Asia Polymer Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Asia Polymer Corporation as of and for the year ended December 31, 2017, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Asia Polymer Corporation and Subsidiaries. Consequently, we do not prepared a separate set of combined financial statements of affiliates.

Very truly yours,

ASIA POLYMER CORPORATION

By:

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YI-GUI WU
Chairman

March 12, 2018

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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.

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. 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 related to the Group's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Revenue Recognition

The increase in sales revenue of the Group in 2017 was due to sales of products with new specifications produced by a new production line, which accounted for approximately 28% of net operating revenue. In addition, the new products were sold mainly to new customers and the Group's parent company. Therefore, revenue recognition has been identified as a key audit matter.

The audit procedures performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of the new product's internal controls and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.

2. We sampled and inspected new product purchase orders from customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.

3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

Valuation of Inventory

As of December 31, 2017, the carrying amount of inventory was NT$761,705 thousand (i.e. the gross amount of inventory of NT$772,398 thousand with a deduction for the allowance for inventory valuation and obsolescence losses of NT$10,693 thousand). Refer to Note 11 to the Group's consolidated financial statements for details.

Inventories of the Group are stated on the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of ethylene. With volatile oil prices worldwide, such valuation of inventory requires significant judgment from management; therefore, the valuation of inventory has been identified as a key audit matter.

The audit procedures performed in response to the risk were as follows:

1. We obtained an understanding of the reasonableness of the Group's policy and methods for the allowance for losses on obsolete inventory.

2. We 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, we understood the inventory status and evaluated the reasonableness of the allowance for losses on obsolete inventory.

Other Matter

We have also audited the parent company only financial statements of Asia Polymer 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 Republic of China, 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.

Auditor's 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 auditors' 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 Republic of China 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 Republic of China, 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 auditors' 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 preludes 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 audits' report are Hsiu-Chun Huang and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2018

<u>*Notice to Readers*</u>

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.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,112,375	14	$ 2,812,999	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,440,940	10	1,548,462	11
Available-for-sale financial assets - current (Notes 4 and 8)	85,936	1	40,569	-
Notes receivable (Notes 4, 5 and 10)	1,627	-	1,789	-
Accounts receivable from unrelated parties (Notes 4, 5 and 10)	489,782	3	727,801	5
Accounts receivable from related parties (Notes 4, 5, 10 and 29)	112,935	1	190,532	1
Other receivables (Note 4)	1,583	-	2,345	-
Other receivables from related parties (Notes 4 and 29)	6,529	-	59,070	-
Inventories (Notes 4, 5 and 11)	761,705	5	673,642	5
Prepayments	122,914	1	163,093	1
Other current assets	110	-	110	-
Total current assets	5,136,436	35	6,220,412	42
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	2,436,185	16	2,392,067	16
Financial assets measured at cost - non-current (Notes 4 and 9)	248,801	2	282,866	2
Investments accounted for using the equity method (Notes 4, 13 and 30)	2,848,526	19	1,395,172	10
Property, plant and equipment (Notes 4, 14 and 29)	3,630,950	24	3,795,553	26
Investment properties (Notes 4 and 15)	516,026	4	526,445	4
Other intangible assets (Notes 4 and 16)	318	-	1,272	-
Deferred tax assets (Notes 4 and 24)	56,574	-	53,997	-
Other non-current assets (Note 26)	2,185	-	2,245	-
Total non-current assets	9,739,565	65	8,449,617	58
TOTAL	$ 14,876,001	100	$ 14,670,029	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 500,000	3	$ 950,000	6
Short-term bills payable (Note 17)	699,834	5	699,791	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	666	-	1,732	-
Accounts payable to unrelated parties (Note 18)	109,809	1	242,765	2
Accounts payable to related parties (Notes 18 and 29)	67,724	1	71,847	-
Other payables to unrelated parties (Note 19)	151,492	1	271,475	2
Other payables to related parties (Note 29)	302,533	2	118,301	1
Current tax liabilities (Notes 4 and 24)	41,078	-	48,520	-
Provisions - current (Notes 4 and 20)	5,899	-	5,899	-
Current portion of long-term borrowings (Note 17)	450,000	3	-	-
Other current liabilities	9,528	-	15,633	-
Total current liabilities	2,338,563	16	2,425,963	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	2,450,000	17	2,450,000	17
Deferred tax liabilities (Notes 4 and 24)	39,968	-	43,307	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 21)	212,209	1	239,127	2
Credit balance of investments accounted for using the equity method (Notes 4, 13 and 30)	9,397	-	6,171	-
Other non-current liabilities (Note 26)	9,394	-	8,256	-
Total non-current liabilities	2,720,968	18	2,746,861	19
Total liabilities	5,059,531	34	5,172,824	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 24)				
Share capital				
Ordinary shares	5,181,147	35	5,030,240	34
Capital surplus	16,434	-	14,046	-
Retained earnings				
Legal reserve	1,627,934	11	1,561,352	11
Special reserve	565,379	4	565,379	4
Unappropriated earnings	2,061,039	14	2,026,291	14
Total retained earnings	4,254,352	29	4,153,022	29
Other equity	364,537	2	299,897	2
Total equity	9,816,470	66	9,497,205	65
TOTAL	$ 14,876,001	100	$ 14,670,029	100

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

ASIA POLYMER 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**	**%**
NET REVENUE (Notes 4, 5 and 29)	$ 6,404,467	100	$ 5,893,335	100
OPERATING COSTS (Notes 4, 11, 21, 23 and 29)	5,707,391	89	5,113,476	87
GROSS PROFIT	697,076	11	779,859	13
OPERATING EXPENSES (Notes 21, 23 and 29)				
Selling and marketing expenses	107,656	2	97,665	1
General and administrative expenses	112,304	2	107,942	2
Research and development expenses	6,226	-	6,583	-
Total operating expenses	226,186	4	212,190	3
PROFIT FROM OPERATIONS	470,890	7	567,669	10
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 23 and 29)				
Other income	175,766	3	175,988	3
Other losses	(52,508)	(1)	(26,511)	(1)
Interest expense	(41,762)	(1)	(21,895)	-
Share of profit or loss of associates	103,367	2	97,677	2
Total non-operating income and expenses	184,863	3	225,259	4
PROFIT BEFORE INCOME TAX	655,753	10	792,928	14
INCOME TAX EXPENSE (Notes 4 and 24)	90,399	1	121,989	2
NET PROFIT FOR THE YEAR	565,354	9	670,939	12
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(12,181)	-	(24,962)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	(1,189)	-	(8,083)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,067	-	4,239	-
	(11,303)	-	(28,806)	(1)

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ASIA POLYMER 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 Amount	2017 %	2016 Amount	2016 %
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (44,287)	(1)	$ (36,266)	-
Unrealized gain on available-for-sale financial assets	104,324	2	489,493	8
Share of the other comprehensive loss of associates accounted for using the equity method	(1,779)	-	(6,303)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	6,382	-	4,891	-
	64,640	1	451,815	8
Other comprehensive income for the year, net of income tax	53,337	1	423,009	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 618,691	10	$ 1,093,948	19
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 565,354	9	$ 665,825	11
Former owners of business contribution under common control	-	-	5,114	-
	$ 565,354	9	$ 670,939	11
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 618,691	10	$ 1,097,395	19
Former owners of business contribution under common control	-	-	(3,447)	-
	$ 618,691	10	$ 1,093,948	19
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.09		$ 1.29	
Diluted	$ 1.09		$ 1.28	

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

ASIA POLYMER 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 (Notes 22 and 24)									
							Other Equity			
	Share Capital			Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Former Owners of Business Contribution under Common Control (Note 12)	
	Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				Total Equity
BALANCE AT JANUARY 1, 2016	493,160	$ 4,931,607	$ 14,046	$ 1,508,197	$ 565,379	$ 1,836,956	$ 34,477	$ (194,956)	$ 140,429	$ 8,836,135
Appropriation of 2015 earnings										
Legal reserve	-	-	-	53,155	-	(53,155)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(295,896)	-	-	(41,786)	(337,682)
Share dividends distributed	9,863	98,633	-	-	-	(98,633)	-	-	-	-
Net profit for the year ended December 31, 2016	-	-	-	-	-	665,825	-	-	5,114	670,939
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(28,806)	(40,133)	500,509	(8,561)	423,009
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	637,019	(40,133)	500,509	(3,447)	1,093,948
Former owners of business contribution under common control	-	-	-	-	-	-	-	-	(95,196)	(95,196)
BALANCE, DECEMBER 31, 2016	503,023	5,030,240	14,046	1,561,352	565,379	2,026,291	(5,656)	305,553	-	9,497,205
Appropriation of the 2016 earnings										
Legal reserve	-	-	-	66,582	-	(66,582)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(301,814)	-	-	-	(301,814)
Share dividends distributed	15,091	150,907	-	-	-	(150,907)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	2,063	-	-	-	-	-	-	2,063
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	325	-	-	-	-	-	-	325
Net profit for the year ended December 31, 2017	-	-	-	-	-	565,354	-	-	-	565,354
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(11,303)	(51,095)	115,735	-	53,337
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	554,051	(51,095)	115,735	-	618,691
BALANCE, DECEMBER 31, 2017	518,114	$ 5,181,147	$ 16,434	$ 1,627,934	$ 565,379	$ 2,061,039	$ (56,751)	$ 421,288	$ -	$ 9,816,470

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

ASIA POLYMER 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	$ 655,753	$ 792,928
Adjustments for:		
Depreciation expenses	289,808	180,969
Amortization expenses	954	1,785
Net gain on fair value change of financial assets held for trading	(605)	(700)
Interest expense	41,762	21,895
Interest income	(16,426)	(14,389)
Dividend income	(96,329)	(88,723)
Share of profit of associates	(103,367)	(97,677)
(Gain) loss on disposal of property, plant and equipment	(186)	34
Loss on disposal of investment properties	497	-
Net (gain) loss on disposal of available-for-sale financial assets	(7,739)	11,262
Impairment loss on financial assets	7,906	-
(Reversal of) write-down of inventories	10,330	(6,731)
Net loss (gain) on foreign currency exchange	1,053	(8,821)
Changes in operating assets and liabilities		
Financial assets held for trading	107,061	(1,030,620)
Notes receivable	160	(1,057)
Accounts receivable from unrelated parties	235,565	(502,245)
Accounts receivable from related parties	77,119	50,579
Other receivables from unrelated parties	1,327	2,300
Other receivables from related parties	52,541	(5,254)
Inventories	(98,393)	127,320
Prepayments	40,179	(74,918)
Accounts payable from unrelated parties	(132,850)	(37,601)
Accounts payable from related parties	(3,897)	36,330
Other payables from unrelated parties	(118,191)	99,914
Increase in other payables from related parties	185,758	34,716
Other current liabilities	(6,105)	6,168
Net defined benefit liabilities	(39,080)	(85,684)
Cash generated from (used in) operations	1,084,605	(588,220)
Interest received	15,921	12,253
Interest paid	(41,517)	(20,884)
Income tax paid	(95,325)	(100,569)
Net cash generated from (used in) operating activities	963,684	(697,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	-	(95,196)
Purchases of available-for-sale financial assets	-	(11,812)
Proceeds from sale of available-for-sale financial assets	21,634	13,165
Capital reduction of financial assets measured at cost	20,994	17,886
Acquisition of associates	(1,437,647)	-

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ASIA POLYMER 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**
Capital reduction of investments accounted for using the equity method	$ -	$ 6,661
Payments for property, plant and equipment	(122,371)	(333,069)
Proceeds from disposal of property, plant and equipment	210	12
Decrease (increase) in refundable deposits	60	(77)
Dividends received	164,188	128,847
Net cash used in investing activities	(1,352,932)	(273,583)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	(450,000)	740,000
Proceeds from short-term bills payable	-	449,836
Proceeds from long-term borrowings	7,150,000	4,450,000
Repayments of long-term borrowings	(6,700,000)	(2,000,000)
(Increase) decrease in other non-current liabilities	1,138	(1,025)
Dividends paid to owners of the Company	(301,765)	(295,896)
Dividends paid to former owners of business contribution under common control	-	(41,786)
Net cash generated from (used in) financing activities	(300,627)	3,301,129
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(10,749)	(25,092)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(700,624)	2,305,034
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,812,999	507,965
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,112,375	$ 2,812,999

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

1. GENERAL INFORMATION

Asia Polymer Corporation (the "Company") was established in January 1977. The Company designs, develops, manufactures and sells low-density polyethylene (LDPE), and ethylene vinyl acetate copolymer (EVA).

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange since June 1986. As of December 31, 2017, the ultimate parent company, USI Corporation, held 36.08% of ordinary shares of the Company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 12, 2018.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the 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 Levels 2 and 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.

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.

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 transactions is enhanced. Refer to Note 29 for the related disclosure.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018 and the amendments to IFRS 9 for early adoption 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
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	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.

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 the collecting of contractual cash flows and the selling of 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, listed 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.

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". A credit loss allowance is required for financial assets measured at amortized cost. 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 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 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**
Impact on assets and equity			
Financial assets at fair value through other comprehensive income	$ -	$ 2,818,801	$ 2,818,801
Available-for-sale financial assets - current	85,936	(85,936)	-
Available-for-sale financial assets - non-current	2,436,185	(2,436,185)	-
Financial assets measured at cost - non-current	248,801	(248,801)	-
Total effect on assets	$ 2,770,922	$ 47,879	$ 2,818,801
Retained earnings	$ 4,254,352	$ 69,163	$ 4,323,515
Unrealized gain on available-for-sale financial assets	421,288	(421,288)	-
Unrealized gain on financial assets at fair value through other comprehensive income	-	400,004	400,004
Total effect on equity	$ 4,675,640	$ 47,879	$ 4,723,519

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed and determined that the application of other standards and interpretations will not have a significant influence 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 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.

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.

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.

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 twelve 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 twelve 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 even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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, including structured entities). 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.

See Note 12 and Tables 5 to 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. 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 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 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.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods 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 weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate 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 Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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 investment remains associated with the Group.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. 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 attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate 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, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. 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.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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.

j. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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.

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

l. 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 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 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, accounts receivable, notes receivable 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 equivalent includes time deposits and reverse repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, 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 accounts receivable, notes receivable and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15-90 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivable.

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. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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 accounts receivable, notes receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When an account receivable, note receivable and other 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 accounts receivable, notes receivable and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

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) Financial liabilities

a) Subsequent measurement

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

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. Fair value is determined in the manner described in Note 28.

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.

3) 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 unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. 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.

m. Provisions

Provisions are measured at the best estimate 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.

n. 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 allowances. 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.

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 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.

o. Leasing

Leases are classified as finance leases whenever a terms of the 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.

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 (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payables 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 and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the 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 or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

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. Revenue recognition

As described in Note 4, the Group recognizes revenue when certain conditions are satisfied. The Group records a provision for estimated sales return and liabilities for returns in the period when the related revenue is recorded. Provisions for estimated sales returns and related liabilities are generally made and adjusted based on management judgment, provision historical experience and other factors that would significantly affect the estimated provision; management periodically reviews the reasonableness of the provisions.

b. Estimated impairment of accounts receivable

When there is objective evidence of an impairment loss on accounts receivable, the Group takes into consideration the estimated future cash flows of such receivables. Impairment loss is measured as the difference between such an asset’s carrying amount and the present value of its estimated future cash flows discounted at the financial asset’s original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

c. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. 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.

d. Impairment assessment for tangible assets and intangible assets (excluding goodwill)

In the process of evaluating the impairment of assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to specific asset groups while taking into consideration the nature of the industry. Furthermore, any changes in such estimations resulting from changes in economic conditions or the Company’s strategy could possibly lead to a material impairment loss in future periods.

e. Recognition and measurement of defined benefit plans

The resulting defined benefit costs under defined benefit pension plans and the net defined benefit liabilities (assets) 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.

6. CASH AND CASH EQUIVALENTS

	December 31 2017	December 31 2016
Cash on hand and petty cash	$ 309	$ 237
Checking accounts and demand deposits	180,514	122,371
Cash equivalents		
Time deposits	1,881,627	2,044,975
Reverse repurchase agreements collateralized by bonds	49,925	645,416
	$ 2,112,375	$ 2,812,999

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

	December 31 2017	December 31 2016
Time deposits	0.13%-2.10%	0.07%-1.55%
Reverse repurchase agreements collateralized by bonds	0.61%	0.32%-0.40%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31 2017	December 31 2016
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Domestic listed shares	$ 106,007	$ 64,739
Mutual funds	1,334,933	1,483,723
	$ 1,440,940	$ 1,548,462
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 666	$ 1,732

The net loss on operations of financial assets and liabilities at FVTPL - current in 2017 and 2016 was $10,358 thousand and $2,285 thousand, respectively.

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)
December 31, 2017			
Sell	USD/NTD	2018.01.03-2018.02.08	USD2,300/NTD68,951
Sell	RMB/NTD	2018.01.04-2018.03.29	RMB33,600/NTD151,548
December 31, 2016			
Sell	USD/NTD	2017.01.25-2017.02.10	USD3,000/NTD94,904
Sell	RMB/NTD	2017.02.02-2017.03.13	RMB20,944/NTD94,866
Sell	RMB/USD	2017.01.20-2017.01.23	RMB13,400/USD1,914

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, were not accounted for using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Domestic investments		
Publicly traded shares	$ 2,504,909	$ 2,421,225
Overseas investments		
Publicly traded shares	17,212	11,411
	$ 2,522,121	$ 2,432,636
Current portion	$ 85,936	$ 40,569
Non-current portion	2,436,185	2,392,067
	$ 2,522,121	$ 2,432,636

The Group disposed of certain available-for-sale financial assets, recognizing a disposal gain of $7,739 thousand and a disposal loss of $11,262 thousand, during 2017 and 2016, respectively.

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2017	2016
Domestic unlisted ordinary shares	$ 193,775	$ 214,769
Overseas unlisted ordinary shares	1,975	5,390
Overseas unlisted preference shares	53,051	62,707
	$ 248,801	$ 282,866
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 248,801	$ 282,866

As the range of reasonable fair value estimates was significant, the probabilities of the various estimates cannot be reasonably assessed. The management believes that the fair values of the unlisted equity investments held by the Group cannot be reliably measured; therefore, they were measured at cost less impairment at the end of reporting period.

An investee, KHL IB Venture Capital Co., Ltd., reduced its capital and returned cash to its shareholders in July 2017. The Company received $18,000 thousand back, according to its shareholding ratio.

An investee, Riselink Venture Capital Corp., reduced its capital and returned cash to its shareholders in August 2017 and August 2016. The Company received $2,994 thousand and $1,457 thousand back, respectively, according to its shareholding ratio.

An investee, Harbinger Venture Capital Corp., reduced its capital and returned cash to its shareholders in July 2016. The Company received $2,520 thousand back, according to its shareholding ratio.

An investee, Budworth Investment Ltd., reduced its capital and returned cash to its shareholders in July 2016. The Company received US$433 thousand (approximately $13,909 thousand) back, according to its shareholding ratio.

The Group assessed the operating and financial position of its investments in its investees, Teratech Corporation and NeuroSky, Inc., recognizing an impairment loss of $3,035 thousand and $4,871 thousand in 2017, respectively.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2017	2016
Notes receivable		
Notes receivable - operating	$ 1,634	$ 1,794
Less: Allowance for impairment loss	(7)	(5)
	$ 1,627	$ 1,789
Accounts receivable		
Accounts receivable from unrelated parties	$ 491,775	$ 729,796
Less: Allowance for impairment loss	(1,993)	(1,995)
	$ 489,782	$ 727,801
Accounts receivable from related parties (Note 29)	$ 112,935	$ 190,532

Accounts receivable

The average credit period of sales of goods was 15-90 days. In determining the recoverability of an account receivable, the Company considered any change in the credit quality of the account receivable since the date credit was initially granted to the end of the reporting period.

Before accepting a new customer, the Group takes both the client evaluation results generated by its internal system and the evaluation report provided by an external hedging institution into consideration to measure the potential customer's credit quality and determine the customer's credit limit. Customer credit limits and ratings are reviewed regularly every year. Therefore, the recoverable receivables of the Group mainly come from those companies with good credit long-term business relationships.

The aging of receivables based on the number of days past due days from the invoice date was as follows:

	December 31	
	2017	**2016**
Less than and including 60 days	$ 423,447	$ 740,641
61-90 days	150,313	157,471
91-120	30,950	22,216
	$ 604,710	$ 920,328

The above aging schedule was based on the number of days past due from the invoice date.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2017	**2016**
Less than and including 30 days	$ 1	$ 3,895

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

For the accounts receivable 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 the credit quality of these receivables and the amounts were considered recoverable.

Movements in the allowance for impairment loss recognized on notes receivable and accounts receivable were as follows:

	Individually Assessed for Impairment	**Collectively Assessed for Impairment**	**Total**
Balance at January 1, 2016	$ -	$ 2,000	$ 2,000
Add: Reclassification	-	-	-
Balance at December 31, 2016	$ -	$ 2,000	$ 2,000
Balance at January 1, 2017	$ -	$ 2,000	$ 2,000
Add: Reclassification	-	-	-
Balance at December 31, 2017	$ -	$ 2,000	$ 2,000

11. INVENTORIES

	December 31	
	2017	2016
Finished goods	$ 645,109	$ 480,581
Work in progress	51,989	43,507
Raw materials	21,296	104,821
Production supplies	43,311	44,733
	$ 761,705	$ 673,642

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $5,707,391 thousand and $5,113,476 thousand, respectively. The cost of goods sold included inventory write-downs of $10,330 thousand and reversals of inventory write-downs of $6,731 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. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activities	% of Ownership December 31 2017	% of Ownership December 31 2016	Remark
The Company	APC Investment Co., Ltd.	Investment	100.00	100.00	*
The Company	APC (BVI) Holding Co., Ltd. ("APC BVI")	Reinvestment	100.00	100.00	*
The Company	USI International Corp. ("USIIC")	Reinvestment	70.00	70.00	*
APC BVI	USI International Corp. ("USIIC")	Reinvestment	30.00	30.00	*
APC BVI	USI Trading (Shanghai) Co., Ltd. ("USITA")	Sale of chemical products and equipment	100.00	100.00	*

* These companies are not major subsidiaries, and their financial statements have been audited.

On October 19, 2016, APC BVI acquired a 100% interest in USITA, a subsidiary of Swanlake Traders Ltd. The Company and Swanlake Traders Ltd. both are subsidiaries of USI Corporation; therefore, the transaction is classified as a business combination involving entities under common control. Because there is no specific rule about business combinations involving entities under common control under IFRS 3 "Business Combinations," the related interpretation issued in the ROC is adopted. According to the interpretation issued by the Accounting Research and Development Foundation, the book value of total assets and liabilities of USITA was included in the consolidated balance sheets when its interest was acquired. And prior period comparative information in the consolidated financial statements was restated as if the business combination involving the entities under common control had already occurred in that period. APC BVI paid RMB20,300 thousand (approximately $95,196 thousand), the net amount of equity on the equity transfer basic day, to acquire the 100% interest in USITA. The transfer transaction was authorized by the Investment Commission, MOEA on August 3, 2016, and the equity transfer was completed on October 19, 2016.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Material associates		
Ever Conquest Global Ltd.	$ 1,420,994	$ 63,554
Associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	629,910	595,143
Acme Electronics Corporation ("ACME")	59,334	64,301
Unlisted company		
China General Terminal & Distribution Corporation ("CGTD")	272,509	243,047
ACME Electronics (Cayman) Corp. ("ACME (Cayman)")	190,627	197,740
Swanson Plastics Corporation ("SPC")	197,140	198,234
Taiwan United Venture Capital Corp. ("TUVC")	26,748	25,273
Thintec Materials Corporation ("TMC")	7,617	7,880
USI Optronics Corporation ("USIO")	43,697	-
Swanson Technologies Corporation	(9,397)	(6,171)
	2,839,129	1,389,001
Add: Reclassification of the credit amount of investments to liabilities	9,397	6,171
	$ 2,848,526	$ 1,395,172

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31 2017	2016
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	37.43%	40.94%

The Group uses the equity method to account for the above associate.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes.

Ever Conquest Global Ltd.

	December 31	
	2017	2016
Non-current assets	$ 3,796,226	$ 155,219
Equity	$ 3,796,226	$ 155,219
Proportion of the Group's ownership	37.43%	40.94%
Equity attributable to the Group	$ 1,420,944	$ 63,554
Carrying amount	$ 1,420,944	$ 63,554

During 2017 and 2016, no significant operating revenue was generated by Ever Conquest Global Ltd.

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Profit (loss) from continuing operations	$ 868	$ (3,403)
Other comprehensive loss	(21,725)	(1,204)
Total comprehensive loss for the year	$ (20,857)	$ (4,607)

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Profit from continuing operations	$ 102,499	$ 101,080
Other comprehensive loss	(1,689)	(5,300)
Total comprehensive income for the year	$ 100,810	$ 95,780

The group's ownership interest and percentage of voting right in associate at the end of the reporting period were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2017	2016
CGPC	8.07%	8.07%
ACME	4.35%	4.35%
CGTD	33.33%	33.33%
ACME (Cayman)	16.64%	16.64%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	30.42%	30.42%
Swanson Technologies Corporation	15.00%	15.00%
USIO	9.20%	-

Refer to Table 5 "Information on Investees" and Table 6 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group's percentage of ownership over CGPC, ACME, ACME (Cayman), SPC, TUVC, Swanson Technologies Corporation, and USIO was less than 20%. These associates were accounted for using the equity method, as the Group retained significant influence over them.

The Company and USI Corporation originally scheduled to sign a joint venture arrangement for Fujian Gulei Petrochemical Co., Ltd. on April 17, 2014. But due to an increase in the investment plan funding requirements, the joint venture arrangement was re-signed on September 30, 2016. The Company and USI Corporation established Ever Conquest Global Ltd., so as to invest in the joint venture through a holding company registered in a third region. As of December 31, 2017, the Company and USI Corporation had respectively invested US$46,270 thousand (approximately $1,443,125 thousand) and US$77,346 thousand (approximately $2,407,735 thousand). Refer to Note 30 for more information.

TUVC held an interim shareholders meeting on September 6, 2016, resolving to reduce its capital and return cash to shareholders and make up for losses. The reduction record date was September 29, 2016, and the Company received $6,661 thousand back in September 2016.

For the purposes of strengthening its financial structure, a cash injection plan of $410,000 thousand was approved by USIO's board of directors on February 22, 2017. And USIO held a shareholders meeting on April 7, 2017, resolving to reduce its capital by $966,795 thousand to offset losses and eliminated 96,680 thousand ordinary shares, with a capital reduction ratio of 80.18%. The Company's board of directors approved its participation in the cash injection plan of USIO within a $60,000 thousand injection, and completed its subscription for 5,972 thousands shares on June 7, 2017, with a resulting proportion of ownership of 9.20% after the cash injection.

The Company uses the equity method to account for its investments in USIO. As of December 31, 2017, their book values were higher than the carrying amounts of the Company's interests in its investments in USIO by $6,583 thousand. An impairment loss of $6,583 thousand was assessed and recognized on the Group's share of profit or loss of associates for the year ended December 31, 2017.

The market prices of the investments accounted for using the equity method in publicly traded shares calculated by the closing price at the end of the reporting period are summarized as follows.

	December 31	
Name of Associate	**2017**	**2016**
CGPC	$ 1,286,296	$ 923,133
ACME	$ 146,117	$ 96,882

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2017 and 2016 were based on the associates' financial statements which were audited for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2016	$ 230,587	$ 250,912	$ 3,396,697	$ 89,956	$ 3,076,725	$ 7,044,877
Additions	-	-	15,051	-	318,018	333,069
Disposals	-	-	(16,850)	(3,397)	-	(20,247)
Reclassification	-	511,833	2,792,928	4,342	(3,309,103)	-
Effect of foreign currency exchange differences	-	-	(57)	(222)	-	(279)
Balance at December 31, 2016	$ 230,587	$ 762,745	$ 6,187,769	$ 90,679	$ 85,640	$ 7,357,420
Accumulated depreciation						
Balance at January 1, 2016	$ -	$ 209,474	$ 3,118,211	$ 79,421	$ -	$ 3,407,106
Depreciation expenses	-	8,829	161,893	4,489	-	175,211
Disposals	-	-	(16,805)	(3,396)	-	(20,201)
Effect of foreign currency exchange differences	-	-	(45)	(204)	-	(249)
Balance at December 31, 2016	$ -	$ 218,303	$ 3,263,254	$ 80,310	$ -	$ 3,561,867
Carrying amounts at December 31, 2016	$ 230,587	$ 544,442	$ 2,924,515	$ 10,369	$ 85,640	$ 3,795,553

(Continued)

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2017	$ 230,587	$ 762,745	$ 6,187,769	$ 90,679	$ 85,640	$ 7,357,420
Additions	-	-	25,444	2,082	94,845	122,371
Disposals	-	-	(6,118)	(8,046)	-	(14,164)
Reclassification	(2,358)	3,950	80,515	2,573	(87,038)	(2,358)
Effect of foreign currency exchange differences	-	-	(164)	(55)	-	(219)
Balance at December 31, 2017	$ 228,229	$ 766,695	$ 6,287,446	$ 87,233	$ 93,447	$ 7,463,050
Accumulated depreciation						
Balance at January 1, 2017	$ -	$ 218,303	$ 3,263,254	$ 80,310	$ -	$ 3,561,867
Depreciation expenses	-	20,063	259,927	4,597	-	284,587
Disposals	-	-	(6,109)	(8,031)	-	(14,140)
Effect of foreign currency exchange differences	-	-	(428)	214	-	(214)
Balance at December 31, 2017	$ -	$ 238,366	$ 3,516,644	$ 77,090	$ -	$ 3,832,100
Carrying amounts at December 31, 2017	$ 228,229	$ 528,329	$ 2,770,802	$ 10,143	$ 93,447	$ 3,630,950

(Concluded)

There was no indication of impairment for the years ended December 31, 2017 and 2016.

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

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

Buildings improvements	
Factory and improvements	15 to 40 years
Main buildings and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
Others	2 to 20 years
Machinery and equipment	3 to 22 years
Other equipment	3 to 13 years

15. INVESTMENT PROPERTIES

	Land	Buildings and Improvements	Total
Cost			
Balance at January 1, 2016	$ 367,844	$ 271,597	$ 639,441
Effect of foreign currency exchange differences	-	(2,412)	(2,412)
Balance at December 31, 2016	$ 367,844	$ 269,185	$ 637,029

(Continued)

	Land	Buildings and Improvements	Total
Accumulated depreciation			
Balance at January 1, 2016	$ -	$ 105,540	$ 105,540
Depreciation expenses	-	5,758	5,758
Effect of foreign currency exchange differences	-	(714)	(714)
Balance at December 31, 2016	$ -	$ 110,584	$ 110,584
Carrying amounts at December 31, 2016	$ 367,844	$ 158,601	$ 526,445
Balance at January 1, 2017	$ 367,844	$ 269,185	$ 637,029
Disposals	-	(2,262)	(2,262)
Transfers from property, plant and equipment	2,358	-	2,358
Effect of foreign currency exchange differences	-	(10,441)	(10,441)
Balance at December 31, 2017	$ 370,202	$ 256,482	$ 626,684
Accumulated depreciation			
Balance at January 1, 2017	$ -	$ 110,584	$ 110,584
Disposals	-	(1,765)	(1,765)
Depreciation expenses	-	5,221	5,221
Effect of foreign currency exchange differences	-	(3,382)	(3,382)
Balance at December 31, 2017	$ -	$ 110,658	$ 110,658
Carrying amounts at December 31, 2017	$ 370,202	$ 145,824	$ 516,026

(Concluded)

The investment properties held by the Group were depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings and improvements	5 to 50 years

The fair value of the investment property (i.e. the land) located in Linyuan Industrial Park, which is for industrial use, cannot be reliably determined due to infrequent market transactions.

The fair value of investment properties - land, excluding the land located in the Linyuan Industrial Park, was $1,497,499 thousand as at December 31, 2017. This fair value was not evaluated by an independent evaluator but was measured by the Group's management using the valuation model that market participants would use in determining fair value, and the fair value was measured by using Level 3 inputs. The evaluation referred to the transaction price of similar real estate in the neighboring areas. Were the transaction price per square meter to increase or decrease by 10%, the fair value of the investment properties would increase or decrease respectively by $149,750 thousand as at December 31, 2017.

16. INTANGIBLE ASSETS

	Carrying Amounts December 31 2017	2016
Computer software	$ 318	$ 1,272

The amortization expense was recognized on a straight-line basis according to the following estimated useful life:

Computer software	3 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Unsecured borrowings		
Bank loans	$ 500,000	$ 950,000

The range of interest rates on bank loans was 0.88%-0.89% and 0.95%-1.10% per annum as of December 31, 2017 and 2016, respectively.

b. Short-term bills payable

	December 31	
	2017	2016
Commercial paper	$ 700,000	$ 700,000
Less: Unamortized discount on bills payable	(166)	(209)
	$ 699,834	$ 699,791
Range of interest rates	0.40%-0.75%	0.50%-0.70%

Outstanding short-term bills payable were as follows:

December 31, 2017

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Financial Co., Ltd.	$ 200,000	$ (37)	$ 199,963	0.40%
Dan Chung Bills Financial C Co., Ltd.	200,000	(61)	199,939	0.65%
Taiwan Cooperative Bills Finance Co., Ltd.	100,000	(35)	99,965	0.75%
Mega Bills Finance Co., Ltd.	100,000	(18)	99,982	0.66%
Ta Ching Bills Finance Co., Ltd.	100,000	(15)	99,985	0.56%
	$ 700,000	$ (166)	$ 699,834	

December 31, 2016

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
China Bills Financial Co., Ltd.	$ 200,000	$ (52)	$ 199,948	0.50%
Dah Chung Bills Financial C Co., Ltd.	200,000	(73)	199,927	0.70%
Taiwan Cooperative Bills Finance Co., Ltd.	100,000	(37)	99,963	0.70%
Mega Bills Finance Co., Ltd.	100,000	(18)	99,982	0.60%
Ta Ching Bills Finance Co., Ltd.	100,000	(29)	99,971	0.56%
	$ 700,000	$ (209)	$ 699,791	

c. Long-term borrowings

	December 31	
	2017	2016
Unsecured borrowings		
Bank SinoPac Revolving credit line: $500,000 thousand Maturity date: 2017.08-2020.06, repayment of principle upon maturity Annual rate: 2017.12.31: 1.05% 2016.12.31: 1.00%	$ 500,000	$ 500,000
KGI Bank Credit line: $400,000 thousand and $200,000 thousand Maturity date: 2015.10-2021.03 and 2016.07-2019.04, repayment of principle upon maturity Annual rate: 2017.12.31: 1.036%-1.175% 2016.12.31: 0.98556%-1.175%	600,000	600,000
Chang Hwa Bank Revolving credit line: $400,000 thousand Maturity date: 2015.11-2018.06 Annual rate: 1.20%	-	400,000
Shin Kong Bank Revolving credit line: $450,000 thousand Maturity date: 2015.10-2018.10, repayment of principle upon maturity Annual rate: 1.00%	450,000	450,000
Yuanta Bank Revolving credit line: $500,000 thousand Maturity date: 2015.10-2021.01, repayment of principle upon maturity Annual rate: 2017.12.31: 1.15% 2016.12.31: 1.20%	500,000	50,000

(Continued)

	December 31	
	2017	**2016**
Fubon Bank Revolving credit line: $500,000 thousand Maturity date: 2016.08-2019.09, repayment of principle upon maturity Annual rate: 2017.12.31: 1.307% 2016.12.31: 1.306%	$ 450,000	$ 450,000
First Commercial Bank Revolving credit line: $500,000 thousand Maturity date: 2017.12-2020.11, repayment of principle upon maturity Annual rate: 1.04%	400,000	-
	2,900,000	2,450,000
Less: Current portions	(450,000)	-
	$ 2,450,000	$ 2,450,000

(Concluded)

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with Bank SinoPac in July 2015 and renewed the agreement in July 2017. A credit line of $500,000 thousand was granted to the Group, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100% and the debt ratio does not exceed 100%. As of December 31, 2017, the Group did not violate these financial ratios.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with KGI Bank in October 2015 and renewed the agreement in March 2018. A credit line of $600,000 thousand was granted to the Group, including a $400,000 thousand with a revolving credit line within the terms of the agreement and $200,000 thousand that would be used in fixed rates. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 150% and the debt ratio does not exceed 125%. As of December 31, 2017, the Group did not violate these financial ratios.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with Fubon Bank in October 2016. A credit line of $500,000 thousand was granted to the Group, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Group should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 150% and the amount of equity is not below $7,000,000 thousand. As of December 31, 2017, the Group did not violate these financial ratios and terms.

18. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2017	**2016**
Accounts payable (including related parties)		
Operating	$ 177,533	$ 314,612

The average credit period was 1 month. The Group had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31	
	2017	2016
Payables for salaries or bonuses	$ 57,845	$ 62,761
Payables for utilities	33,087	32,237
Payables for annual leave	13,045	12,915
Payables for freight fees	10,363	11,702
Payables for dividends	9,331	9,430
Payables for insurance	2,099	3,339
Payables on equipment	1,742	59,221
Others	23,980	79,870
	$ 151,492	$ 271,475

20. PROVISIONS - CURRENT

	December 31	
	2017	2016
Customer returns and rebates	$ 5,899	$ 5,899

The provision of customer returns and rebates was 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 was recognized as a reduction of operating income in the period in which the related goods were sold.

21. 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.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is 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 10% 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. 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 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	$ 431,266	$ 435,749
Fair value of plan assets	(219,057)	(196,622)
Net defined benefit liabilities	$ 212,209	$ 239,127

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2016	$ 450,912	$ (151,036)	$ 299,876
Service cost			
Current service cost	4,943	-	4,943
Net interest expense (income)	5,427	(1,737)	3,690
Recognized in profit or loss	10,370	(1,737)	8,633
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	809	809
Actuarial loss - changes in financial assumptions	8,613	-	8,613
Actuarial loss - changes in demographic assumptions	1,306	-	1,306
Actuarial loss - experience adjustments	14,207	-	14,207
Recognized in other comprehensive income	24,126	809	24,935
Contributions from the employer	-	(94,317)	(94,317)
Benefits paid	(49,659)	49,659	-
Balance at December 31, 2016	435,749	(196,622)	239,127
Service cost			
Current service cost	4,520	-	4,520
Net interest expense (income)	4,309	(1,970)	2,339
Recognized in profit or loss	8,829	(1,970)	6,859
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	200	200
Actuarial loss - changes in financial assumptions	7,968	-	7,968
Actuarial loss - changes in demographic assumptions	1,049	-	1,049
Actuarial loss - experience adjustments	2,944	-	2,944
Recognized in other comprehensive income	11,961	200	12,161
Contributions from the employer	-	(45,938)	(45,938)
Benefits paid	(25,273)	25,273	-
Balance at December 31, 2017	$ 431,266	$ (219,057)	$ 212,209

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 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	$ (8,177)	$ (8,620)
0.25% decrease	$ 8,426	$ 8,889
Expected rate of salary increase		
0.25% increase	$ 8,171	$ 8,639
0.25% decrease	$ (7,972)	$ (8,421)

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**
Expected contributions to the plan for the next year	$ 21,000	$ 10,400
Average duration of the defined benefit obligation	7.9 years	8.2 years

22. EQUITY

a. Ordinary shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	620,000	620,000
Shares authorized	$ 6,200,000	$ 6,200,000
Number of shares issued and fully paid (in thousands)	518,114	503,023
Shares issued	$ 5,181,147	$ 5,030,240

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

The shareholders held their regular meeting on June 8, 2016 and, in that meeting, resolved to issue 9,863 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 $5,030,240 thousand. On July 15, 2016, the transaction was approved by the FSC, and the subscription base date was determined as at August 25, 2016 by the board of directors.

The shareholders held their regular meeting on June 8, 2017 and, in that meeting, resolved to issue 15,091 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 $5,181,147 thousand. On June 21, 2017, the transaction was approved by the FSC, and the subscription base date was determined as at August 4, 2017 by the board of directors.

b. Capital surplus

	December 31	
	2017	2016
Unpaid dividends	$ 15,252	$ 13,189
Share of changes in capital surplus of associates	1,182	857
	$ 16,434	$ 14,046

Capital surplus which arises from the issuance consideration of shares (including issuance consideration of ordinary shares) and donations may be used to offset a deficit.

Capital surplus which arises from unpaid dividends and the share of changes in capital surplus of associates 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, 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.

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.

As the Company is in the maturation stage, for research and development needs and business diversification, the amount of dividends for shareholders shall be no less than 10% of distributable retained earnings for the current year, among which the amount of cash dividends shall be no less than 10%. If the distributable retained earnings per share of the current year are less than $0.1, the retained earnings are not to be distributed.

An 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 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 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	$ 66,582	$ 53,155		
Cash dividends	301,814	295,896	$0.6	$0.6
Share dividends	150,907	98,633	0.3	0.2
	$ 519,303	$ 447,684		

The appropriation of earnings for 2017 were proposed by the Company's board of directors on March 12, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 56,535	$-
Cash dividends	103,623	0.2
Share dividends	362,680	0.7

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	$ (5,656)	$ 34,477
Exchange differences on translating foreign operations	(44,287)	(27,705)
Share of exchange differences of associates accounted for using the equity method	(14,337)	(17,138)
Related income tax	7,529	4,710
Balance at December 31	$ (56,751)	$ (5,656)

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

	For the Year Ended December 31	
	2017	**2016**
Balance at January 1	$ 305,553	$ (194,956)
Gain (loss) on disposal of available-for-sale financial assets	7,739	(11,262)
Unrealized gain on revaluation of available-for-sale financial assets	96,585	500,755
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	12,558	10,835
Related income tax	(1,147)	181
Balance at December 31	$ 421,288	$ 305,553

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations included the following:

a. Other income

	For the Year Ended December 31	
	2017	**2016**
Interest income		
Bank deposits	$ 10,202	$ 6,315
Financial assets at fair value through profit or loss	5,879	6,085
Reverse repurchase agreements collateralized by bonds	345	1,989
	16,426	14,389
Dividends	96,329	88,723
Rental income	52,867	52,829
Others	10,144	20,047
	$ 175,766	$ 175,988

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Net foreign exchange gains (losses)	$ (21,773)	$ 4,562
Loss on disposal of investment properties	(497)	-
Net loss on financial assets at FVTPL	(5,665)	(6,095)
Gain (loss) on disposal of available-for-sale financial assets	7,739	(11,262)
Gain (loss) on disposal of property, plant and equipment	186	(34)
Net loss on financial liabilities at FVTPL	(10,572)	(2,275)
Financial asset impairment loss	(7,906)	-
Others	(14,020)	(11,407)
	$ (52,508)	$ (26,511)

c. Finance costs

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2017	2016
Capitalized interest	$ -	$ 1,854
Capitalization rate	-	0.99%

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 284,587	$ 175,211
Investment properties	5,221	5,758
Intangible assets	954	1,785
	$ 290,762	$ 182,754
An analysis of depreciation by function		
Operating costs	$ 284,342	$ 174,910
Operating expenses	245	301
Other gains and losses	5,221	5,758
	$ 289,808	$ 180,969
An analysis of amortization by function		
Operating expenses	$ 954	$ 1,785

e. Employee benefits expense

	For the Year Ended December 31	
	2017	**2016**
Post-employment benefits (see Note 21)		
Defined contribution plans	$ 7,318	$ 7,120
Defined benefit plans	6,859	8,633
	14,177	15,753
Other employee benefits	333,313	330,990
Total employee benefits expense	$ 347,490	$ 346,743
An analysis of employee benefits expense by function		
Operating costs	$ 275,560	$ 275,398
Operating expenses	71,930	71,345
	$ 347,490	$ 346,743

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at 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 12, 2018 and March 14, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	**2016**
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2017	**2016**
Employees' compensation	$ 6,593	$ 7,931
Remuneration of directors	-	-

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 is 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. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2017	2016
Foreign exchange gains	$ 27,683	$ 43,395
Foreign exchange losses	(49,456)	(38,833)
	$ (21,773)	$ 4,562

24. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 76,095	$ 95,953
Income tax on unappropriated earnings	11,771	8,253
	87,866	104,206
Deferred tax		
In respect of the current year	2,606	17,778
Adjustments for prior years	(73)	5
	2,533	17,783
Income tax expense recognized in profit or loss	$ 90,399	$ 121,989

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

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	$ 655,753	$ 792,928
Income tax expense calculated at the statutory rate	$ 114,591	$ 131,831
Nondeductible expenses in determining taxable income	(19,451)	(3,986)
Tax-exempt income	(16,512)	(14,109)
Income tax on unappropriated earnings	11,771	8,253
Income tax expense recognized in profit or loss	$ 90,399	$ 121,989

The applicable corporate income tax rate used by the group entities in the ROC is 17%, while the applicable tax rate used by the subsidiaries APC BVI, USIIC and USITA is 0%, 0% and 25%, respectively.

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 $9,984 thousand and $3,264 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
Deferred tax		
In respect of current year		
Translation of foreign operations	$ 7,529	$ 4,710
Fair value changes of available-for-sale financial assets	(1,147)	181
Remeasurement on defined benefit plans	2,067	4,239
	$ 8,449	$ 9,130

c. Current tax liabilities

	December 31	
	2017	2016
Current tax liabilities		
Income tax payable	$ 41,078	$ 48,520

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	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 60	$ 1,756	$ -	$ 1,816
Allowance for office supplies impairment losses	7,497	385	-	7,882
Customer rebates	1,003	-	-	1,003
Allowance for production supplies losses	1,084	31	-	1,115
FVTPL financial assets	665	-	(665)	-
FVTPL financial liabilities	295	(181)	-	114
Payables for annual leave	1,918	8	-	1,926
Defined benefit obligation	40,461	(6,638)	2,067	35,890
Inventory tax differences	1,014	(495)	-	519
Exchange differences on foreign operations	-	-	6,093	6,093
Foreign exchange losses	-	216	-	216
	$ 53,997	$ (4,918)	$ 7,495	$ 56,574

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	-	-	(227)
Foreign exchange gains	(1,633)	1,633	-	-
Depreciation tax differences	(406)	29	-	(377)
Share of profit of associates	(18,069)	722	-	(17,347)
Exchange differences on foreign operations	(1,436)	-	1,436	-
FVTPL financial assets	-	-	(482)	(482)
Others	(67)	1	-	(66)
	$ (43,307)	$ 2,385	$ 954	$ (39,968)

(Concluded)

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 1,186	$ (1,126)	$ -	$ 60
Allowance for office supplies impairment losses	7,455	42	-	7,497
Customer rebates	1,003	-	-	1,003
Allowance for production supplies losses	1,084	-	-	1,084
FVTPL financial assets	484	-	181	665
FVTPL financial liabilities	-	295	-	295
Payables for annual leave	1,643	275	-	1,918
Defined benefit obligation	50,810	(14,588)	4,239	40,461
Inventory tax differences	43	971	-	1,014
	$ 63,708	$ (14,131)	$ 4,420	$ 53,997

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	-	-	(227)
Foreign exchange gains	(236)	(1,397)	-	(1,633)
Depreciation differences	(419)	13	-	(406)
Share of profit of associates	(15,873)	(2,196)	-	(18,069)
Exchange differences on foreign operations	(6,146)	-	4,710	(1,436)
Others	-	(67)	-	(67)
	$ (44,370)	$ (3,647)	$ 4,710	$ (43,307)

(Concluded)

e. Integrated income tax

	December 31 2017	December 31 2016
Unappropriated earnings		
Generated before January 1, 1998	$ 44,323	$ 44,323
Generated on and after January 1, 1998	2,016,716	1,981,968
	$ 2,061,039 (Note)	$ 2,026,291
Imputation credits account	$ 396,165 (Note)	$ 378,993

	2017	2016 (Actual)
Creditable ratio for distribution of earnings	(Note)	21.57%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

f. Income tax assessments

The Company and ROC subsidiary’s income tax returns through 2015 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2017	**2016**
Basic earnings per share	$ 1.09	$ 1.29
Diluted earnings per share	$ 1.09	$ 1.28

The weighted average number of shares outstanding used for the earnings per share computation 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	$ 1.32	$ 1.29
Diluted earnings per share	$ 1.32	$ 1.28

The earnings and weighted average number of ordinary shares outstanding 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**
Earnings used in the computation of basic and diluted earnings per share	$ 565,354	$ 665,825

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2017	**2016**
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	518,114	518,114
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	454	520
Weighted average number of ordinary shares used in the computation of diluted earnings per share	518,568	518,634

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 shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. OPERATING LEASE AGREEMENTS

a. The Group as lessee

Operating leases relate to leases of office space with lease terms of 3 years.

As of December 31, 2017 and 2016, the Group's refundable deposits paid under operating leases amounted to $$1,405 thousand.

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

	December 31	
	2017	2016
Not later than 1 year	$ 1,751	$ 701
Later than 1 year and not later than 5 years	1,156	602
	$ 2,907	$ 1,303

b. The Group as lessor

Operating leases relate to leases of investment properties with lease terms between 1 to 5 years. All operating lease contracts 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 guaranteed deposits received under operating lease agreements amounted to $6,028 thousand and $4,891 thousand, respectively.

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

	December 31	
	2017	2016
Not later than 1 year	$ 37,831	$ 33,967
Later than 1 year and not later than 5 years	26,926	43,868
	$ 64,757	$ 77,835

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall management strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amounts of financial assets and financial liabilities which are recognized in the consolidated financial statements approximate their fair values.

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				
Non-derivative financial assets held for trading	$ 1,440,940	$ -	$ -	$ 1,440,940
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	$ 2,504,909	$ -	$ -	$ 2,504,909
Securities listed in other countries				
Equity securities	17,212	-	-	17,212
	$ 2,522,121	$ -	$ -	$ 2,522,121
Financial liabilities at FVTPL				
Derivatives	$ -	$ 666	$ -	$ 666

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 1,548,462	$ -	$ -	$ 1,548,462
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	$ 2,421,225	$ -	$ -	$ 2,421,225
Securities listed in other countries				
Equity securities	11,411	-	-	11,411
	$ 2,432,636	$ -	$ -	$ 2,432,636
Financial liabilities at FVTPL				
Derivatives	$ -	$ 1,732	$ -	$ 1,732

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

Financial Instruments	Valuation Techniques and Inputs
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.

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Held for trading	$ 1,440,940	$ 1,548,462
Loans and receivables		
Cash and cash equivalents	2,112,375	2,812,999
Notes receivable (including related parties)	1,627	1,789
Accounts receivable (including related parties)	602,717	918,333
Other receivables (including related parties but excluding tax refund receivables)	8,106	61,407
Available-for-sale financial assets*	2,770,922	2,715,502
Financial liabilities		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	666	1,732
Financial liabilities measured at amortized cost		
Short-term borrowings	500,000	950,000
Short-term bills payable	699,834	699,791
Long-term borrowings (including current portion)	2,900,000	2,450,000
Accounts payable (including related parties)	177,533	314,612
Other payables (including related parties)	454,025	389,776

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

d. Financial risk management objectives and policies

The Group's risk control and hedging strategy are influenced by its 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 and interest rates.

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 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 the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Group sought to minimize the effects of these risks by using foreign exchange forward contracts to hedge risk exposures. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities is set out in Note 31 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 Group was mainly exposed to the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period. For a 3% strengthening/weakening of the Group's functional currency against the USD, there would be a decrease/an increase of $10,404 thousand and $30,114 thousand in pre-tax profit for the years ended December 31, 2017 and 2016, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Group's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

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 personnel 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	$ 1,910,552	$ 2,669,391
Financial liabilities	1,199,834	1,649,791
Cash flow interest rate risk		
Financial assets	189,685	136,631
Financial liabilities	2,900,000	2,450,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both financial assets and liabilities at the end of the reporting period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2017 and 2016 would have decreased/increased by $13,552 thousand and $11,567 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities listed in the ROC or other countries. 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 price risk.

Sensitivity analysis

The sensitivity 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, pre-tax profit for years ended December 31, 2017 and 2016 would have increased/decreased by $72,014 thousand and $77,336 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 $126,106 thousand and $121,632 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. As at the end of the reporting period, the Group's maximum exposure to credit risk could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, 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 Group transacted with a large number of unrelated customers in a variety of areas, and, thus, no concentration of credit risk was observed. Ongoing credit evaluations are performed on the financial conditions of trade receivables; therefore, the Group's credit risk is limited.

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.

As such cash and cash equivalents are sufficient to finance the Group’s operations, there is no liquidity risk arising from the deficiency of funds to fulfill contractual obligations.

a) Liquidity and interest rate risk table 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. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2017

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 553,356	$ 26,950	$ -
Floating interest rate liabilities	0.71%	1,200,000	-	-
Fixed interest rate liabilities	1.10%	450,000	2,450,000	-
		$ 2,203,356	$ 2,476,950	$ -

December 31, 2016

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 614,676	$ 26,950	$ -
Fixed interest rate liabilities	0.84%	1,650,000	-	-
Floating interest rate liabilities	1.10%	-	2,450,000	-
		$ 2,264,676	$ 2,476,950	$ -

b) Financing facilities

Bank loans are an essential source of liquidity for the Group. The table below details the used and unused amount of bank loans at the end of the reporting period.

	December 31	
	2017	2016
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 4,100,000	$ 4,100,000
Amount unused	3,569,493	1,612,825
	$ 7,669,493	$ 5,712,825

29. TRANSACTIONS WITH RELATED PARTIES

The Company’s ultimate parent is USI Corporation, which held 36.08% of the ordinary shares of the Company as of December 31, 2017 and 2016.

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 relationships

Related Party Name	Relationship with the Company
USI Corporation	Ultimate parent entity
Union Polymer Int'l Investment Corp. (“Union Polymer”)	Parent entity
China General Plastics Corporation (“CGPC”)	Associate
China General Terminal & Distribution Corporation (“CGTD”)	Associate
Acme Electronics Corporation (“ACME”)	Associate
Thintec Materials Corporation (“TMC”)	Associate
USI Optronics Corporation (“USIO”)	Associate
Swanson Plastics Corporation (“SPC”)	Associate
Taiwan United Venture Capital Corp. (“TUVC”)	Associate
Taiwan VCM Corporation (“TVCM”)	Associate
CGPC Polymer Corporation (“CGPCP”)	Associate
Forever Young Company Limited (”Forever Young”)	Associate
Taita Chemical Company, Limited (“TTC”)	Fellow subsidiary
Taiwan United Venture Management Corporation (“TUVM”)	Fellow subsidiary
USI Management Consulting Corporation (“UM”)	Fellow subsidiary
USIFE Investment Co., Ltd. (“USII”)	Fellow subsidiary
Chong Loong Trading Co., Ltd. (“CLT”)	Fellow subsidiary
USI (Hong Kong) (“USI (HK)”)	Fellow subsidiary
USI Education Foundation (“USIF”)	Essential related party

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	**2017**	**2016**
Ultimate parent entity		
USI Corporation	$ 596,780	$ 942,397
Associate	155,133	168,367
Fellow subsidiary	25,704	23,391
	$ 777,617	$ 1,134,155

Sales of goods to related parties were made at the Group’s usual prices and conditions which were the same as those to unrelated parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2017	2016
Ultimate parent entity		
USI Corporation	$ 275,942	$ 259,443
Associate	38,933	37,653
Fellow subsidiary	6,942	2,868
	$ 321,817	$ 299,964

Purchases from related parties were made at market prices which were at the Group's usual prices and conditions which were the same as those from unrelated parties.

d. Management fees (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2017	2016
Ultimate parent entity		
USI Corporation	$ 6,474	$ 5,617
Fellow subsidiary		
UM	30,268	26,982
Others	950	-
	31,218	26,982
	$ 37,692	$ 32,599

e. Rental expenses (under selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2017	2016
Ultimate parent entity		
USI Corporation	$ 2,240	$ 2,470
Associate	-	13
	$ 2,240	$ 2,483

f. Donation expenses (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2017	2016
Essential related party		
USI Education Foundation	$ 2,000	$ 2,000

g. Management income (under other income)

Related Party Category	For the Year Ended December 31 2017	2016
Associate	$ 1,745	$ 1,620

h. Rental income (under other income)

Related Party Category/Name	For the Year Ended December 31 2017	2016
Ultimate parent entity		
USI Corporation	$ 3,297	$ 3,716
Parent entity		
Union Polymer	202	319
Associate		
TVCM	13,679	12,152
Others	7,412	8,293
	21,091	20,445
Fellow subsidiary		
TTC	7,622	7,045
Others	3,380	4,611
	11,002	11,656
	$ 35,592	$ 36,136

The previously indicated associates leased pipelines from the Group with lease terms of 1 years. The lease contracts are to be regarded as renewed if there is no declaration of termination. The lease payments are calculated according to actual operating volume and are paid on a monthly basis.

i. Investment consultant fees (under other gains and losses)

Related Party Category	For the Year Ended December 31 2017	2016
Fellow subsidiary	$ 1,822	$ 1,822

j. Accounts receivable from related parties

Related Party Category/Name	December 31 2017	2016
Ultimate parent entity		
USI Corporation	$ 99,228	$ 163,014
Associate	12,303	26,734
Fellow subsidiary	1,404	784
	$ 112,935	$ 190,532

k. Other receivables from related parties

Related Party Category/Name	December 31 2017	December 31 2016
Ultimate parent entity		
USI Corporation	$ 425	$ 55,206
Associate		
TVCM	2,945	2,347
CGTD	920	978
Others	513	294
	4,378	3,619
Fellow subsidiary		
TTC	1,609	227
Others	117	18
	1,726	245
	$ 6,529	$ 59,070

Other receivables from related parties were the payments from the ultimate parent entity and associates to allocate and transfer raw materials from the Company.

l. Accounts payable to related parties

Related Party Category/Name	December 31 2017	December 31 2016
Ultimate parent entity		
USI Corporation	$ 63,843	$ 67,292
Associate	3,881	4,555
	$ 67,724	$ 71,847

m. Other payables to related parties

Related Party Category/Name	December 31 2017	December 31 2016
Ultimate parent entity		
USI Corporation	$ 297,039	$ 114,971
Associate	4,854	2,763
Fellow subsidiary	640	567
	$ 302,533	$ 118,301

Other payables to related parties were the payments from the Company for the allocation and transfer of ethylene from related parties.

n. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	$ 10,514	$ 15,804
Post-employment benefits	108	166
	$ 10,622	$ 15,970

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2017 was $183,307 thousand.

b. Significant contract

The Company and USI Corporation signed a joint venture contract for a Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa 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 (hereinafter referred to as the "Hong Kong Company"), 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) the Hong Kong Company will establish a joint venture company in accordance with the laws of the People's Republic of China between China Petrochemical Corporation or its affiliated enterprises; Fujian Refining and Chemical Co., Ltd. will establish a joint venture company in accordance with the laws of the People's Republic of China in Fujian Province between China Petrochemical Corporation or its affiliated enterprises (hereinafter referred to as "Gulei Company") and acquire 50% of the shares of Gulei Company as a basis for cooperative investment. The amount which the Joint Venture invested in Gulei Company after the signing of the original investment contract increased due to the capital needs of the investment plan, which led to part of the original related contract entities being unable to purchase the shares based on their respective investment ratio as provided by the original contract. Therefore, the Company and USI Corporation resigned the joint venture contract on September 30, 2016 and added a new contractually promised related entity, CTCI Corp. Also, the termination stipulations of the original joint venture contract are the same time.

As of December 31, 2017, the Company and USI Corporation invested US$46,270 thousand (approximately $1,443,125 thousand) and US$77,346 thousand (approximately $2,407,735 thousand), respectively, to establish Ever Conquest Global Limited (recognized as investments accounted for using the equity method). Via Ever Conquest Global Limited, the Company and USI Corporation increased the capital in the Joint Venture by US$123,616 thousand. The Joint Venture reinvested in the Hong Kong Company US$82,588 thousand and US$82,689 thousand in January and July 2017, respectively. The Hong Kong Company invested a total amount of RMB1,152,400 thousand (approximately US$169,901 thousand) in Gulei Company in April and August 2017.

The Group was involved in a proposal of urban renewal, in which it coordinates with neighbors by right of transfer dominated by Huaku Development Co., Ltd. and provides around ten of its investment properties (located at Yanji St., Songshan Dist., Taipei City) to increase its operating efficiency. Thus, the Group signed an agreement with Huaku Development Co., Ltd. and received $3,200 thousand as security deposits. The Taipei City Government approved the proposal on November 30, 2017. In addition, the Group, Huaku Development Co., Ltd. and the Trust Department of E.Sun Commercial Bank, who was commissioned to manage, consolidate, split up, transfer and dispose of the properties and buildings within the duration of the agreement, signed a tripartite agreement on the real estate trust.

c. Contingencies

Regarding China General Terminal & Distribution Corporation (hereinafter "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 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.

31. 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:

December 31, 2017

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 12,719	29.760	(USD:NTD)	$ 378,528	$ 378,528
USD	105	6.5342	(USD:RMB)	684	3,115
RMB	1,939	0.1530	(RMB:USD)	297	8,839
RMB	38,479	4.5545	(RMB:NTD)	175,252	175,252
JPY	5	0.2642	(JPY:NTD)	1	1
					$ 565,735
Non-monetary items					
Investments accounted for using the equity method					
USD	47,747	29.760	(USD:NTD)	1,420,944	$ 1,420,944
Financial liabilities					
Monetary items					
USD	1,171	29.760	(USD:NTD)	34,858	$ 34,858
JPY	7,500	0.2642	(JPY:NTD)	1,982	1,982
					$ 36,840

December 31, 2016

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 35,008	32.250	(USD:NTD)	$ 1,128,996	$ 1,128,996
USD	42	6.9370	(USD:RMB)	289	1,344
RMB	641	0.1442	(RMB:USD)	92	2,967
RMB	62,653	4.6490	(RMB:NTD)	291,276	291,276
JPY	5	0.2756	(JPY:NTD)	1	1
					$ 1,424,584

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Non-monetary items				
Investments accounted for using the equity method				
USD	$ 1,971	32.250 (USD:NTD)	$ 63,554	$ 63,554
Financial liabilities				
Monetary items				
USD	3,923	32.250 (USD:NTD)	126,531	$ 126,531
JPY	102	0.2756 (JPY:NTD)	28	28
				$ 126,559

(Concluded)

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange gains (losses) were $(21,773) thousand and $4,562 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.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)

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 2)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (Note 7)

10) Intercompany relationships and significant intercompany transactions. (Table 4)

11) Information on investees. (Table 5)

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 6)

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. (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

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.

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.

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.

33. SEGMENT INFORMATION

a. Operating segments

According to IFRS 8"Operating Segments", the Group is a single operating segment that produces and sells petrochemical products, and therefore, there is no need to disclose the information of operating segments.

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Taiwan	$ 2,592,302	$ 2,627,683	$ 4,064,537	$ 4,230,789
Asia	3,772,552	3,228,349	82,757	92,481
Others	39,613	37,303	-	-
	$ 6,404,467	$ 5,893,335	$ 4,147,294	$ 4,323,270

Non-current assets exclude financial instruments, deferred tax assets and refundable deposits.

c. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follow:

	For the Year Ended December 31	
	2017	**2016**
Customer A	$ 596,780	$ 942,397

ASIA POLYMER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
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	Ordinary shares							
	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	
	Beneficiary securities							
	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 Ta-Chong Money Market Fund	-	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.	Shares							
	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 Co., Ltd.	Ordinary shares							
	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	
	Beneficiary securities							
	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	
	Ordinary shares							
	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 Tables 5 and 6 for information about subsidiaries and associates.

(Concluded)

TABLE 2

ASIA POLYMER 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		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
APC 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)
	Fund													
	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 amount, the share of profit (loss) of investees 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.

ASIA POLYMER 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	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 4

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY 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 Account	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	Asia Polymer Corporation	APC Investment Co., Ltd.	1	Non-operating income and expenses - rental income	$ 135	No difference	-
		USI Trading (Shanghai) Co., Ltd.	1	Accounts receivable from related parties	30,659	No difference	-
				Sales revenue	66,242	No difference	-
				Commission expenses	706	No difference	-
				Other payables to related parties	93	No difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	3	Other receivables from related parties	9,951	No difference	-
				Other payables to related parties	135	No difference	-
				Operating expenses - rental income	1,463	No difference	-
				Management services expense	130	No difference	-

Note 1: The correlation between the numeral and the entity are stated as follows:

a. The Company: 0.
b. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

a. The Company to the subsidiaries: 1.
b. The subsidiaries to the Company: 2.
c. Between subsidiaries: 3.

Note 3: The following numerals indicate the manner of ratio calculation of the respective transaction type:

a. Asset or liability: The ratio was calculated based on the ending balance of total consolidated assets;
b. Income or loss: The ratio was calculated based on the midterm accumulated amounts of total consolidated sales revenue.

Note 4: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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			
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 1)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	108,578	3,315	3,315	Subsidiary (Note 1)
	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 1)
	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)	46,720,000	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 (Note 1)
APC Investment Co., Ltd.	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 1: All intercompany transactions have been eliminated on consolidation.

TABLE 6

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, 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 (Note 3)	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 (Note 3)	Inflow						
ACEM 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,b,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,b,2) 6,555	100.00	6,555	99,903	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	10,497,212 (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,b,1) (13,083)	12.71	(1,662)	1,332,033	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	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. The Company invested in Wafer Works Epitaxial Corp. and Wafer Works (Shanghai) Corp. through Silicon Technology Investment (Cayman) Corp.

b. The Company invested in Solar Technology Investment (Cayman) Corp. and Risheng Investment Limted 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 the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA in Order 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.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
USI Trading (Shanghai) Co., Ltd.	Sales revenue	$ 66,242	1.03	No significant difference	T/T 90 days	No significant difference	$ 30,659	5.07	$ -	-
	Commission expenses	706	-	-	-	-	-	-	-	-
	Rental income	1,463	-	-	-	-	-	-	-	-
	Management service expenses	130	-	-	-	-	-	-	-	-