tu (Representative of USI Corporation)	0/0	
	Supervisor	Huang Ya-I (Representative of USI Corporation)	0/0	
	General Manager	Wu I-Kuei	0/0	—
Swanson International Limited	Director	Wu I-Kuei	0/0	—
	Director	Wang Chao-An	0/0	
	Director	Tang Hai-Hao	0/0	
Swanson Plastics (Kunshan) Co., Ltd.	Chairman	Wang Chao-An (Appointed by Swanson International Limited)	0/0	Capital contribution: US\$ 13,290,000/100
	Director and General Manager	Tang Hai-Hao (Appointed by Swanson International Limited)	0/0	
	Director	Wu I-Kuei (Appointed by Swanson International Limited)	0/0	
	Supervisor	Ying Pao-Luo (Appointed by Swanson International Limited)	0/0	
ACME Electronics (BVI) Corporation	Director	Wu I-Kuei	0/0	730,000/100
	Director	Chuang Yu-Tsang	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Director and General Manager	Wu Hsien-Tsung	0/0	
USI International Corporation	Director	Wu I-Kuei	0/0	—
	Director	Li Kuo-Hung	0/0	—
	Director	Liu Chen-Tu	0/0	—
	Director	Huang Ya-I	0/0	—
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Ying Pao-Luo (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$27,350,000/100
	Director	Wu Pei-Chi (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yen Tai-Ming (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang Yung-Hui (Appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen Tai-Ming	0/0	
Acme Electronics (Guang-Zhou) Co., Ltd.	Chairman and General Manager	Wu Hsien-Tsung	0/0	Capital contribution: US\$ 19,200,000/100
	Director	Chuang Yu-Tsang	0/0	
	Director	Wu I-Kuei	0/0	
A.S. Holdings (UK) Limited	Director	Wu I-Kuei	0/0	—
	Director	Ying Pao-Luo	0/0	—
	Director	Wang Chao-An	0/0	—
USI Trading (Shanghai) Co., Ltd.	Chairman and General Manager	Li Kuo-Hung (Appointed by APC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 2,500,000/100
	Vice Chairman	Wu Chiao-Feng (Appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Director	Wang Ke-Shun (Appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Director	Wu Ming-Tsung (Appointed by APC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang Yung-Hui (Appointed by APC (BVI) Holding Co., Ltd.)	0/0	
ASK-Swanson (Kunshan) Co., Ltd.	Chairman	Wang Chao-An (Appointed by A.S. Holdings (UK) Limited)	0/0	Capital contribution: USD9,100,000/100
	Director and General Manager	Tang Hai-Hao (Appointed by A.S. Holdings (UK) Limited)	0/0	
	Director	Wu I-Kuei (Appointed by A.S. Holdings (UK) Limited)	0/0	
	Supervisor	Ying Pao-Luo (Appointed by A.S. Holdings (UK) Limited)	0/0	
CGPC Consumer Products Corporation (Closed)	Chairman and General Manager	Lin Han-Fu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution: US\$ 1,500,000/100
	Director	Liu Chen-Tu (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Director	Hu Chi-Hung (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Chen Wan-Ta (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang Yung-Hui (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang Hui-Chen (Appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
Thintec Materials Corporation	Chairman	Wu I-Kuei (Representative of USI Corporation)	0/0	1,825,000/30.42
	Director	Chang Chi-Chung (Representative of USI Corporation)	0/0	
	Director	Liu Han-Tai (Representative of USI Corporation)	0/0	
	Director	Chiang Hui-Chung (Representative of USI Corporation)	0/0	
	Director	Wu Pei-Chi (Representative of USI Corporation)	0/0	900,000/15.00
	Supervisor	Huang Ya-I (Representative of Taiwan United Venture Capital Corp.)	0/0	
	General Manager	Chiang Hui-Chung	0/0	
Asia Polymer Corporation	Chairman	Wu I-Kuei (Representative of Asia Polymer Corporation)	0/0	20,000,000/100
	Director	Li Kuo-Hung (Representative of Asia Polymer Corporation)	0/0	
	Director	Huang Ya-I (Representative of Asia Polymer Corporation)	0/0	
	Supervisor	Liu Chen-Tu (Representative of Asia Polymer Corporation)	0/0	
	General Manager	Huang Ya-I	0/0	—
CGPC Polymer Corporation	Chairman	Wu I-Kuei (Representative of China General Plastics Corporation)	0/0	56,478,291/100.00
	Director	Wang Ping-I (Representative of China General Plastics Corporation)	0/0	
	Director	Liu Han-Fu (Representative of China General Plastics Corporation)	0/0	
	Supervisor	Huang Ya-I (Representative of China General Plastics Corporation)	0/0	
	General Manager	Lin Han-Fu	0/0	
Swanson Technologies	Chairman	Wu I-Kuei (Representative of Swanson Plastics Corp.)	0/0	14,000,000/70.00

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
Corporation	Director	Chang Chi-Chung (Representative of USIFE Investment Co., Ltd.)	0/0	3,000,000/15.00
	Director	Li Kuo-Hung (Representative of Asia Polymer Corporation)	0/0	3,000,000/15.00
	Director	Liu Chen-Tu (Representative of Swanson Plastics Corp.)	0/0	14,000,000/70.00
	Director	Wang Chao-An (Appointed by Swanson Plastics Corp.)	0/0	
	Supervisor	Huang Ya-I	0/0	—
	General Manager	Wang Chao-An	0/0	—
USI Optronics Corporation	Chairman	Wu I-Kuei (Representative of Acme Electronics Corporation)	61,745/0.10	22,064,224/34.00
	Vice Chairman	Wu Tung-Yang (Representative of Acme Electronics Corporation)	0/0	
	Director	Chuang Yu-Tsang (Representative of Acme Electronics Corporation)	48,061/0.07	
	Director	Chang Chi-Chung (Representative of Acme Electronics Corporation)	0/0	
	Director	Li Kuo-Hung (Representative of Acme Electronics Corporation)	0/0	
	Director	Huang Chun-Hui (Representative of Acme Electronics Corporation)	480,415/0.74	
	Director	Wu Hsien-Tsung (Representative of Acme Electronics Corporation)	8,042/0.01	
	Director	Liu Chen-Tu (Representative of Acme Electronics Corporation)	0/0	
	Supervisor	Ying Pao-Luo (Representative of USIFE Investment Co., Ltd.)	0/0	165,279/0.25
	Supervisor	Chiang Hui-Chung (Representative of USIFE Investment Co., Ltd.)	0/0	
	Supervisor	Wu Pei-Chi (Representative of USIFE Investment Co., Ltd.)	0/0	
	General Manager	Huang Chun-Hui	480,415/0.74	
	General Manager	Huang Chun-Hui	480,415/0.74	
Swanson Plastics (India) Private Limited	Director	Wu I-Kuei	0/0	—
	Director	Wang Chao-An	0/0	—
	Director	Tang Hai-Hao	0/0	—
Swanson Plastics (Tianjin) Co., Ltd.	Chairman and General Manager	Wang Chao-An (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	Capital contribution: US\$ 8,700,000/100
	Director	Tang Hai-Hao (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	
	Director	Wu I-Kuei (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	

Name of company Responsible unit	Title	Name or representative	Number of shares held by the person / Shareholding percentage	Number of shares held by juristic persons represented / Shareholding percentage
	Supervisor	Ying Pao-Luo (Appointed by Swanson Plastics (Singapore) Pte. Ltd.)	0/0	
Cypress Epoch Limited	Director	Wu I-Kuei	0/0	—
	Director	Chang Chi-Chung	0/0	—
	Director	Wang Ke-Shun	0/0	—
PT. Swanson Plastics Indonesia	Director	Wu I-Kuei	0/0	—
	Director	Wang Chao-An	0/0	—
	Director	Tang Hai-Hao	0/0	—
	Supervisor	Lin Sai-Chin	0/0	—
Ever Conquest Global Limited	Director	Wu I-Kuei	0/0	—
	Director	Chang Chi-Chung	0/0	—
	Director	Li Kuo-Hung	0/0	—
USIG (Shanghai) Co., Ltd.	Chairman and General Manager	Wang Ke-Shun	0/0	—
	Director	Wu I-Kuei	0/0	—
	Director	Chang Chi-Chung	0/0	—
	Supervisor	Liu Chen-Tu	0/0	—
	Director	Huang Ya-I	0/0	—
INOMA Corporation	Chairman	Chou Chun-Hsiung (Representative of USI Corporation)	0/0	9,126,786/93.18
	Director	Wu I-Kuei (Representative of USI Corporation)	0/0	
	Director	Kao Che-I (Representative of USI Corporation)	0/0	
	Director	Liu Han-Tai (Representative of USI Corporation)	0/0	
	Director	Wang Ke-Shun (Representative of USI Corporation)	0/0	
	Director	Wu Pei-Chi (Representative of USI Corporation)	0/0	
	Director	Chen Pu-Lun (Representative of USI Corporation)	116,583/1.19	
	Supervisor	Chiang Hui-Chung	0/0	—
	General Manager	Chen Pu-Lun	116,583/1.19	—

6. Operating status of affiliated enterprises:

December 31, 2017
Unit: NT\$ thousands

Affiliated Company Code	Company Name	Paid-up Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Income	Current Profit and Loss (After Taxes)	Earnings per Share (NTD) (After Taxes)
13040001	Swanson Plastics Corp.	1,498,173	4,298,038	1,636,385	2,479,954	1,140,336	72,353	164,402	1.10
13040002	Forever Young Company Limited	1,488	914,509	798,217	116,293	31,909	3,821	5,528	110.56
13040003	Curtana Company Ltd.	6,091	5,350	28	5,322	0	(38)	(6,726)	(0.00)
13040004	Swanson Plastics (Nantong) Co., Ltd.	119,040	192,000	176,675	15,325	1,577	(18,132)	(7,773)	0.00
13040006	Swanson Plastics (Singapore) Pte Ltd.	782,942	1,617,718	45,923	1,571,794	511,548	83,423	79,541	5.56
13040007	Acme Electronics Corp.	1,824,307	2,778,275	1,415,202	1,363,073	1,077,383	99,331	(103,454)	(0.57)
13040008	Golden Amber Enterprises Ltd.	638,676	817,553	19,721	797,832	0	(829)	68,614	3.47
13040009	USIFE Investment Co., Ltd.	872,508	767,327	21,392	745,935	0	(9,402)	10,952	0.13
13040010	Taiwan United Venture Management Corporation	8,000	19,711	4,083	15,628	0	(8,517)	1,206	1.51
13040012	Union Polymer Int'l Investment Corp.	4,627,580	7,674,238	2,087,121	5,587,117	0	(5,770)	540,033	1.17
13040017	Swanlake Traders Ltd.	721,685	1,284,560	80	1,284,480	0	(2,194)	10,682	0.15
13040018	Acme Components(Malaysia) Sdn. Bhd.	280,051	565,967	152	565,815	0	(150)	46,484	1.17
13040019	Acme Ferrite Products Sdn. Bhd.	38,896	610,782	287,534	323,248	452,225	62,724	47,093	8.56
13040023	Chong Loong Trading Co., Ltd.	37,608	110,627	78,120	32,507	293,493	1,776	1,000	0.27
13040024	Forum Pacific Trading Ltd.	6,547	35,321	1,570	33,751	911	(2,651)	(2,342)	(3.58)
13040026	Taiwan United Venture Capital Corp.	470,000	323,033	1,800	321,233	0	(8,322)	20,110	0.43
13040027	USI Far East(HK) Co., Ltd.	60,912	151,190	21,594	129,596	267,602	5,577	(1,430)	(0.23)
13040028	Taita Chemical Company, Ltd.	3,276,518	7,528,896	3,623,346	3,905,550	13,132,796	477,608	502,079	1.53
13040029	Taita (BVI) Holding Co., Ltd.	1,837,323	2,175,339	727,631	1,447,708	0	(6,621)	122,436	0.67
13040031	Taita Chemical (Zhongshan) Co., Ltd.	1,376,400	2,359,946	441,827	1,918,119	6,509,861	298,208	234,197	1.57
13040032	Asia Polymer Corporation	5,181,147	14,820,074	5,003,604	9,816,470	6,241,496	684,769	565,354	1.09

Affiliated Company Code	Company Name	Paid-up Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Income	Current Profit and Loss (After Taxes)	Earnings per Share (NTD) (After Taxes)
13040033	APC (BVI) Holding Co., Ltd.	337,556	435,497	0	435,497	0	(212)	(8,545)	(0.75)
13040034	China General Plastics Corporation	4,919,996	10,588,471	2,782,130	7,806,341	8,110,347	1,174,109	1,269,808	2.58
13040035	Taiwan VCM Corporation	2,249,528	4,267,712	1,181,338	3,086,374	9,255,991	635,536	543,460	2.42
13040036	China General Terminal & Distribution Co	512,373	906,447	88,920	817,527	262,103	55,157	53,358	1.04
13040037	Swanson Plastics (Malaysia) Sdn. Bhd.	141,440	855,777	171,914	683,863	1,054,459	148,031	119,469	59.73
13040038	CGPC America Corporation	596,688	381,386	130,972	250,414	651,377	9,761	9,101	0.15
13040040	CGPC (BVI) Holding Co., Ltd	485,334	347,575	0	347,575	0	(128)	(4,428)	(0.09)
13040041	Krystal Star International Corporation	172,013	72,608	118	72,490	0	(147)	745	0.04
13040045	Continental General Plastics (Zhongshan) Co., Ltd.	595,200	286,010	24,243	261,767	0	(6,684)	(4,449)	(0.07)
13040052	Acme Electronics (Cayman) Corp.	148,712	1,296,767	151,357	1,145,410	0	(16,925)	(50,915)	(1.02)
13040053	Acme Electronics (Kunshan) Co., Ltd.	914,376	1,222,899	504,489	718,410	744,330	(83,238)	(77,698)	-
13040054	USI Management Consulting Corp.	6,714	43,717	46,558	(2,841)	0	(276,845)	996	1.48
13040055	Swanson International Ltd.	432,746	1,439,471	92,405	1,347,066	0	0	81,868	5.63
13040056	Swanson Plastics (Kunshan) Co., Ltd.	395,510	1,356,621	434,034	922,586	1,126,037	59,170	63,585	0.00
13040057	Acme Electronics (BVI) Corp.	21,725	541	0	541	0	(75)	(75)	(0.10)
13040059	USI International Corporation	119,040	176,211	3,148	173,063	0	(2,346)	4,898	1.22
13040062	Taita Chemical (Tianjin) Co., Ltd.	813,936	813,923	625,070	188,853	824,097	(93,467)	(86,042)	(1.06)
13040064	Acme Electronics (Guang-Zhou) Co., Ltd.	571,392	959,935	142,449	817,486	1,034,457	79,710	69,445	-
13040065	A.S. Holding (UK) Ltd	172,151	120,360	0	120,360	0	0	0	0.00
13040066	USI Trading (Shanghai) Co., Ltd.	74,400	184,025	84,121	99,904	162,972	5,414	6,555	0.88
13040067	ASK-Swanson (Kunshan) Co., Ltd.	270,816	561,523	34,511	527,013	303,003	19,645	18,283	0.00
13040069	Thintec Materials Corporation	60,000	27,095	2,054	25,041	0	(9,981)	(866)	(0.14)

Affiliated Company Code	Company Name	Paid-up Capital	Total Assets	Total Liabilities	Net Value	Revenue	Operating Income	Current Profit and Loss (After Taxes)	Earnings per Share (NTD) (After Taxes)
13040070	CGPC Consumer Products Corporation	44,640	14,211	44	14,167	0	0	2,252	0.50
13040072	APC Investment Corporation	200,000	118,077	9,499	108,578	0	(412)	3,315	0.17
13040073	CGPC Polymer Corporation	564,783	2,779,079	1,933,531	845,548	5,374,192	301,369	248,678	4.40
13040074	Swanson Technologies Corporation	200,000	26,387	89,031	(62,643)	0	(20,881)	(21,502)	(1.08)
13040075	USI Optronics Corporation	649,017	490,542	15,699	474,843	49,698	(148,225)	(175,708)	(2.71)
13040076	Swanson Plastics (India) Private Ltd.	81,243	426,623	358,594	68,029	245,213	7,483	21,964	1.33
13040078	Swanson Plastics (Tianjin) Co., Ltd.	169,632	427,964	230,212	197,752	8,298	(17,288)	(27,191)	0.00
13040079	Cypress Epoch Limited	148,800	127,270	0	127,270	0	0	10,902	0.73
13040081	PT Swanson Plastics Indonesia	535,680	551,113	185,065	366,047	334	(32,740)	(33,422)	0.00
13040082	USIG (Shanghai) Co., Ltd.	148,800	356,646	229,376	127,270	70,679	7,989	10,884	0.73
13040083	Ever Conquest Global Limited	3,678,812	3,753,292	0	3,753,292	0	0	14,707	0.04
13040084	INOMA Corporation	97,950	85,288	8,642	76,646	1,787	(46,065)	(39,279)	(4.01)
13040085	Ever Victory Global Limited	5,418,612	5,568,588	417	5,568,171	0	(648)	3,417	0.01
13040086	Dynamic Ever Investments Limited	5,412,660	5,577,307	11,477	5,565,830	0	(31,414)	4,043	0.01

Note : If the affiliate company is a foreign company, all the relevant figures shall be expressed in New Taiwan Dollar (NT\$) based on the exchange rates on the date of this annual report.



(II). Consolidated financial statements of affiliated companies

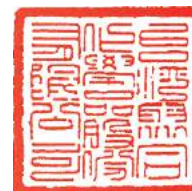
Statement of Declaration

For year 2017 (January 1 to December 31, 2017), affiliated businesses of the Company that shall be included in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as the companies that shall be included into the consolidated financial statement of the parent company and its subsidiaries in accordance with the International Financial Reporting Standards No. 10 (IFRS 10). All information to be disclosed in the consolidated financial statements of affiliated companies have already been disclosed in the consolidated financial statement of the parent company and its subsidiaries. Hence, the consolidated financial statements of affiliated companies were therefore not generated separately.

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Company name: USI Corporation

Person-in-charge: Wu I-Kuei



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ii. Private placement of securities of the most recent year up to the publication date of this report: None.

iii. Holding or disposal of company shares in the most recent fiscal year up to the publication date of this annual report:

As of April 30, 2018 Unit: NT\$ thousands; shares; %

Subsidiary Title (Note 1)	Paid-up Capital	Source of Capital	The Company Shareholding Percentage	Date of Acquisition or Disposal	Number and Amount of Shares Acquired	Number and Amount of Shares Disposed	Gain and Loss on Investment	Number and amount of shares as of the publication date of this annual report	Pledge Status	Amount of endorsements and guarantees provided to subsidiaries by the Company	Loans provided to subsidiaries by this Company
Asia Polymer Corporation	5,181,147 thousand	Own funds	Comprehensive shareholding percentage 37.28%	Not applicable	—	—	—	99,368,307 shares NT\$ 1,445,809 thousand	None	None	None
Taita Chemical Company, Ltd.	3,276,518 thousand	Own funds	Comprehensive shareholding percentage 37.71%	Not applicable	—	—	—	14,813,629 shares NT\$ 215,538 thousand	None	None	None

Note 1: List each subsidiary separately.

iv. Other necessary supplementary notes to be included: None.

v. Any event which has a material impact on shareholders' rights and interests or the Company's securities as prescribed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, that have occurred in the most recent fiscal year up to the publication date of this annual report shall be indicated individually: None

USI Corporation 

Chairman of the Board: Wu, I-Kuei 