Stock Code: 1308

Asia Polymer Corporation

2018 Annual Report

APC corporate website: https://www.apc.com.tw
Annual report query website: http://mops.twse.com.tw
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Name: Ko-Ming Huang

Title: Sales Manager

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E-mail Address: kmhuang@tpe.usife.com.tw

Acting spokesperson of the Company:

Name: Cheng-Shun Chen

Title: Accounting Manager

Telephone: (02) 8751-6888 ext. 3788

E-mail: nicolaschen@tpe.usife.com.tw

II. Contact Information of the Head Office, Branch Offices and Plants:

Title	Address	Telephone
Head office and Linyuan Plant	No. 3, Gongye 1st Road, Linyuan District, Kaohsiung City	(07)704-0988
Kaohsiung Branch	No. 3, Gongye 1st Road, Linyuan District, Kaohsiung City	(07)704-0988
Taipei Office	12F, No. 37 Jihu Road, Taipei City	(02) 8751-6888

III. Name, Address, and Telephone Number of Share Transfer Agency:

Name: Stock Affairs Department of Asia Polymer Corporation

Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, Taipei City

Phone: (02) 2650-3773

Joint Stock Affairs Website: https://www.usig.com.tw/USIGStockHome.aspx

IV. Name of the CPA Auditing the Financial Statements in the Most Recent Year:

Certifying CPA: Huang, Hsiu-Chun and Wu, Shih-Tsung

Name of accounting firm: Deloitte

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City

TEL: (02)2725-9988

Website: https://www2.deloitte.com.tw

V. Overseas Securities Listing Exchange and Information: None.

VI. Corporate website: https://www.apc.com.tw

Asia Polymer Corporation
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Chapter 1 Letter to Shareholders

Dear Shareholders,

The Company's 2018 consolidated net operating income was NT$ (same hereunder) 6.375 billion which was a decrease of $29 million from 2017. The Company's consolidated net operating income was $317 million which was a decrease of $29 million from 2017. The annual net profit was $287 million and the budget achievement rate was 54%.

(I) Accomplishments in 2018

Sales and marketing:

With regard to LDPE, we faced low-price competition from imported products in the domestic market. The tightened ethylene supply and increased costs also increased pressure on sales. For EVA, market demand declined in the middle of the year when China substantially lowered subsidies for PV products. Fortunately, it soon reiterated its support for green energy and PV demand began to increase. Crude oil and ethylene prices fell toward the end of the year. However, petrochemicals cut production which in turn slowed the decline in prices. The Company took the opportunity to adjust production and sales strategies and increased EVA production and sales volume. Despite difficulties, the Company continues to uphold the development of high-level production technologies for coating-level EVA products and gradually reap the benefits of our development while maintaining quality. The average selling prices (ASP) of LDPE remained steady throughout the year while the ASP of EVA increased by approximately 4% from 2017. LDPE sales volume declined by approximately 28% from 2017 while EVA sales volume became more apparent due to our product portfolio adjustment and market development. It grew by 33% from 2017 and total sales volume was approximately 130,000 metric tons which equaled that of 2017.

Materials and cost:

The global economic growth in 2017 persisted and international oil prices in the first three quarters of 2018 remained high. The high prices contributed to an increase in the prices of raw materials. Despite factors such as China's slower growth rate , the exacerbated trade disputes involving the United States, and regional economic sanctions in the fourth quarter, crude oil and ethylene prices gradually recovered. The unit cost of consumed ethylene in 2018 increased by approximately 5% from the previous year, which was 7% higher than the budget. The average consumption cost of VAM, one of EVA's main materials, also increased by 33%, which was 25% higher than the budget.

Production, research and development:

We completed the installation of phase 1 improvement construction this year for reducing emissions of the compressor used for ethylene production on the fourth production line to reduce consumption of raw materials. We also replaced old equipment to maintain efficiency in operations. We actively developed new, high-end and niche products and successfully achieved breakthrough in coating-level EVA production technology and quality control bottlenecks. We continued to dedicate efforts to the implementation of occupational safety and health management and we accumulated more than 3.5 million safe working hours in the plants. The annual LD/EVA production volume was 130,000 tons which was a 4% decrease from 2017 and the budget achievement rate was 95%.

Comprehensive annual operating performance:

Increased production capacity of competitors, low-price competition, and high materials prices contributed to pressure on offsetting costs with finished products. Although we succeeded in responding to changes in market demand by adjusting our product mix and expanding niche products, we could not overcome the shrinking pressure of the profit gap between sales prices and materials'. The Company's consolidated net profit in 2018 was $72 million which was a decrease of $399 million from 2017. The consolidated non-operating income was $245 million, which was mainly caused by income from investment and dividends accounted for through the equity method.

(II) 2019 Business Plan outline and future development strategies:

In terms of the macro economy, as the monetary policies of large and developed economies gradually normalized starting from the end of 2018, the tightened financial conditions contributed to a significant weakening of global growth. The escalation of tension between China and the United States also increased uncertainties and cast doubt on global economy's prospect and risks. Fortunately, research institutions predict that as stimulus policies in Mainland China continue to be strengthened, the sentiment in the global financial market has improved and the situation in the emerging markets also stabilized. Global growth is expected to stabilize and recover in the second half of this year. With regard to the legal environment, the Company has actively initiated the certification procedures for the new Occupational Safety and Health Management System to strengthen occupational safety and health management, enhance corporate image, pay attention to and comply with international development trends, and respond to increasingly rigorous legal requirements. We have implemented actions for improving occupational safety and health management performance and reducing risks. Despite the continued existence of market competition in the industry, the Company has set an annual sales target of 140,000 tons for LDPE/EVA. In addition to maintaining product quality and customer service differentiation to maintain a firm grasp on existing customers, the Company also pays close attention to changes in the supply and demand on the market and implements flexible adjustments to the product mix. We also continue to develop niche or high-value products to make full use of our small yet sophisticated product lines to improve the Company's competitive advantages and achieve operating targets.

I wish you all good health and good fortune.

Quintin Wu, Chairman of the Board 吳亦圭

Pei-Chi Wu, General Manager 吳培基

Chapter 2 Company Profile

I. Date of founding: January 25, 1977

II. Company history:

In response to the government's policy to promote investment, the first chairman of the Company Mr. Chao Ting-Chen invited famous domestic and foreign corporate figures and plastic processing companies to jointly raise NT$600 million in share capital in order to build a medium- and low-density polyethylene plant in Linyuan Petrochemical Industrial Park. After its completion in March 1979, the plant immediately began operation and produced an annual output of 75,000 metric tons of medium- and low-density polyethylene.

The Company's main products include various film-grade, injection-grade and laminating film-grade low-density polyethylene. As the Company imported and incorporated the latest technology from the Gulf Oil Company into its initial manufacturing methods, its film-grade products possess good optical properties and processability, while its injection-grade products possess excellent gloss and toughness. Thereafter, the Company modified its manufacturing methods to produce laminating films of excellent quality.

In 1980, the Company increased its capital by NT$90 million using its retained earnings in 1979. In order to enhance its capital structure in 1982, the Company increased its capital by NT$110 million upon approval during the shareholders' meeting, thereby increasing its paid-in capital to NT$800,000,000.

In May 1984, construction began on the third production line. The production line officially started operation in September 1985, thereby increasing the Company's production capacity from 75,000 tons to 100,000 tons.

In addition, since June 20, 1986, the Company's shares have been publicly listed on the Taiwan Stock Exchange in response to the government's economic development policy of "securitization of capital and popularization of securities". In November 1986, BTR Nylex invested in the Company and acquired 51 percent of the Company's shares and transferred all its equity in the Company to its subsidiary - BTRN Asia in December within the same year.

In 1987, the Company increased its capital by NT$80 million using its retained earnings in 1986, thus increasing its paid-in capital to NT$880,000,000.

In 1988, during the shareholders' meeting, the shareholders approved the resolution to increase the Company's authorized capital to NT$1.4 billion, and the Board of Directors was authorized to issue shares in several installments. Within the same year, the Company increased its capital by NT$264 million using its retained earnings in 1987 as part of the funds required for the addition of co-generation equipment, thereby increasing its paid-in capital to NT$1,144,000,000.

In 1989, the Company increased its capital by NT$228.80 million in order to repay the first corporate debt issued by the Company for the construction of the third production line at the LDPE plant, thus increasing its paid-in capital to NT$1,372,800,000.

In 1990, the Company increased its capital by NT$137.28 million for the addition of co-generation equipment in order to deal with shortage of funds in 1987, thereby increasing its paid-in capital to NT$1,510,080,000.

In March 1997, BTR Asia transferred its 51 percent stake in the Company to Bermuda Fiji Guinea Co., Ltd. This company was an overseas holding company jointly and indirectly invested in by USI Corporation and UPC Group. In addition, Taiwan Union International Investment Co. replaced BTR Asia as the Company's director and supervisor.

In 1997, the Company increased its capital by NT$256.71 million and NT$120.81 million using its retained earnings and capital reserve in 1996 respectively to increase its working capital, thereby increasing its paid-in capital to NT$1,887,600,000.

In March 1997, the Company's Board of Directors approved the resolution to establish APC (BVI) Holding Co. Ltd. in order to facilitate overseas investment projects.

In June 1998, Bermuda Fiji Guinea Co., Ltd. transferred 7.65 percent and 43.35 percent out of its 51 percent stake in the Company to Taiwan Union International Investment Co. and Union Polymer Int'l Investment Corp., which was jointly and directly invested by USI Corporation and UPC Group, and Union Polymer International Investment Corp. respectively

In 1998, the Company increased its capital by NT$283.14 million using its retained earnings in 1997, thereby increasing its paid-in capital to NT$2,170,740,000.

In 1999, the Company increased its capital by NT$54,268,500 and NT$54,268,500 using its retained earnings and capital reserve in 1998 respectively, thereby increasing its paid-in capital to NT$2,279,277,000.

During the re-election of directors and supervisors at the 2001 Annual General Meeting, Union Polymer Int'l Investment Corp. replaced Taiwan Union International Investment Co. as the Company's director and supervisor, and Taiwan VCM Corporation was elected a supervisor of the Company.

In July 2003, the Company's Board of Directors approved the resolution to jointly invest in USI International Corp. with APC (BVI) Holding Co., Ltd., and establish an office in Shanghai in the name of USI International Corp., as its base to expand into the Mainland Chinese market.

In 2004, the Company increased its capital by NT$182,342,160 using its retained earnings in 2003, thus increasing its paid-in capital to NT$2,461,619,160. During the re-election of directors and supervisors during the 2004 Annual General Meeting, the Company's previous supervisor, Taiwan VCM Corporation was replaced by Union Polymer Int'l Investment Corp.

In 2005, the Company increased its capital by NT$147,697,150 using its retained earnings in 2004, thereby increasing its paid-in capital of NT$2,609,316,310.

During the re-election of directors and supervisors at the 2007 Annual General Meeting, the Company's previous supervisor, Union Polymer Int'l Investment Corp. was replaced by China General Terminal & Distribution Corporation. and Mr. Yeh Te-Chang.

In August 2007, the Company's Board of Directors approved the resolution to establish APC Investment Corporation in order to facilitate domestic investment projects.

During the re-election of directors and supervisors at the 2010 Annual General Meeting, the Company's previous supervisors, Mr. Yeh Te-Chang and Mr. Wu Sheng-Chuan, the representative of China General Terminal & Distribution Corporation, were replaced by Mr. Chiang Hui-Chung and Mr. Wu Sheng-Chuan, the representative of Taiwan Union International Investment Co.

In 2010, the Company increased its capital by NT$521,863,260 using its retained earnings in 2009, thereby increasing its paid-in capital to NT$3,131,179,570.

In 2011, the Company increased its capital by NT$782,794,890 using its retained earnings in 2010, thereby increasing its paid-in capital to NT$3,913,974,460.

On December 25, 2011, the Company's Board of Directors approved the resolution to invest approximately NT$3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons. The production line was completed in May 2016.

In 2012, the Company increased its capital by NT$782,794,890 using its retained earnings in 2011, thereby increasing its paid-in capital to NT$4,696,769,350.

In February 2014, the Company's Board of Directors approved the resolution to indirectly invest in the manufacture of petrochemical-related products at Gulei Petrochemical Park located in Zhangzhou, Fujian, China via an investment company established in a third region other than Taiwan and Mainland China. In March 2016, the Company's Board of Directors approved the resolution to indirectly invest not more than NT$6 billion in the abovementioned project.

On June 26, 2014, the Company obtained the approval of the Ministry of Economic Affairs to increase its authorized capital by NT$1 billion, thereby increasing its total capital to NT$5,696,769,350 for future capital increase.

In 2015, the Company increased its capital by NT$234,838,460 using its retained earnings in 2014, thereby increasing its paid-in capital to NT$4,931,607,810.

In January 2016, the Company's Board of Directors approved the resolution to acquire all the shares of USI Trading (Shanghai) Co., Ltd owned by Swanlake Traders Ltd. via APC (BVI) Holding Co., Ltd. This equity transfer was approved by the Investment Commission under the Ministry of Economic Affairs in August 2016 and was completed in October 2016. The Company obtained the approval letter for the operations headquarters in October of the same year.

In March 2016, the Company's Board of Directors approved the resolution to move its headquarters from Taipei City to Kaohsiung City. The move was completed in June within the same year.

In 2016, the Company increased its capital by NT$98,632,150 using its retained earnings in 2015, thereby increasing its paid-in capital to NT$5,030,239,960.

In 2017, the Company increased its capital by NT$150,907,190 using its retained earnings in 2016, thereby increasing its paid-in capital to NT$5,181,147,150.

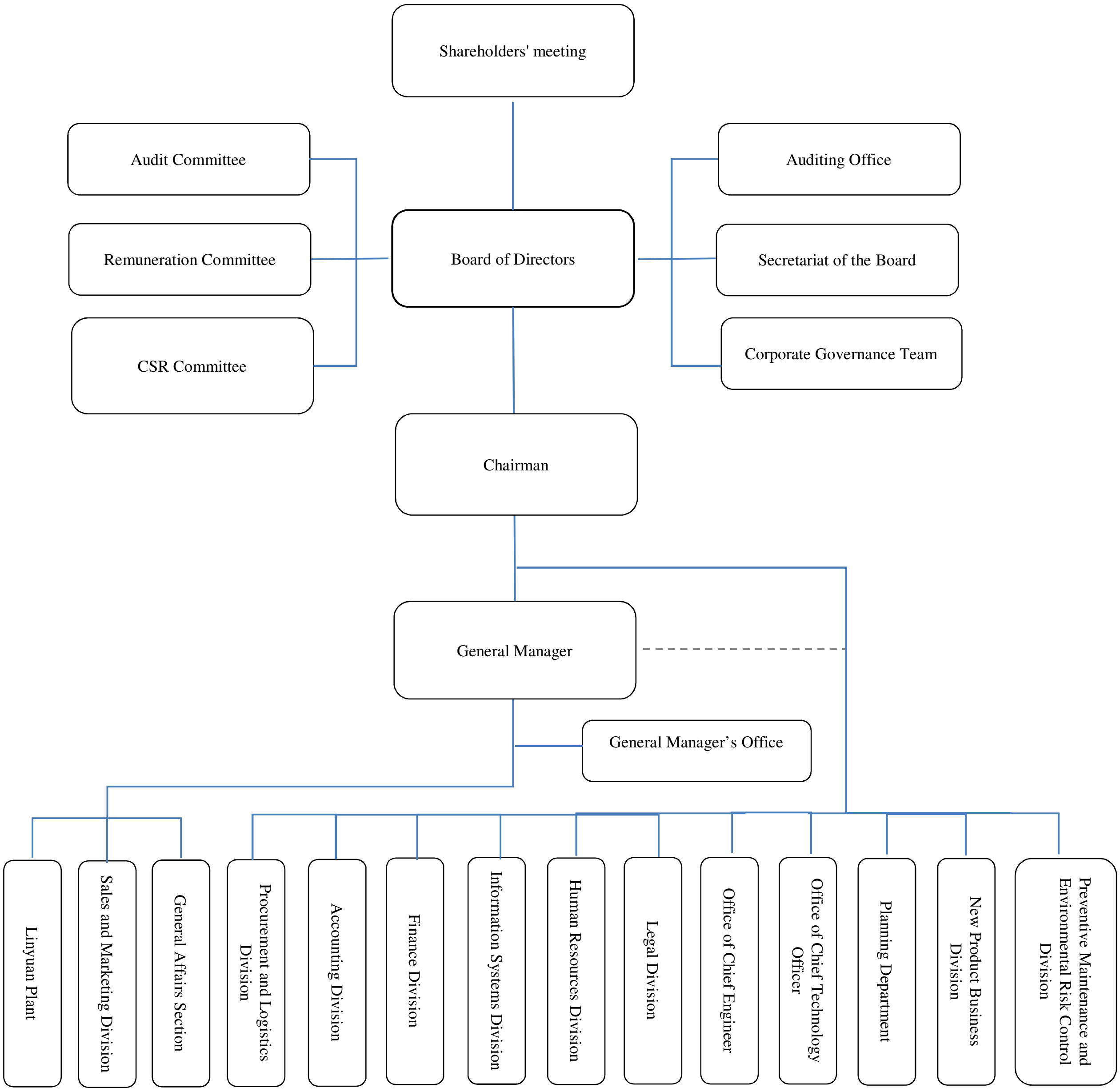
In 2018, the Company increased its capital by NT$362,680,300 using its retained earnings in 2017, thereby increasing its paid-in capital to NT$5,543,827,450.

Chapter 3 Corporate Governance Report

I. Organization System

(I) Organizational Structure

Organizational Chart as of May 9, 2019



(II) Responsibilities and functions of major departments

Department	Main Duties
General Manager	Management of the Company's operations
Linyuan Plant	Responsible for matters related to manufacturing, research and development (R&D), storage, coordinating transportation of company products and maintenance of plant equipment, work safety and environmental protection
Sales and Marketing Division	Responsible for processing product sales, market survey, and after-sales services
General Affairs Section	Responsible for processing personnel evaluation, salary, and general administrative tasks
Auditing Office	1. Implement internal audit and improve work flows in the Company 2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions
Procurement and Logistics Division	1. Purchase and audit major capital expenditures including raw materials, machinery and equipment 2. Plan the supervision and execution of trading and transportation, warehousing and customs-related operations
Accounting Division	1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies 2. Establishment, evaluation and implementation of accounting systems 3. Planning and declaration of various taxes 4. Regular announcement or reporting of financial performance
Finance Division	1. Fund management, and planning and scheduling of fundraising activities 2. Short-term financing and long-term investments 3. Property insurance 4. Credit control operations 5. Collection of delayed payments 6. Handling of various shareholder service matters
Information Systems Division	Plan, build, develop and manage various information systems and facilities at the Company
Human Resources Division	1. Plan human resources strategies and systems 2. Plan training and organizational development strategies 3. Plan and handle salary and benefits 4. Provide employee services and handle general affairs 5. Assist overseas branches in organizational planning, as well as dispatch and training of personnel
Legal Division	Provide legal advice, handle legal cases and affairs
Office of Chief Engineer	1. Assist and participate in the construction of new plants, or deal with such projects entirely 2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such projects entirely 3. Integration of engineering personnel and engineering specifications
Office of Chief Technology Officer	Product research, development, and innovation.
Planning Department	1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development

Department	Main Duties
	2. Track and analyze the macroeconomy 3. Track and analyze upstream industries and future competitors 4. Coordination and follow-up of various projects
Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings 2. Handle matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders present at Shareholders' meetings in accordance with the law 3. Assist in promoting and handling decrees issued by the competent authority
Remuneration Committee	1. The Committee evaluates the remuneration policy and system of the Directors and managers objectively and make suggestions to the Board of Directors accordingly for policy-making reference 2. The Committee adopts a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management performance, core competitiveness, and short, mid, and long-term profitability and create value for shareholders
Audit Committee	1. Establishment, amendment, and evaluation of the effectiveness of internal control systems 2. Stipulate or amend the procedures for acquiring or disposing of assets, derivatives trading, lending funds to others, and making endorsements or guarantees to others 3. Asset transactions or derivatives trading of a material nature 4. Fund providers Loans of funds, endorsements, or provision of guarantees of a material nature 5. The hiring or dismissal of a certified public accountant, or their compensation 6. Audit annual financial statements and semiannual financial statements 7. Other material matters as may be required by the Company or by the competent authority
CSR Committee	1. Review and establish the CSR Policy 2. Review the operations of the CSR Committee 3. Review the Company's corporate social responsibility policy, goals, and action plans. Instruct and follow up on the progress of various action plans and performance improvements 4. Supervise the preparation of the CSR Report 5. Review and storage of other information related to CSR
Corporate Governance Team	1. Matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law 2. Minutes recording for meetings of the Board of Directors and shareholders' meetings 3. Assistance to the Directors with taking office and continuous education and training 4. Provision of the information required for the Directors to conduct business 5. Assisting Directors in legal compliance 6. Other matters stipulated in the Articles of Incorporation or the contract
New Product Business Division	1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models

Department	Main Duties
	2. Responsible for developing new products or acquiring new customers in order to increase revenue 3. Integrate company resources and generate synergy so as to enhance the successful development of new businesses
Preventive Maintenance and Environmental Risk Control Division	1. Assist the Group in establishing preventive maintenance systems at all plants 2. Improve and enhance existing equipment 3. Equipment fault management and prevention 4. Routine/non-routine audit, counseling and training 5. Environment risk management planning and technical supervision 6. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems

II. Information Regarding Directors, Supervisors, General Manager, Deputy General Managers, Senior Managers and Heads of Departments

(I) Board of Directors (1)

April 30, 2019

Title (Note 1)	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term	Date first elected (Note 2)	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Education and work experience (Note 3)	Current position in the Company and/or other companies	Executive Officers, Directors or Supervisors who are spouses or relatives within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chairman and CEO	Republic of China	Union Polymer Int'l Investment Corp.	–	June 8, 2016	3 years	June 18 ,2001	177,951,528	36.08%	200,042,785	36.08%	–	–	0	0%	Chairman of USI	(Note 6)	None		
	Republic of China	Representative: Quintin Wu	Male			February 28, 1997	–	–	0	0%	–	–	0	0%					
Director	Republic of China	Tai Lien International Investment Co., Ltd.	–	June 8, 2016	3 years	June 15, 2010	18,621,125	3.78%	20,932,787	3.78%	–	–	0	0%	B.S. in Electrical Engineering, U.C. Berkeley, Master in Business Administration of California Univ. at Santa Clara (U.S.A.)	(Note 7)	None		
	USA	Representative: Matthew Miau (Note 4)	Male			February 28, 1997	–	–	0	0%	0	0%	0	0%					
Director	Republic of China	Union Polymer Int'l Investment Corp.	–	June 8, 2016	3 years	June 18 ,2001	177,951,528	36.08%	200,042,785	36.08%	–	–	0	0%	Department of Chemical Engineering of National Taiwan University, General Manager of Taiwan VCM Corporation, General Manager of APC, and General Manager of USI	Director: USI Supervisor: Taiwan VCM Corporation	None		
	Republic of China	Representative: Kuang-Che Huang	Male			February 28, 1997	–	–	0	0%	0	0%	0	0%					
Director	Republic of China	Union Polymer Int'l Investment Corp.	–	June 8, 2016	3 years	June 18 ,2001	177,951,528	36.08%	200,042,785	36.08%	–	–	0	0%	Department of Chemical Engineering of Chung Yuan Christian University, General Manager of Taiwan VCM Corporation, and Deputy General Manager of USI	(Note 8)	None		
	Republic of China	Representative: Kuo-Hung Li (Note 5)	Male			June 15, 2007	–	–	0	0%	0	0%	0	0%					
Director	Republic of China	Union Polymer Int'l Investment Corp.	–	June 8, 2016	3 years	June 18 ,2001	177,951,528	36.08%	200,042,785	36.08%	–	–	0	0%	PhD in Chemical Engineering, Pennsylvania State University	(Note 9)	None		
	Republic of China	Representative: Han-Tai Liu	Male			June 10, 2013	–	–	0	0%	–	–	0	0%					
Director	Republic of China	Union Polymer Int'l Investment Corp.	–	June 8, 2016	3 years	June 18 ,2001	177,951,528	36.08%	200,042,785	36.08%	–	–	0	0%	PhD in Business Administration, Nova Southeastern	(Note 10)	None		

Title (Note 1)	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term	Date first elected (Note 2)	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Education and work experience (Note 3)	Current position in the Company and/or other companies	Executive Officers, Directors or Supervisors who are spouses or relatives within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
	Republic of China	Representative: Chen-Tu Liu	Male			June 18 ,2001	—	—	0	0%	0	0%	0	0%	University (U.S.A.)				
Director	Republic of China	Tai Lien International Investment Co., Ltd.	—	March 13, 2018	3 years	June 15, 2010	18,621,125	3.78%	20,932,787	3.78%	—	—	0	0%	Department of Chemical Engineering of Chung Yuan Christian University, United Nylon, China Phosphate Co., Ltd., TSRC Corporation	(Note 11)	None		
	Republic of China	Representative: I-Shao Ko (Note 4)	Male			March 13, 2018	—	—	0	0%	0	0%	0	0%					
Independent Director	Republic of China	Ta-Hsiung Chen	Male	June 8, 2016	3 years	June 8, 2016	0	0%	0	0%	0	0%	0	0%	College of Law of National Taiwan University, Trustee of Mitsubishi Corporation (Taiwan) Ltd., Chairman of New Northern Knitting Co., Ltd., Chairman of Shanghai Jianeng Textile Co., Ltd., Chairman of the Board of Supervisors of the National Association of Small & Medium Enterprises R.O.C., Representative of Chinese Taipei in the APEC Business Advisory Council (ABAC), Executive Director of the Importers and Exporters Association of Taipei, and Director of the Republic of China Trade Education Foundation	Honorary Chairman, Pershing Systems Corporation Chairman: Pan Asia Shipping Company (Canada), Hsiu Tzu International Co. Ltd., Hsiu Chih Co., Ltd. Director: Yang Tang-Hai Social Welfare and Charity Foundation	None		
Independent Director	Republic of China	Shang-Hung Shen	Male	June 8, 2016	3 years	June 8, 2016	0	0%	0	0%	0	0%	0	0%	MBA from Emory University, Department of Electrical Engineering of National Taiwan University, and AT&T Manager	(Note 12)	None		
Independent Director	Republic of China	Tun-Chien Cheng	Male	June 8, 2016	3 years	June 8, 2016	0	0%	0	0%	0	0%	0	0%	MBA from Columbia University (U.S.A.), General Manager of UMC Capital,	Chairman: Hung Ting Capital, Clientron Corp., Shih Ting Venture Capital,	None		

Title (Note 1)	Nationality or place of registration	Name	Gender	Date of election (appointment)	Term	Date first elected (Note 2)	Shares held when elected		Shares currently held		Shares held by spouse and minor children		Shares held in the name of other persons		Education and work experience (Note 3)	Current position in the Company and/or other companies	Executive Officers, Directors or Supervisors who are spouses or relatives within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
															Director and General Manager of United Management Consultancy Investment Co., Ltd., Executive Director and General Manager of Taiwan of Morgan Stanley Asia Limited, Executive Director of Goldman Sachs Asia L.L.C.	Luxnet Corporation Director: Fusheng Precision Co., Ltd. Independent Director: Edom Technology Co., Ltd. and Ta Ya Electric Wire & Cable			

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

Note 2: Any disruption of duty as a Director or Supervisor after the date he/she is elected shall be included in a separate note.

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

Note 4: Corporate shareholder Tai Lien International Investment Co., Ltd. appointed Mr. Ko I-Shao as its representative to serve as director in place of Mr. Matthew Miau on March 13, 2018. Information on Mr. Matthew Miau was disclosed till the date he was replaced.

Note 5: The previous General Manager Mr. Kuo-Hung Li retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Pei-Chi Wu to take over as General Manager.

Note 6: Chairman: USI Corporation, China General Plastics Corporation, Taita Chemical Company Limited, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical.

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

Investment Corporation, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd. and CTCI Group.

General Manager: Union Polymer International Investment Corp. and USI Management Consulting Corporation.

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

Executive Director: Chinese National Federation of Industries

Note 7: Chairman: UPC Group, Lien Hwa Industrial Corp., MiTAC Holdings Corporation, Synnex Technology International Corporation and MiTAC Inc.

Director: TTC, Getac Technology Corporation, MiTAC Information Technology Corp., Winbond Electronics Corp., BOC Lien Hwa Industrial Co., Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., Krystal Star, Fujian Gulei Petrochemical, and Synnex Corporation

Independent Director: Cathay Financial Holdings Co., Ltd., Cathay Financial Holdings Co., Ltd., Cathay Century Insurance, Cathay United Bank, and Cathay Securities

Executive Director: Chinese National Federation of Industries

Note 8: Director: Asia Polymer Investment Corporation, Swanson Technologies Corporation, Taiwan VCM Corporation, USI International Corporation, APC(BVI) Holding Co. Ltd., Swanson Plastics Corp., Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USI Optronics Corporation, China General Terminal & Distribution Co. and Fujian Gulei Petrochemical

Note 9: Director: Ever Victory Global Ltd., Dynamic Ever Investments Ltd., TTC, China General Plastics Corporation, Thintec Materials Corporation, Taiwan VCM Corporation, Swanson Plastics Corp., and INOMA Corporation

Supervisor: China General Terminal and Distribution Corporation

Deputy General Manager: USI

Note 10: Director: APC(BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., Forever Young Co., Ltd., Forum Pacific Trading Ltd., Swanlake, Taita (BVI) Holding Co., USI International Corporation, Ever Victory Global Limited, Dynamic Ever Investments Limited, CGPC Consumer Products Corporation, Taita Chemical (Zhongshan) Co., Ltd., Taita Chemical Co., Ltd., USI Optronics Corporation, USI Management Consulting Corp., Chong Loong Trading Co., Ltd., China General Plastics Corporation, Continental General Plastics (Zhongshan) Co., Ltd., China General Terminal & Distribution Co., Acme Electronics (Kunshan) Co., Ltd., Swanson Technologies Corporation, Swanson Plastics Corp., Taiwan United Venture Capital Corp., Taiwan United Venture Management Corporation, Union Polymer International Investment Corp., and Wafer Works Corporation (Note)

Note: Served as Director of Wafer Works Corp. whose main business operations are: Research, development, design, manufacture, import/export, agency, and distribution of semiconductors and materials Research, development, design, manufacture, import/export, agency, and distribution of semiconductors and materials

Supervisor: USIFE Investment Co., Ltd., APC Investment Corporation, USIG (Shanghai) Co., Ltd. and Fujian Gulei Petrochemical

Deputy General Manager: USI Management Consulting Corp.

Note 11: Chairman: Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastic, Tai Lien International, Jiangsu Logistics, Guangdong Logistics, Panjin UPC, Panjin Warehousing, Panjin Materials, Nanchong UPC, Sichuan Logistics, and Wei Cheng Investment

Executive Director: Zhenjiang Lianju

Director: TTC, China General Terminal & Distribution Co., UPC Group, UPC Venture Capital, United Industrial Gases Co., Ltd., UPC Chemicals (Malaysia) SDN.BHD

General Manager: UPC Group, Zhenjiang UPC, Zhongshan UPC, Zhuhai UPC, Taizhou UPC, Taizhou Warehousing, Taizhou Plastic, Jiangsu Logistics, Guangdong Logistics, Panjin Warehousing, Panjin Materials, Nanchong UPC, and Sichuan Logistics

Note 12: Chairman: Ta Ya Electric Wire & Cable Co., Ltd., Cuprime Material Co., Ltd., Jia Hsi Investment Holding Co. Ltd., Chia Shang Capital, Honeyed Investment Co., Ltd., HUA YA Venture Capital Co., Ltd., TA YA Innovation Investment Co., Ltd., Ta Ya Green Energy Technology Co., Ltd., Touch Solar Power Co., Ltd., BOSI SOLAR ENERGY CO., LTD., Cugreen Metal Tech Co., Ltd., United Electric Industry Co., Ltd., Po Shuo Power, and Union Storage Energy System Ltd.

Director: Ta An Precision Co., Ltd., Iridium Medical Technology Co., Ltd., Jung Shing Wire Co. Ltd., and Bora Pharmaceuticals

Independent Director: Mercuries Data Systems Ltd.

Supervisor: Vsense Medtech. Co. Ltd. and Ta Ho Engineering Co., Ltd.

Table 1: Major shareholders of corporate shareholders

April 26, 2019

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)	
Union Polymer Int'l Investment Corp.	USI Corporation	100%
Tai Lien International Investment Co., Ltd.	UPC Technology Corporation	100%

Note 1: For Directors and Supervisors who are the representatives of corporate shareholders, the names of the corporate shareholders shall be disclosed.

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

Table 2: Main shareholders of corporate shareholders in Table 1

April 26, 2019

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (shareholding ratio (Note 2)	
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Bank of Taiwan as custodian of Hao Chi Li Co., Ltd. investment account	9.25%
	Asia Polymer Corporation	8.53%
	Citibank (Taiwan) Limited as custodian of Norges Bank investment account	1.80%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Shan-Shan Lin Su	1.67%
	Wen-Hsuan Yu	1.41%
	Wen-Tsung Yu	1.41%
	Wen-Yu Yu	1.41%
	Taita Chemical Co., Ltd.	1.27%
UPC Technology Corporation	Lien Hwa Industrial Corp.	31.89%
	Synnex Technology International Corporation	5.18%
	Yi Yuan Investment Co., Ltd.	1.62%
	Liberty Stationery Corporation	1.55%
	Mei An Investment Co., Ltd.	1.29%
	Tung Ta Investment Co., Ltd.	1.24%
	Tsu Feng Investment Co., Ltd.	1.23%
	MiTac International Corp.	1.21%
	Fubon Life Insurance Co., Ltd.	1.20%
	Pornchai Engineering & Trading Company Limited	1.12%

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

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

(I) Board of Directors (2)

April 26, 2019

Criteria / Name (Note 1)	Has more than five years of work experience and the following professional qualifications			Compliance to independence (Note 2)										Number of other public companies the person serves as an independent director
	Serve in lecturer roles or above in public or private college institutions in one of the following departments: business administration, law, finance, accounting, or another discipline relevant to the company's operations	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company	1	2	3	4	5	6	7	8	9	10	
Quintin Wu			✓			✓					✓	✓		0
Matthew Miau (Note 2)			✓	✓		✓	✓			✓	✓	✓		4
Kuang-Che Huang			✓	✓		✓	✓	✓	✓		✓	✓		0
Kuo-Hung Li			✓			✓	✓	✓		✓	✓	✓		0
Han-Tai Liu			✓			✓	✓			✓	✓	✓		0
Chen-Tu Liu			✓			✓	✓		✓		✓	✓		0
I-Shao Ko (Note 2)			✓	✓		✓	✓			✓	✓	✓		0
Ta-Hsiung Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Shang-Hung Shen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tun-Chien Cheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: Please add more rows to accommodate additional entries.

Note 2: Corporate shareholder Tai Lien International Investment Co., Ltd. appointed Mr. Ko I-Shao as its representative to serve as director in place of Mr. Matthew Miau on March 13, 2018. Information on Mr. Matthew Miau was disclosed till the date he was replaced.

Note 3: For any director or supervisor who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the "V" sign in the corresponding field.

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

(2) Not a director or supervisor of the Company of any of its affiliates (excluding independent directors set up by the Company, its parent company or subsidiaries in compliance of the local regulations).

(3) Not a natural person shareholder who holds more than one (1) percent of total shares issued by the Company or is ranked top 10 in terms of number of shares held, including shares held in the name of the person's spouse and minors, or in the name of others.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to the individuals listed in the three preceding criteria.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than five (5) percent of the total number of shares issued by the Company or is one of the top 5 shareholders in terms of number of shares held.

(6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer or shareholder who holds more than five (5) percent of the number of shares of companies or institutions that have financial or business dealings with the Company.

(7) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), or managerial officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the company or to any affiliate enterprise, or spouse thereof. However, this restriction does not apply to any member of the Remuneration Committee who exercises powers pursuant to Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8) Not a spouse or a relative within the second degree of kinship with any Director.

(9) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(10) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information Regarding General Manager, Deputy General Managers, Senior Managers, and Heads of Departments

April 26, 2019

Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Number of shares held		Shares held by spouse and minor children		Shares held in the name of other persons		Education and work experience (Note 2)	Current positions held in other companies	Managerial officers who are spouses or relatives within the second degree of kinship		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chief Executive Officer	Republic of China	Quintin Wu	Male	September 1, 2009	0	0%	–	–	0	0%	Chairman of USI	(Note 4)	None	None	None
General Manager (Note 3)	Republic of China	Kuo-Hung Li	Male	May 2, 2007	0	0%	0	0%	0	0%	Department of Chemical Engineering of Chung Yuan Christian University, General Manager of Taiwan VCM Corporation, and Deputy General Manager of USI	(Note 5)	None	None	None
General Manager (Note 3)	Republic of China	Pei-Chi Wu	Male	March 26, 2019	0	0%	0	0%	0	0%	Department of Chemical Engineering of Tunghai University, Director of Packaging and Special Plastics Value Chain, Business Department, Asia Pacific; Director of New Business Development and Sustainable Development; Business Director of Polyurethane and System Materials; General Manager of Thermosetting Materials Business Department, Asia Pacific; and Sales Director of Basic Plastics in Greater China, Dow Chemical	(Note 6)	None	None	None
Assistant VP of Sales Department	Republic of China	Ming-Tsung Wu	Male	January 21, 2016	0	0%	0	0%	0	0%	Master in Chemical Engineering, National Taiwan University	USI Corporation Senior Manager of Sales Division	None	None	None
Director of Linyuan Plant	Republic of China	Jung-Hung Chen	Male	February 16, 2016	0	0%	0	0%	0	0%	Department of Chemical Engineering, Tamkang University	None	None	None	None
Accounting Manager	Republic of China	Cheng-Shun Chen	Male	September 1, 2015	0	0%	0	0%	0	0%	Graduated from Dept. of Accounting, Fu Jen Catholic University	China General Terminal & Distribution Co. Accounting Manager	None	None	None
Finance Manager	Republic of China	Ju-Hsuan Shih	Female	September 1, 2014	0	0%	–	–	0	0%	Graduated from Dept. of Accounting, Soochow University	None	None	None	None
Sales Manager (Note 3)	Republic of China	Ching-Wei Tseng	Male	January 1, 2008	0	0%	–	–	0	0%	Department of Chemistry, Tamkang University	None	None	None	None
Sales Manager (Note 3)	Republic of China	Ko-Ming Huang	Male	August 10, 2018	0	0%	0	0%	0	0%	Department of Fiber Engineering Technology of National Taiwan Institute of Technology, Senior Manager Special Assistant of Sales Division, USI/APC	Senior Manager of Sales Division, USI/APC Special Assistant	None	None	None

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, heads of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

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

Note 3: The previous General Manager Mr. Kuo-Hung Li retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Pei-Chi Wu to take over as General Manager. The Sales Manager Ching-Wei Tseng was reassigned to Special Assistant of the Sales Division on August 10, 2018 and the Sales Manager Ko-Ming Huang was appointed on August 10, 2018.

Note 4: Chairman: USI Corporation, China General Plastics Corporation, Taita Chemical Company Limited, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Thintec Materials Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation and Fujian Gulei Petrochemical.

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

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

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

Executive Director: Chinese National Federation of Industries

Note 5: Director: Asia Polymer Investment Corporation, Swanson Technologies Corporation, Taiwan VCM Corporation, USI International Corporation, APC(BVI) Holding Co. Ltd., Swanson Plastics Corp., Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USI Optronics Corporation, China General Terminal & Distribution Co. and Fujian Gulei Petrochemical

Note 6: Chairman: TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd.

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Taita (BVI) Holding Co., Ltd., Chong Loong Trading Co. Ltd., Swanson Plastics Corporation, INOMA Corporation, Thintec Materials Corporation, and USI Education Foundation

General Manager: TTC, USI Trading (Shanghai) Co., Ltd.

Supervisor: USI Optronics Corporation

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

If any of the following applies to a company, the name of the director or supervisor involved and the remuneration paid to him/her shall be disclosed: None

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

(2) A company with directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual directors. A company with supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual supervisors.

(3) A company with an average ratio of shares pledged by directors or supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months.

(4) If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors.

(I) Remuneration of Directors, Supervisors, General Manager and Deputy General Manager

1. Remuneration paid to directors (including independent directors) (range of remuneration with name disclosure)

Unit: NT$ thousands

Title	Name	Directors' remuneration								Percentage of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Relevant remuneration received by directors who also serve as employees								Percentage of the total of 7 items A, B, C, D, E, F and G to net income after taxes (Note 10)		Remuneration from an investee company other than the Company's subsidiaries (Note 11)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Directors' remuneration (C) (Note 3)		Costs incurred from performance of duty (D) (Note 4)				Salary, bonuses and allowances (G) (Note 5)		Severance pay and pension (F)		Employee remuneration (G) (Note 6)						
																The Company		All companies in the Financial Report (Note 7)				
		The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies in the Financial Report (Note 7)	
Chairman	Quintin Wu	3,600	3,600	0	0	0	0	1,918	1,918	1.924%	1.924%	11,145	11,145	108	108	27	0	27	0	5.857%	5.857%	28,450
Director	Kuo-Hung Li																					
Director	Kuang-Che Huang																					
Director	Chen-Tu Liu																					
Director	Han-Tai Liu																					
Director	Matthew Miau																					
Director	I-Shao Ko																					
Independent Director	Ta-Hsiung Chen																					
Independent Director	Tun-Chien Cheng																					
Independent Director	Shang-Hung Shen																					

*Unless disclosed above, remuneration received by the Directors in the current year for providing services (e.g. serving as a non-employee consultant) to the companies listed in this financial report: None.

Range of remuneration

<table>
<tr><th rowspan="3">Range of remuneration paid to the Directors of the Company</th><th colspan="4">Name of Director</th></tr>
<tr><th colspan="2">Total of (A+B+C+D)</th><th colspan="2">Total of (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company (Note 8)</th><th>All companies in the Financial Report (Note 9) H</th><th>The Company (Note 8)</th><th>All investees in the Financial Report (Note 9) I</th></tr>
<tr><td>Less than NT$2,000,000</td><td>Quintin Wu, Matthew Miau, Kuang-Che Huang, Chen-Tu Liu, I-Shao Ko, Han-Tai Liu, Kuo-Hung Li, Ta-Hsiung Chen Tun-Chien Cheng, Shang-Hung Shen</td><td>Quintin Wu, Matthew Miau, Kuang-Che Huang, Chen-Tu Liu,
I-Shao Ko, Han-Tai Liu, Kuo-Hung Li, Ta-Hsiung Chen,
Tun-Chien Cheng, Shang-Hung Shen</td><td>Matthew Miau, Kuang-Che Huang, Chen-Tu Liu, Han-Tai Liu,
I-Shao Ko, Ta-Hsiung Chen,
Tun-Chien Cheng,
Shang-Hung Shen</td><td>Matthew Miau, Kuang-Che Huang, Chen-Tu Liu,
I-Shao Ko, Ta-Hsiung Chen,
Tun-Chien Cheng,
Shang-Hung Shen</td></tr>
<tr><td>NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)</td><td></td><td></td><td>Quintin Wu</td><td></td></tr>
<tr><td>NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)</td><td></td><td></td><td>Kuo-Hung Li</td><td>Kuo-Hung Li, Han-Tai Liu</td></tr>
<tr><td>NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)</td><td></td><td></td><td></td><td>Quintin Wu</td></tr>
<tr><td>NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$50,000,000 (inclusive)～ NT$100,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>More than NT$100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>NT$5,518 thousand</td><td>NT$5,518 thousand</td><td>NT$16,798 thousand</td><td>NT$45,248 thousand</td></tr>
</table>

Note 1: The names of Directors shall be listed separately (names of corporate shareholders and representatives shall be listed separately), and the payment amounts shall be disclosed collectively. If a director concurrently serves as a general manager or deputy general manager, his/her name and the amount of remuneration paid to him/her should be listed in Table (3-1) or (3-2) below.

Note 2: Remuneration of directors in the most recent year (including salaries, job remuneration, severance, bonuses, and performance fees).

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

Note 4: Business expenses paid out to Directors in the most recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. The Company provides a corporate vehicle and assigns one driver whose compensation for 2018 was $913 thousand. Related fuel expenses were $37 thousand and the rent of the corporate vehicle was $428 thousand.

Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by directors who concurrently serve as employees (including general manager, deputy general manager, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included.

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

Note 7: Total remuneration in various items paid out to the Company's Directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.

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

Note 9: Total remuneration in various items paid to every Director of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the Director shall also be disclosed in the respective remuneration range.

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

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

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

c. Remuneration in this case shall refer to remuneration, fees (including remuneration as a company employee, Director, or Supervisor), business expenses, and other related payments received by the Director of this Company for being a director, supervisor, or managerial officer of other non-subsidiary companies that this Company has invested in.

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

2. Remuneration of Supervisors: Not applicable as the Company has an Audit Committee that replaces the functions of supervisors.

3. Remuneration paid to General Manager and Deputy General Manager (range of remuneration with name disclosure)

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and special allowances (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Proportion of the sum of A, B, C, and D (%) to NIAT (Note 8)		Remuneration from an investee company other than the Company's subsidiaries (Note 9)
		The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company		All companies in the Financial Report (Note 5)		The Company	All companies listed in the Financial Report (Note 5)	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Quintin Wu	6,189	6,189	108	108	4,956	4,956	27	0	27	0	3.933%	3.933%	18,640
General Manager	Kuo-Hung Li													

∗ Regardless of titles, remunerations of employees with position equivalent to General Manager and Deputy General Manager (such as president, CEO, director) shall be disclosed.

Note 1: The Company provides a corporate vehicle and assigns one driver whose compensation for 2018 was $913 thousand. Related fuel expenses were $37 thousand and the rent of the corporate vehicle was $428 thousand.

Note 10: The severance pay and pension received by the general manager is the amount contributed for expensing severance pay and pension.

Range of remuneration

Range of remuneration paid to the General Manager and Deputy General Manager of the Company	Names of General Manager and Deputy General Manager	
	The Company (Note 6)	All investees (Note 7) E
Less than NT$2,000,000		
NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)	Quintin Wu	
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Kuo-Hung Li	Kuo-Hung Li
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)		Quintin Wu
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
More than NT$100,000,000		
Total	NT$11,280 thousand	NT$29,920 thousand

Note 1: The names of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as the President or Vice President, his/her name and the amount of remuneration paid to him/her should be listed in Table (1-1) or (1-2) above.

Note 2: Fill the salary, job-related allowances and severance pay received by the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the General Manager and Deputy General Manager in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.

Note 5: Total remuneration of each category paid out to the Company's General Managers and Deputy General Managers by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: Names of the Company's General Manager and Deputy General Managers shall be disclosed in the range corresponding to the total of compensations paid to them.

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

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

Note 9: a. The amount of remuneration received from investment companies other than subsidiaries by the Company's General Manager and Deputy General Manager shall be stated clearly in this column.

b. If the General Manager and Deputy General Manager of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the General Manager and Deputy General Manager from investment companies other than subsidiaries shall be combined into Column E of the table for ranges of remuneration, and this column shall be renamed as "All Investee Companies".

c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors and Supervisors) and remuneration related to business expenses that are received by the Company's General Manager and Deputy General Manager who serve as Directors, Supervisors or managerial officers at investee companies other than the Company's subsidiaries.

∗ The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

4. Name of managerial officers to which employee remuneration is distributed, and the status of distribution

Collective disclosure

Unit: NT$ thousands

<table>
<tr><th></th><th>Title
(Note 1)</th><th>Name
(Note 1)</th><th>Stock</th><th>Cash</th><th>Total</th><th>Percentage of total remuneration on NIAT (%)</th></tr>
<tr><td rowspan="8">Managerial Officer</td><td>Chief Executive Officer</td><td>Quintin Wu</td><td rowspan="8">0</td><td rowspan="8">108</td><td rowspan="8">108</td><td rowspan="8">0.04%</td></tr>
<tr><td>General Manager</td><td>Kuo-Hung Li</td></tr>
<tr><td>Assistant VP of Sales Department</td><td>Ming-Tsung Wu</td></tr>
<tr><td>Director of Linyuan Plant</td><td>Jung-Hung Chen</td></tr>
<tr><td>Accounting Manager</td><td>Cheng-Shun Chen</td></tr>
<tr><td>Finance Manager</td><td>Ju-Hsuan Shih</td></tr>
<tr><td>Sales Manager (Note 5)</td><td>Ching-Wei Tseng</td></tr>
<tr><td>Sales Manager (Note 5)</td><td>Ko-Ming Huang</td></tr>
</table>

Note 1: Individual names and titles shall be disclosed, but remuneration received can be disclosed as total sum.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net profit refers to the after-tax net income for the most recent fiscal year; for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.

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

(1) General Manager and its equivalent

(2) Deputy General Manager and its equivalent

(3) Senior Manager and its equivalent

(4) Head of Finance Department

(5) Head of Accounting Department

(6) Other personnel authorized to manage company operations and sign for approval

Note 4: Directors, General Manager and Deputy General Manager who receive employee remuneration (including shares and cash) shall be listed in Table 1-2 and this table.

Note 5: The Sales Manager Ching-Wei Tseng was reassigned to Special Assistant of the Sales Division on August 10, 2018 and the Sales Manager Ko-Ming Huang was appointed on August 10, 2018.

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

1. Analysis of percentages of remuneration paid to Directors, General Manager and Deputy General Manager:

Category \ Year	2018		2017	
	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report
Directors (excluding those who concurrently serve as employees and receive remuneration)	1.924%	1.924%	0.972%	0.972%
Directors (including those who concurrently serve as employees and receive remuneration)	5.857%	5.857%	3.040%	3.040%
General Managers and Deputy General Managers	3.933%	3.933%	2.070%	2.070%

2. Remuneration policies, standards and packages, and their correlations with the company's business performance and future risk exposure:

(1) According to Article 18 of the Company's Articles of Incorporation, compensation paid to Directors shall not exceed one (1) percent of the profit obtained in the current fiscal year. The Remuneration Committee shall take into account the overall performance of the Company and its future operational risk, as well as the trends of the industry, and propose the remuneration to be paid to Directors to the Board of Directors for approval, whereas transportation fees to be paid to Directors shall be approved by the Shareholders' Meeting. The Directors only received transportation allowances and fixed compensation this year and were not provided with variable remuneration.

(2) Directors' remuneration shall be set in accordance with Article 15-1 of the Company's Articles of Incorporation, the value of their level of participation and contribution to the Company's business operations, regardless of whether the Company records a profit or a loss, and taking into consideration the pay levels of the industry. Directors' remuneration shall be approved by the Board of Directors, and shall correlate with the Company's business performance.

(3) Managerial officers' compensation shall be determined in accordance with the company's personnel-related rules and regulations. Salary levels shall first be proposed by the remuneration committee before submission to the Board of Directors for approval, and shall correlate with the Company's business performance.

(4) Correlation with future risk exposure: None.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

A total of six (6) meetings (A) were held by the Board of Directors in the most recent fiscal year (2018). The attendance of the members of the Board was as follows:

Title	Name (Note 1)	2018 1st Meeting March 12, 2018	2018 2nd Meeting May 4, 2018	2018 3rd Meeting June 26, 2018	2018 4th Meeting August 9, 2018	2018 5th Meeting November 8, 2018	2018 6th Meeting December 6, 2018	Actual attendance in person B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 2)	Remark(s)
Chairman	Quintin Wu (Representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	
Director	I-Shao Ko (representative of Tai Lien International Investment Co., Ltd.)	—	◎	◎	◎	◎	☆	4	1	80	Newly elected, required to attend 5 meetings
Director	Kuang-Che Huang (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	
Director	Kuo-Hung Li (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	
Director	Han-Tai Liu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	
Director	Chen-Tu Liu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	
Independent Director	Ta-Hsiung Chen	◎	◎	◎	◎	◎	◎	6	0	100	
Independent Director	Shang-Hung Shen	☆	☆	◎	◎	◎	☆	3	3	50	
Independent Director	Tun-Chien Cheng	◎	◎	◎	◎	◎	◎	6	0	100	
Director	Matthew Miau (representative of Tai Lien International Investment Co., Ltd.)	◎	—	—	—	—	—	1	0	100	Outgoing Director, required to attend 1 meeting

Note: Attendance in person: ◎; attendance by proxy:☆; absent: ✻.

Note: Tai Lien International Investment Co., Ltd. replaced its original representative Mr. Matthew Miau with Mr. I-Shao Ko as the representative of the Director on March 13, 2018.

Other matters to be noted:

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

(I) Items listed in Article 14-3 of the Securities and Exchange Act.

Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by independent Directors
1st Meeting in 2018 2018.03.12	1. Approved capital increase by retained earnings	Yes	None
	2. Approved the amendment of certain articles in the Regulations Governing the Making of Endorsements / Guarantees.	Yes	None

Board of Directors	Resolution and Follow-up Actions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting opinion or qualified opinion by independent Directors
	3. Approved the remuneration of CPAs for the year 2017.	Yes	None
	4. Approved the appointment of CPAs for 2018.	Yes	None
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of independent Directors: None.		
	Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.		
	5. Approved the recommendation for the removal of non-compete clause for newly elected Directors at the general shareholders' meeting	Yes	None
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of independent Directors: None.		
	Voting results: (The Independent Director Ta-Hsiung Chen and Director Han-Tai Liu recused themselves due to conflict of interest.) With the exception of the aforementioned recusals due to conflicts of interest, the acting chairman asked for the opinions of other directors in attendance and the proposal was passed unanimously.		
2nd Meeting in 2018 2018.05.04	Passed the amendments to the Company's internal control system.	Yes	None
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of independent Directors: None.		
	Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.		
3rd Meeting in 2018 2018.06.26	Approved the issuance of new shares.	Yes	None
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of independent Directors: None.		
	Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.		
4th Meeting in 2018 2018.08.09	Approved the authorization for the Chairman to conduct investments within the total amount approved by the Board of Directors for changes in the Company's investment in the Gulei Project.	Yes	None
	Opinions of Independent Directors: None.		
	The Company's actions in response to the opinions of independent Directors: None.		
	Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.		

(II) Other resolutions of the Board, which the independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: No such occurrences.

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

Name of Director	Agenda	Reason for recusal	Participation in voting	Remark(s)
Ta-Hsiung Chen Han-Tai Liu	Removal of the non-compete clause for Directors	The Director has an interest in the matter	Did not participate in voting	1st Meeting in 2018
Quintin Wu Kuo-Hung Li Chen-Tu Liu	Donations to the USI Education Foundation	Recused himself due to conflict of interest as he serves as a director in the foundation	Did not participate in voting	1st Meeting in 2018

III. Goals (e.g., establishing an Audit Committee, enhancing information transparency) primed to enhance the Board of Directors' professionalism and the assessment on their execution process for the year and the most recent year:

1. Measures taken to strengthen the functions of the Board of Directors:

In order to enhance corporate governance and the functions of the Board of Directors, the Company passed the resolution on the amendment of Article 11-1 and Article 11-2 of the Company's Articles of Association at the Annual General Meeting held on June 2, 2015, where these articles stipulate the appointment of independent directors and the establishment of an audit committee in due course according to the law. Related measures for the establishment of the Audit Committee was passed in the board meeting on March 11, 2016 and the Audit Committee Charter was passed in the board meeting on April 25, 2016.

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

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

Implementation of Performance Appraisal on the Board of Directors (Audit Committee) in 2018:

(1) Appraisal Period: January 1, 2017 to December 31, 2018

(2) The Company has established a set of regulations governing the evaluation of performance of the Board of Directors and performance appraisal methods, proposing the self-evaluation of the performance of the Board of Directors (Audit Committee) on a regular basis every year based on the implementation of assessment indicators including degree of participation in the Company's operation, improvement of the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuous education of members of the Board of Directors, internal control and communications with the Audit Committee. The overall results of performance appraisal performed on the Board of Directors (Audit Committee) for 2018 have been reported in the first meeting of the Board of Directors in 2019 and the results were as follows:

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

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

2. Evaluation of target implementation:

The Audit Committee was established after the appointment of independent directors during the 2016 Annual General Meeting. The results of performance appraisal performed on the Board of Directors (Audit Committee) in 2018 have been disclosed on the Company's website on January 9, 2019 and reported in the first Board of Directors' Meeting in 2018 (February 13, 2019).

3. The Company held training courses for directors and managerial officers and encouraged Directors and managerial officers to attend corporate governance-related courses

The status of continuing education among the directors and managerial officers of the Company is as follows:

Title	Name	Course date	Organizer	Course title	Course duration
Chairman	Quintin Wu	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Director	I-Shao Ko	April 25, 2018	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Family Business Succession	3
		May 28, 2018	Taiwan Corporate Governance Association	"Artificial Intelligence is Here" and "The Consumer-to-Business Era"	3
Director	Kuang-Che Huang	April 27, 2018	Securities & Futures Institute	2018 Insider Trading Prevention Seminar	3
		November 27, 2018	Accounting Research and Development Foundation	Internal Audit and Internal Controls under New Accounting Procedures in IFRS 15	6
Director	Kuo-Hung Li	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Director	Han-Tai Liu	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Director	Chen-Tu Liu	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		June 26, 2018	Taiwan Corporate Governance Association	Introduction to the New Corporate Governance Roadmap	1
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Independent Director	Ta-Hsiung Chen	January 23, 2018	Taiwan Corporate Governance Association	Major Economic Crimes in Companies - Brief Discussion on Insider Trading	3
		March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		May 8, 2018	Taiwan Stock Exchange (TWSE)	New Corporate Governance Roadmap Summit for Listed Companies	3
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Independent Director	Shang-Hung Shen	May 8, 2018	Taiwan Corporate Governance Association	Insider Trading Prevention and Response Plans	3
		July 5, 2018	Taiwan Corporate Governance Association	Insider Trading Prevention and Response Plans	3
Independent Director	Tun-Chien Cheng	April 10, 2018	Taiwan Corporate Governance Association	Obligations and Responsibilities of Companies, Directors, and Supervisors under the Securities and Exchange Act	3
		April 10, 2018	Taiwan Corporate Governance Association	Analysis of the Practices and Case Studies of Corporate Mergers	3
		April 11, 2018	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Family Business Succession	3
Accounting Manager	Cheng-Shun Chen	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		June 27, 2018	Organized by the Company	Legal Liabilities and Case Analysis of Breach of Trust	3
		July 19, 2018 to	Accounting Research and Development Foundation	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer (Accounting, Auditing,	12

Title	Name	Course date	Organizer	Course title	Course duration
		July 20, 2018		Finance, and Ethics)	
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
Finance Manager	Ju-Hsuan Shih	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		October 16, 2018	Securities & Futures Institute	Corporate Environmental Protection and Sustainable Development	3
		October 18, 2018	Organized by the Company	Copyright Protection and Reasonable Use	2
Auditor	Chia-Huei Lin	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		June 27, 2018	Organized by the Company	Legal Liabilities and Case Analysis of Breach of Trust	3
		July 13, 2018	Computer Audit Association	Power BI Data Extraction and Multivariate Data Analysis	6
		September 21, 2018	Computer Audit Association	Applications of Configuration Safety Management	6
		October 18, 2018	Organized by the Company	Copyright Protection and Reasonable Use	2
Auditor	Chia-Fang Chuang	March 21, 2018	Securities & Futures Institute	Current Corporate Social Responsibility Practices	3
		April 25, 2018	Organized by the Company	Legal Liabilities and Case Analysis of Breach of Trust	3
		July 20, 2018	Computer Audit Association	High-Risk Transaction Data Analysis	6
		October 12, 2018	Securities & Futures Institute	Insider Trading Auditing Practices	3
		October 12, 2018	Securities & Futures Institute	Case Studies of Material Company Malfeasance and Illegal Group Intervention and Malfeasance Prevention Strategic Studies	3
		October 18, 2018	Organized by the Company	Copyright Protection and Reasonable Use	2

The number of learning hours, scope of learning, learning systems, arrangements and information on the abovementioned training sessions which comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies shall be disclosed.

Note 1: For corporate directors and supervisors, the name of the corporate shareholders and their representatives shall be disclosed.

Note 2:

(1) Where directors or supervisors resign before the end of the year, the "remark" column shall be annotated with the date of resignation. Actual presence (attendance) rate (%) shall be calculated using the number of Directors’ Meetings convened and actual presence (attendance) during the term of service.

(2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election. Actual presence (attendance) rate (%) shall be calculated using the number of Directors’ Meetings convened and actual presence (attendance) during the term of service.

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

1. Operations of the Audit Committee:

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

- Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of internal control systems.
- Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- Items involving the interests of directors
- Major assets or derivative trading.
- Major loaning of funds, making of endorsements or provision of guarantees.
- Offering, issuance, or private placement of any equity-type securities.
- Appointment, dismissal and compensation of CPAs.
- Appointments and dismissal of finance, accounting and internal audit managers.
- Audit of annual and semi-annual financial statements
- Accept and deal with whistleblowing cases in accordance with the functions listed in this article.
- Other major items required by other companies or the competent authority.

(2) The Audit Committee met 6 times (A) in the most recent year. The attendance of Independent Directors was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A) (Note)	Remarks
Independent Director	Ta-Hsiung Chen	6	0	100	
Independent Director	Shang-Hung Shen	3	3	50	
Independent Director	Tun-Chien Cheng	6	0	100	

(3) The key work items reviewed in the most recent year mainly included:

- The annual financial statements and earnings distribution proposal.
- Amendment of the internal control system.
- Remuneration to the CPAs.
- Appointment of CPAs and evaluation of the independence of CPAs.

- Assessment of the effectiveness of the internal control system.
- Semi-annual financial reports.
- Audit plans.

Review the annual financial statements and earnings distribution proposal and issue audit reports.

Amendments of the internal control system, establishment and amendment of the Procedures for Making Endorsements and Guarantees, Standards for the Internal Control Systems of Shareholder Service Units, and Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group.

Assess the effectiveness of the internal control system and issue the Internal Control System Statement.

Other matters to be noted:

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

(I) Items listed in Article 14-5 of the Securities and Exchange Act

Audit Committee	Resolution and Follow-up Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
1st Term 8th Meeting March 12, 2018	1. 2017 Account Book	Yes	None
	1. 2018 earnings distribution proposal	Yes	None
	3. Propose the earnings-turned capital increase in new shares issuance	Yes	None
	4. Amendment of the "Procedures for Making Endorsements and Guarantees"	Yes	None
	5. Removal of the non-compete clause for Directors	Yes	None
	6. Compensation paid to the CPAs for 2017	Yes	None
	7. Evaluation of the independence of appointed CPAs for 2018.	Yes	None
	8. Appointment of CPAs for 2018	Yes	None
	9. Issuance of the 2017 "Statement on Internal Control System"	Yes	None
	Audit Committee resolution: With the exception of Case 5, the Audit Committee unanimously agreed. Case 5: With the exception of the recusal of Independent Director Shen Shang-Hung due to conflicts of interest, the chairman asked for the opinions of other members in attendance and the proposal was passed unanimously.		
	The Company's response to the opinions of the Audit Committee: With the exception of Case 5, all directors present voted in favor. Case 5: Except for the recusals, all directors present voted in favor.		
1st Term 9th Meeting May 4, 2018	Amend the Company's internal control system.	Yes	None
	Audit Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
1st Term 11th Meeting August 9, 2018	1. Reviewed the 2018 Q2 Consolidated Financial Report	Yes	None
	2. Amendment of the "Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group"	Yes	None
	3. Approved the authorization for the Chairman to conduct investments for the Gulei Project within the total amount approved by the Board of Directors	Yes	None

Audit Committee	Resolution and Follow-up Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
1st Term 12th Meeting November 8, 2018	1. Reviewed the 2019 audit plan	Yes	None
	Voting results in the Audit Committee: All the members of the Audit Committee voted in favor of the resolution.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		

(II) In addition to the aforementioned motions, other motions not passed by the Audit Committee but passed by at least two thirds of the votes of the entirety of the Board of Directors: No such occurrences.

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

III. Communications between independent directors and head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status should be included)

(I) Not only does the Internal Audit Department submit audit reports to each independent director for review every month, but also the Head of Internal Audit reports major audit findings to each independent director in the Audit Committee every quarter.

Both the Company's Audit Committee and the Head of Internal Audit have maintained good communications.

Summary of communication between Independent Directors and the Company's head of internal audit in 2018:

Date/Meeting	Key Communication Points	Recommendations and Results
March 12, 2018 8th Meeting of the 1st Audit Committee	1. 8th internal audit execution report for the 1st term. 2. Reviewed the 2017 Internal Control System Statement.	No dissenting opinions
May 4, 2018 9th Meeting of the 1st Audit Committee	1. 9th internal audit execution report for the 1st term. 2. Amended the management of shareholder services in the internal control system and related self-inspection details and working papers for related internal audits in accordance with the amended "Standards for the Internal Control Systems of Shareholder Service Units" promulgated by the Taiwan Depository & Clearing Corporation.	No dissenting opinions
June 26, 2018 10th Meeting of the 1st Audit Committee	10th internal audit execution report for the 1st term.	No dissenting opinions
August 9, 2018 11th Meeting of the 1st Audit Committee	11th internal audit execution report for the 1st term.	No dissenting opinions
November 8, 2018 12th Meeting of the 1st Audit Committee	1. 12th internal audit execution report for the 1st term. 2. Reviewed and approved the 2019 annual internal audit plan.	No dissenting opinions
December 6, 2018 13th Meeting of the 1st Audit Committee	13th internal audit execution report for the 1st term.	No dissenting opinions

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

Both the Company's Audit Committee and CPAs have maintained good communications.

Summary of meetings between the independent directors and CPAs in 2018:

Date/Meeting	Key Communication Points	Recommendations and Results
March 12, 2018 8th Meeting of the 1st Audit Committee	1. The CPAs' audit status and report on the 2017 Consolidated and Parent Company Only Financial Statements reports (including key audit matters (KAM)). 2. The CPAs and the members of the audit team have stated compliance to the No. 10 Statement on Professional Ethics Standards for ROC Accountants published by the ROC Certified Public Accountants Association and the Certified Public Accountant Act of the Republic of China and have not violated independence requirements. 3. The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinions
August 9, 2018 11th Meeting of the 1st Audit Committee	1. CPAs' audit report for the consolidated financial statements for 2018 Q2. 2. The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.	No dissenting opinions
November 8, 2018 12th Meeting of the 1st Audit Committee	1. CPAs' audit report for the consolidated financial statements for 2018 Q3. 2. Communication for the 2018 audit plan report and key audit matters in the audit report for the CPA. 3. CPAs discussed and communicated issues raised by the participants.	No dissenting opinions

Note:

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

＊ If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. The actual attendance rate (%) shall be calculated based on the number of meetings held during the member's term in the compensation committee and the number of actual attendances of this member.

2. Participation of Supervisors in the operations of the Board of Directors:

Not applicable as the Company has an Audit Committee that replaces the functions of supervisors.

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

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies"?	V		The Company has established its "Corporate Governance Best Practice Principles" and complied with the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies" to promote the implementation of corporate governance and discloses such information on its own website.	No material discrepancy
II. Shareholding structure & shareholders' rights				
(I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		The Company has appointed specific personnel to take charge of such matters.	No material discrepancy
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		The Company has maintained contact with its major shareholders and persons who have ultimate control over the major shareholders.	No material discrepancy
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		The Company has established and implemented a system to monitor its subsidiaries.	No material discrepancy
(IV) Has the company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	V		The Company has formulated its Procedures for Ethical Management and Guidelines for Conduct, in which Article 14 stipulates the prevention of insider trading.	No material discrepancy
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors drawn up policies on diversity of its members and	V		According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be	No material discrepancy

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
implemented them?			considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors shall possess the following abilities: 1. Ability to make sound business judgment; 2. Ability to conduct accounting and financial analysis; 3. Business management ability; 4. Crisis management ability; 5. Knowledge of the industry; 6. An understanding of international markets; 7. Leadership; 8. Ability to make decisions. In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection for the diversification of the board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present, so that the functions of the Board of Director can be more complete. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection. For details on the diversity of Board members, refer to the table below:	

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	

Name of Director	Gender	Diverse Core Competencies									
		Sound business judgments	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership skills	Decision-making ability	Legal expertise	Environmental protection expertise
Quintin Wu	Male	V	V	V	V	V	V	V	V		
Kuang-Che Huang	Male	V		V	V	V		V	V		
Kuo-Hung Li	Male	V	V	V	V	V	V	V	V		V
Han-Tai Liu	Male	V		V	V	V	V	V	V		
Chen-Tu Liu	Male	V	V	V	V			V	V	V	
I-Shao Ko	Male	V		V	V	V	V	V	V		
Ta-Hsiung Chen	Male	V	V	V	V		V	V	V	V	
Shang-Hung Shen	Male	V	V	V	V		V	V	V		V
Tun-Chien Cheng	Male	V	V	V	V		V	V	V		

Assessed Item	Yes	No	Summary	Deviations
			Appraisal Period: January 1 to December 31, 2018. 33% of the Company's Directors are also employees, and 33% of Independent Directors are also employees. All three Independent Directors have served for 3 years. One Director is aged above 80; three Directors are between 70 and 79 years of age; four Directors are between 60 and 69 years of age; and one Director is below 60 years of age.	
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit Committee that are established in accordance with the law?	V		The Company has established a Remuneration Committee and an Audit Committee which exercise their authority in accordance with the Remuneration Committee Charter and the Audit Committee Charter respectively with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the Corporate Social Responsibility Committee Charter with favorable performance.	No material discrepancy
(III) Has the company established any rules for evaluating the performance of the Board of Directors and methods for evaluating them?	V		The Company has established the "Board of Directors Assessment Regulations" on November 9, 2017. At the end of each year, performance appraisal shall be performed on the	No material discrepancy

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
Does the company performance such evaluation every year? (IV) Does the company regularly evaluate the independence of CPAs?	V		Board of Directors (Audit Committee) for the current year based on the actual implementation of assessment indicators including degree of participation in the Company, improvement of the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuous education of members of the Board of Directors, internal control and communications with the Audit Committee. Performance appraisal results shall be reviewed and improved upon in the most recent Board of Directors' Report in the following year. The results of performance appraisal performed on the Board of Directors (Audit Committee) in 2018 has been disclosed on the Company's website on January 9, 2019 and has been reported in the first Board of Directors' Meeting in 2018 (February 13, 2019). The Company assesses the independence of the CPA regularly in accordance with Article 30 of the "Corporate Governance Best Practice Principles". The Company has approved the assessment in the board meeting on March 6, 2019 (2nd Meeting in 2019). The independent assessment standards are provided in Note 2 and the statement issued by the CPA is provided in Note 3.	No material discrepancy
IV. Does the TWSE or TPEx listed company have a dedicated full-time (or part-time) corporate governance unit or personnel in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters related to Board of Directors' meetings and Shareholders' meetings, handling company registration and change registration, and producing	V		The Company plans to propose to the Board of Directors to establish the "Company Secretary" in May 2019 in accordance with the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers to improve the Company's corporate governance operations. I. Scope of duties: 1. Matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law 2. Minutes recording for meetings of the Board of Directors and shareholders' meetings	No material discrepancy

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
minutes of Board of Directors' meetings and Shareholders' meetings)?			3. Assist the Directors and Supervisors in taking office and continuing education 4. Provide information required for performance of duties by the Directors and Supervisors 5. Assist the Directors and Supervisors in compliance of law 6. Other matters stipulated in the Articles of Incorporation or the contract II. Status of operations in 2019: 1. Planned the meetings of the Board of Directors and shareholders' meetings and prepared related meeting minutes. 2. Two Board meetings were held on February 13, 2019 and March 6, 2019. Four Board meetings are scheduled to be held in May, June, August, and November 2019. The board is scheduled to meet six (6) times in 2019. 3. The Company plans to deliberate and pass the Company's "Standard Operating Procedures for Requests Filed by Directors" in the board meeting in May 2019. 4. The Company plans to deliberate and pass amendments to the "Corporate Governance Best Practice Principles" in the board meeting in May 2019. 5. The shareholders' meeting will be held on June 24, 2019. 6. The Company shall reelect all Directors in the general shareholders' meeting this year and assist new Directors in taking office and continuing education. 7. The Company has planned to hold two director training courses in July 2019 and October 2019. 8. The Company shall assist the Directors in understanding and compliance with the relevant laws and regulations. III. Continuing education: The Company plans related corporate governance courses in 2019 in accordance with the number of hours required in	

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers".	
V. Has the company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has set up a stakeholders' section under Corporate Social Responsibility on its website, which features contact information as channels of communication and discloses issues related to quality, the environment, occupational safety and health policies, employee rights, as well as social and product liabilities.	No material discrepancy
VI. Has the company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?		V	The Company takes charge of its own shareholder services and handles matters related to shareholders' meetings in accordance with the law.	The Company handles its own shareholder services to ensure quality and efficiency.
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		The Company has set up a website and regularly discloses company information.	No material discrepancy
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	V		The Company has appointed specific personnel in charge of the collection and disclosure of company information and has implemented a spokesperson system.	No material discrepancy
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (Including but not limited to employee's	V		(I) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also	No material discrepancy

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
rights, employee care, investor relations, supplier relations, stakeholders' rights, further studies of directors and supervisors, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the directors and supervisors of the Company)?			provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases group insurance and issues LOHAS e-newsletters . Furthermore, the Company's employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues solve work, life and psychological problems. (II) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation. (III) The Company has appointed a spokesperson to answer various types of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. Additionally, the Company maintains contact with its major shareholders. (IV) The Company maintains a good relationship with major suppliers, and the supply status is normal. (V) The Company maintains a good and stable relationship with its customers in order to generate profits. (VI) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company also organizes such courses from time to time and invites its directors to attend courses related to corporate governance. (VII) Purchase of liability insurance for the Company's directors and supervisors: The Group has purchased liability insurance for its directors, supervisors and key	

Assessed Item	Status of Implementation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			employees. In 2018, the total amount of co-insurance was US$35 million and the insurance policy was for the period from May 1, 2018 to May 1, 2019. Related information can be obtained from the Market Observation Post System (MOPS). Matters related to liability insurance have been included in the Board of Directors' report on May 4, 2018.	

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave this section blank if the company is not included in the evaluation process)

Parts that have been improved are as follows:

No.	Contents
Number 1.9	The Company has uploaded the English version of the notification for shareholders’ meeting 30 days prior to the date of the meeting along with the Chinese version.
Number 1.10	The Company has uploaded the English meeting agenda and supplementary information for shareholders’ meeting 21 days prior to the date of the meeting along with the Chinese version.
Number 1.11	The Company has uploaded the English version of the annual report 7 days before the shareholders' meeting.
Number 3.2	Important Information has been announced in English at the same time.
Number 3.5	The Company has disclosed annual financial reports (including financial statements and notes) in English on the its website or the Market Observation Post System (MOPS).
Number 4.6	The Company has formulated policies to protect human rights in accordance with the International Bill of Human Rights and discloses them in the Annual Report or the company website.

Parts prioritized for improvement are as follows:

No.	Contents
Number 2.20	We will do our best to make arrangements for at least two Independent Directors to attend each board meeting in person to improve our performance in the Corporate Governance Evaluation.
Number 2.21	In 2019, the Board of Directors resolved to appoint a Corporate Governance Officer to be responsible for related corporate governance affairs and disclosed the scope of duties, key business implementation items, and continuing education on the company website and Annual Report.
Number 4.5	Obtain third-party assurance for the CSR Report.

Note 1: Provide a brief description in the appropriate column, regardless whether "yes" or "no" is selected.

Note 2: CPA independence evaluation criteria

Item	Evaluation results	Meet independence criteria
1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.	Yes	Yes
2. The CPA does not have significant financial interest in his/her trustor.	Yes	Yes
3. The CPA avoids any inappropriate relationship with his/her trustor.	Yes	Yes
4. The CPA shall ensure that his/her assistants are honest, fair and independent.	Yes	Yes
5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	Yes	Yes
6. The CPA may not permit others to practice under his/her name.	Yes	Yes
7. The CPA does not own any shares of the Company and its affiliated companies.	Yes	Yes
8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.	Yes	Yes
9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.	Yes	Yes
10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.	Yes	Yes
11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.	Yes	Yes
12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.	Yes	Yes
13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.	Yes	Yes
14. The CPA has not collected any commission related to his/her service.	Yes	Yes
15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or cause damage to the principle of independence.	Yes	Yes

Note 3: Letter of Declaration issued by CPA

Chin Shen No. 10801055 dated February 11, 2019

Attn: Asia Polymer Corporation

Subject: The firm intends to accept the offer to audit your company's financial statements for year 2018. In accordance with the No. 10 Bulletin - "Integrity, Objectivity and Independence" in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China set forth by the National Federation of Certified Public Accountant Associations of the Republic of China, the members of the audit team declare that they have complied with the following regulations and have not committed an independence violation.

Note:

I. Members of the audit team and their spouses and dependents are not involved in the following:
   1. Directly or indirectly hold significant financial interests in your company
   2. Have business relations with your company or directors, supervisors and managerial officers at your company, where such relations may affect our independence

II. During the audit, members of the audit team, their spouses and dependents do not serve as directors, supervisors or managerial officers at your company or do not assume positions that may directly and significantly affect the auditing process.

III. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors, supervisors or managerial officers at your company.

IV. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from your company or directors, supervisors, managerial officers or major shareholders at your company.

V. Members of the audit team have performed the necessary procedures for evaluating independence or conflict of interests and have not been found to commit independence violations or be involved in unresolved conflicts of interest.

Deloitte, Taiwan

CPA: Hsiu-Chun Huang

(IV) If the Company has set up a Remuneration Committee, information regarding the composition, responsibilities and operations of the Committee shall be disclosed:

1. Information regarding the members of the Remuneration Committee

Job Title (Note 1)	Criteria / Name	Has more than five years of work experience and the following professional qualifications			Compliance to independence (Note 2)								Number of other public companies in which the member also serves as a member of their compensation committee	Remark(s)
		Serve as an instructor or higher positions in a private or public college or university in the field of business, law, finance, accounting, or other departments relevant to the business of the Company	Serve as a judge, prosecutor, lawyer, certified public accountant or other professional or technical specialists who have passed the relevant national examinations and successfully obtained certificates in professions necessary for the business of the Company	Work experience in business, law, finance, accounting or other areas relevant to the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Ta-Hsiung Chen			V	V	V	V	V	V	V	V	V	0	
Independent Director	Tun-Chien Cheng			V	V	V	V	V	V	V	V	V	2	
Independent Director	Shang-Hung Shen			V	V	V	V	V	V	V	V	V	1	

Note 1: For the job title, please identify whether the person is a Director, Independent Director or other.

Note 2: Insert "V" in the box if a member meets these conditions within two years prior to being elected and during his/her term of service.

(1) Not employed by the Company or an affiliated company.

(2) Not a director or supervisor of the Company or any of its affiliated companies. This restriction does not apply to independent directors of the Company or its parent company or subsidiaries, which have been appointed in accordance with local laws or laws of the registered country.

(3) Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.

(6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding more than 5% of shares of a specified company or institution that has a financial or business relationship with the Company.

(7) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer, or spouse thereof, of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the company or to any affiliated business.

(8) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. Responsibilities of the Remuneration Committee:

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

(1) Regularly review the Committee's charter and propose recommendations to amend it when necessary.

(2) Establish and regularly review the annual and long-term performance targets, as well as remuneration policies, systems, standards and structure of the Company's directors and managerial officers.

(3) Regularly evaluate the performance targets of the Company's managerial officers, and develop the content and amount of their remuneration individually.

3. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of three (3) members.

(2) The term of office of the current members of the Remuneration Committee June 22, 2016 to June 7, 2019. A total of three (3) meetings (A) were conducted by the Remuneration Committee in the most recent fiscal year (2018), where the attendance of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A) (Note)	Remark(s)
Convener	Ta-Hsiung Chen	3	0	100%	
Committee Member	Tun-Chien Cheng	3	0	100%	
Committee Member	Shang-Hung Shen	2	1	66.7%	
Other matters to be noted: I. If the Board of Directors does not adopt or amend the recommendations made by the Audit Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions of the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that of the Remuneration Committee, the discrepancies and related reasons shall be stated): No such occurrences. II. If the members of the Remuneration Committee have any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: No such occurrences.					

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

Note 2: If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the status of a member is "outgoing", "incoming" or "re-elected", and the date of re-election. The actual attendance rate (%) shall be calculated based on the number of meetings held during the member’s term in the compensation committee and the number of actual attendances of this member.

Remuneration Committee	Resolution and Follow-up Actions	Dissenting opinions or qualified opinions of members of the Remuneration Committee
3rd Term 4th Meeting 2018.03.12	1. The Company’s 2017 remuneration distribution proposal for Directors and employees.	None
	2. Discussed the 2017 special bonus for managerial officers.	None
	3. Reviewed the remuneration of the Directors and managers and the performance appraisal system.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
3rd Term 5th Meeting 2018.08.09	Reported the Company's annual salary adjustments.	None
	Opinions of the Remuneration Committee: None.	
	Resolutions of the Remuneration Committee: None.	
	The Company's response to Remuneration Committee opinions: None.	
3rd Term 6th Meeting 2018.11.08	1. Amended certain articles of the "Remuneration Committee Charter".	None
	2. Established the work plan of the Committee for 2019.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	

(V) Implementation of corporate social responsibility:

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
I. Implementation of corporate governance (I) Has the company established CSR policies or systems and reviewed their effectiveness?	V		(I) The Company issued the 2017 Corporate Social Responsibility Report in June 2018. The report can be downloaded from the Company's website (http://www.apc.com.tw/). The content of this report discloses its CSR vision and sustainable development strategies, where each department promotes CSR-related work according to its functions and regularly review the results of such work. Additionally, the report also responds to its stakeholders by highlighting CSR management and performance in three aspects - operations, environment and society. Please refer to the Company's 2018 Corporate Social Responsibility Report.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
(II) Does the Company routinely promote and hold CSR training?	V		(II) The Company regularly organizes CSR-related education and training and promotes CSR.	
(III) Has the company established a dedicated full-time (or part-time) unit to promote CSR? Has the Board of Directors authorized senior management to handle such matters and report its implementation to the Board of Directors?	V		(III) The Company has established the Corporate Social Responsibility Committee as a functional committee under the jurisdiction of the Board of Directors. An Independent Director serves as chief commissioner and the General Manager serves as deputy chief commissioner. A secretary and three teams have been established under the Committee, namely the Corporate Governance Team, Environmental Protection Team and Social Relations Team and each team is responsible for the establishment of the CSR policy's strategy, goals and programs. In addition, the Committee reports the status of CSR implementation to the Board of Directors. (Note 3)	
(IV) Has the company formulated a reasonable remuneration policy and combined employee performance appraisal and CSR policies? Has the company established a	V		(IV) The Company has established its Remuneration Committee to regularly review its remuneration policies and report rewards and punishments based on outcomes of performance appraisal so as to ensure that its reward and punishment	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
clear reward and punishment system?			system is effective.	
II. Developing sustainable environment (I) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	V		(I) The Company emphasizes the importance of environmental protection and responds to clean production and green environment movements. The Company enhances pollution prevention through process improvement, as well as tracks and reviews the progress of implementation goals of annual plans formulated by the Company.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
(II) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	V		(II) The Company has successfully obtained the ISO 14001 management system certification, and its occupational safety and health department performs regular inspections and tracking to implement disaster prevention and pollution prevention. In addition, the Company complies with the Restriction of Hazardous Substances (RoHS) directive in the European Union, and enhances education and training related to environmental protection.	
(III) Is the Company concerned with the effects of climate change on its business activities? Has the Company implemented greenhouse gas (GHG) inventory audit, and formulated strategies for energy conservation, carbon reduction and GHG reduction?	V		(III) The Company's carbon dioxide emissions in 2018 and 2017 were 111,461 metric tons and 110,863 metric tons, respectively. In response to the MOEA Bureau of Energy's "Energy User Establishment of Energy Conservation Targets and Implementation Plan Regulations" which requires energy users to achieve average annual electricity consumption reduction by 1% from 2015 to 2019 and the "Greenhouse Gases Reduction and Management Act" promulgated by the Environmental Protection Administration of the Executive Yuan on July 1, 2015, the Group has established energy management goals for reducing electricity consumption by 1%, energy consumption by 2%, carbon emissions by 1.5%, and water consumption by 1% from 2016. The Company also organizes energy management meetings each quarter to discuss the implementation of energy conservation plans and	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			exchange of external resources.	
III. Preserving public welfare (I) Has the company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		(I) The Company has made reference to internationally recognized human rights standards including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy to eliminate human rights violations so that our existing colleagues can enjoy reasonable and dignified treatment. 1. Follow relevant laws and regulations to provide a safe and healthy workplace 2. Committed to maintaining a workplace which is free of violence, harassment and intimidation, as well as respect the privacy and dignity of employees 3. The Company does not hire child labor 4. The Company prohibits forced labor 5. Eliminate unlawful discrimination and reasonably ensure equal opportunity in employment and promotion 6. Respect employees' rights to organize and participate in legally recognized labor unions to protect their right to work	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
(II) Has the company established employee complaint and grievance mechanisms and channels, and handled employee complaints and grievances appropriately?	V		(II) The Company has established the employee complaint and grievance mailbox and the suggestion mailbox, which allow employees to disclose their work-related problems. The suggestion mailbox is managed by related experts who will thoroughly understand and respond to employees' suggestions, so as to maintain a smooth communication channel for collecting employees' opinions and feedback.	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	V		(III) The Company has successfully obtained the OHSAS18001 Health and Safety Management System Certification. The occupational safety and health department and the construction department at the plant regularly perform various occupational safety and health inspections and examinations on a daily basis. In addition, the Company also joins the Taipei Responsible Care Association (TRCA) and Linyuan Industrial Park Safety and Health Promotion Association to observe and learn from each other in areas including occupational safety, health and environmental protection, thereby enhancing the protection of employees' safety and health. Furthermore, the Company regularly holds fire drills and occupational safety and health training every year, with the purpose of developing employees' abilities to respond to emergency incidents and manage personal safety. The Company regularly holds health checkups every year and equips its plant with certified nurses to provide its employees with health care and medical assistance. The Company has actively initiated the certification procedures for the new Occupational Safety and Health Management System (ISO 45001) to strengthen occupational safety and health management, enhance corporate image, pay attention to and comply with international development trends, and respond to increasingly rigorous legal requirements. We have implemented actions for improving occupational safety and health management performance and reducing risks. The Company has an "Occupational Safety and Health Committee" established in accordance with the "Regulations for Occupational Safety and Health Management". Meetings are organized by the Plant Director of Linyuan Plant and the	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
			labor representatives are elected or appointed by the union. The Occupational Safety and Health Committee convenes meetings every quarter to discuss ESH issues. The Company's ESH management goal is "zero-accident worker safety". Low occupation injury and low absentee rates are key indicators for evaluating the health and safety of employees. Linyuan Plant logged 3,478,590 hours of total hours worked without disabling injuries from October 14, 2010 to December 31, 2018 and it continues to maintain the records.	
(IV) Has the company established mechanisms to regularly communicate with its employees and appropriately notify its employees of operational changes that may result in material effects?	V		(IV) The Company regularly holds meetings with employees and ensures that employees are made aware of changes in the business environment through meetings at different levels, electronic media and other communication mechanisms.	
(V) Has the Company established an effective career developmental plan for its employees?	V		(V) The Company has always paid serious attention to employee education and training. Hence, the Company has formulated a set of standards for employee training procedures, as well as implemented various learning methods including pre-employment training, on-the-job training, work instructions, classroom lectures, educational CDs or online learning based on the training needs of employees and departments, with a view to enhancing the qualities and skills of employees.	
(VI) Has the company established relevant customer rights policies and customer complaint and grievance procedures for research and development, purchasing, production, operations and service processes?	V		(VI) The Company has set up a Research and Development Division in Linyuan Plant, which focuses on customer service and product research and development, in order to develop new products and products for new applications, as well as assist customers in upgrading processing technologies. The Company has also established specifications concerning technical support, customer	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
(VII) Does the company comply with relevant laws and international regulations governing the marketing and labeling of its products and services?	V		privacy, handling of customer complaints and customer satisfaction. (VII) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them.	
(VIII) Has the Company assessed records of a supplier's impact on the environment and society before engaging in commercial dealings with the said supplier? (IX) Do contracts between the company and its major suppliers include terms where the company may terminate or rescind the contract at any time if the said suppliers	V V		(VIII) The Company has established long-term strategic partnerships with major raw material suppliers and set up safety stock according to the preparation schedule so that the supply chain can continue to run smoothly. To encourage continuous supplier optimization so that the Company can obtain raw materials and services at the right time, in the right quantity and at the right price, the Company regularly performs annual evaluation of suppliers according to aspects including quality, delivery dates, environmental protection and occupational safety and health, packaging, quality certification and services in coordination with production operations and environmental protection policies. (IX) The Company will continuously strengthen self-evaluation of supply chain sustainability, and gradually incorporate CSR performance into selection, evaluation and audit processes. The Company jointly fulfills corporate social responsibilities	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
violate the company's corporate social responsibility policy and have caused significant effects on the environment and the society?			with its suppliers using its influence. Excellent CSR experience sharing and collaboration with suppliers serve as a vital foundation for the Company to establish sustainable businesses.	
IV. Enhancing information disclosure (I) Does the company disclose relevant and reliable information related to CSR on its official website or MOPS?	V		The Company has set up the Corporate Social Responsibility section on its website to disclose information on corporate social responsibility (https://www.apc.com.tw/Zh-tw/dirCSR/frmCSR.aspx). The Company issued the Corporate Social Responsibility Report, where the content of the report was prepared according to the G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative. The report has been disclosed on the Company's website and posted on MOPS where stakeholders can view and download the report.	Consistent with the Corporate Social Responsibility Best-Practice Principles for TWSE or TPEx Listed Companies
V. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies, state the discrepancies between these principles and its implementation: The Company added its Corporate Social Responsibility Best Practice Principles on March 11, 2015. There was no material discrepancy between these principles and its implementation.				
VI. Other important information that facilitates the understanding of the implementation of corporate social responsibility (such as systems and measures adopted by the company with regard to environmental protection, community engagement, contributions to the society, social services, social welfare, consumer rights, human rights, safety and health, as well as other social responsibilities, and their implementation): (I) Implementation of environmental protection, energy conservation, and carbon emissions reduction: 1. Environmental Protection Policies: (1) Abide by the government’s environmental protection and safety and health regulations. (2) Pay attention to international treaties and environmental protection requirements of customers and stakeholders. (3) Comply with SONY GP and RoHS product environmental protection assurance requirements. (4) Implement continuous improvements to pollution prevention tasks and energy and resource management. (5) Reduce potential environmental risks in operations. (6) Set environmental protection goals and use education and environmental audits to ensure the effective implementation of the environmental management system.				

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	

2. Outcomes of energy conservation and carbon reduction:
In 2018, the Company executed energy conservation and carbon emissions reduction projects including the anti-explosion and energy-saving lighting equipment in the production area, energy-saving measures for the C-1402 compressor on Line 4, replacement of the old chiller for the office, additional E-5015/E-5016 for reducing the power consumption of the propene compressor, replacement of the P-7201A, cooling tower fan motor variable frequency control conversion, air compressor exit trap gas leakage improvement, installation of a variable frequency drive for the circulation motor of the chiller for Line 2, and rerouting of C-1400 pipelines from Line 4 to Line 3. We saved a total of 2,740,322kWh of electricity, 542 tons of steam, and reduced greenhouse gas emissions by 1,636 tons CO2e.
Reduction in total energy consumption, greenhouse gas emissions; energy savings and carbon emissions reduction in the most recent three years

Category	Total energy consumption (GJ)	Total greenhouse gas emissions (tons CO2e)	Energy saved (GJ)	Carbon emissions reduction (tons CO2e)	Energy conservation rate (%)	Carbon emissions reduction rate (%)
2016	698,540	101,324	15,492	2,253	1.93	1.99
2017	787,587	110,863	32,321	4,659	3.94	4.03
2018	756,709	111,461	11,390	1,636	1.43	1.45

3. Energy conservation and carbon reduction plans:
In 2019, the Company plans to execute the C-7301 B air compressor variable frequency drive replacement, additional E-5015/E-5016 for reducing the power consumption of the propene compressor, cold energy recovery on Line 1/2, electricity conservation on Line 1/2 primary reflow, electricity conservation on Line 4 primary reflow, reduce Line 4 to PU ethylene temperature, replacement of the chiller for the office, rerouting of C-1400 pipelines from Line 4 to Line 3, and reduction of C-1402 entry pressure on Line 4. We plan to save a total of 2,717,647kWh of electricity, 634 tons of steam, and reduced greenhouse gas emissions by 1,643 tons CO2e.

(II) Implementation of social services and public welfare:
USI Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society". On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT$50 million. The USI Education Foundation aims to engage in education-related charitable activities, and focuses on care for the disadvantaged, people in rural areas and the ecology. The foundation has carried out the following activities in accordance with the relevant laws:
1. Sponsor education in rural areas
2. Establish scholarships
3. Hold talks, seminars or other education-related charitable activities
4. Sponsor schools at various levels or educational groups to engage in activities such as literature, sports, music, dance, arts and drama

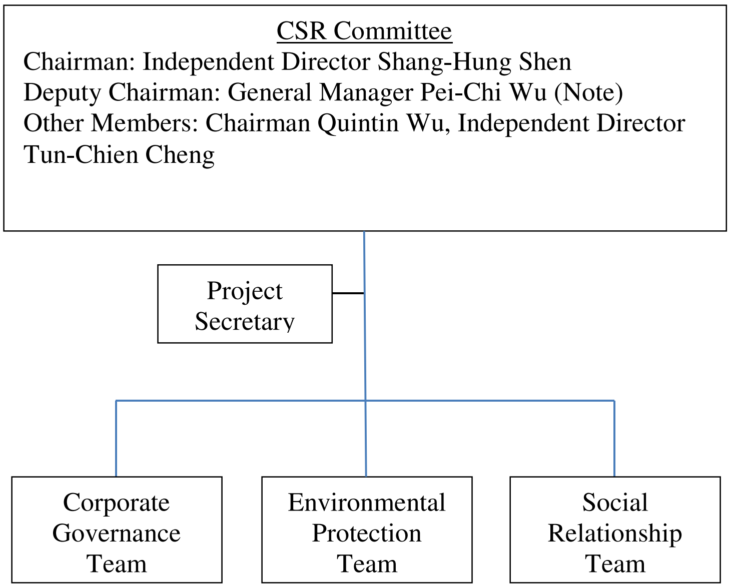
Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary (Note 2)	
5. Industry-academia collaboration 6. Other education-related charitable services that are consistent with the objectives of the Foundation In 2018, the total sponsorship expenditure of the USI Education Foundation was NT$8.49 million, including NT$1.25 million distributed as education scholarships, NT$500,000 for social service clubs in colleges, NT$1.5 million for the Alliance Cultural Foundation, NT$4 million for Taitung Junyi Experimental High School, and NT$1.24 million in sponsorship for other education and charity activities. The Foundation has offered scholarships to outstanding students from poor families, who pursue studies in areas including chemical engineering, materials engineering, environmental science and ecology at more than 10 public and private universities to promote education related to the aforementioned areas and talent cultivation, as well as encourage Bachelor's degree and Master's degree students to work hard, thereby nurturing outstanding talents for the society. In 2018, the Foundation awarded NT$1.25 million worth of scholarships to 25 students from 25 departments in 16 public and private universities, including 4 PhD students, 17 Master's degree students and 4 Bachelor's degree students. 15 of them came from poor families. Since its founding, the Foundation has cumulatively awarded NT$8.35 million worth of scholarships, where the number of departments sponsored have increased from 19 to 25, with the purpose of giving encouragement to more outstanding students who come from poor families. Chairman of the Alliance Cultural Foundation, Mr. Stanley Yen who took over as the Chairman of Junyi Elementary and Secondary School (currently known as Junyi Experimental High School) in Taitung since 2011, hopes to provide students in rural areas with equal opportunities for learning through heuristic education to create new value for education in Taiwan. The Alliance Cultural Foundation has also gradually shifted its manpower, time and resources to education. The USI Education Foundation recognizes Mr. Stanley Yen's care for rural education in Taiwan and his idea on sustainable development. Therefore, the foundation supports his efforts to implement various projects related to implementing and fostering rural education by sponsoring the Alliance Cultural Foundation and Junyi Experimental High School. In 2018, the USI Education Foundation awarded a sponsorship of NT$ 1.5 million to the Alliance Cultural Foundation and a sponsorship of NT$4 million to Junyi Experimental High School in Taitung, where the cumulative amount of sponsorship provided in the past six years was NT$12.9 million. The foundation is expected to continue sponsoring them in 2019. Furthermore, the USI Education Foundation also provides sponsorships to societies and clubs registered at various colleges and universities in order to encourage societies and clubs at colleges and universities to engage in services such as education-related public welfare activities for the disadvantaged, public welfare activities associated with rural education, as well as ecology and environmental protection education. The main types of activities sponsored by the foundation include education services activities in the following areas: languages, mathematics, nature, society, arts, life counseling, health, moral education, information education, environmental education and environmental protection education. The foundation hopes to provide the disadvantaged and rural people with diversified education through high-quality resources and manpower at colleges and universities.				
VII. A clear statement shall be made if the Company's corporate social responsibility report complies with verification standards of relevant certification bodies: None				

Note 1: Provide a brief description in the appropriate column, regardless whether "yes" or "no" is selected.

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

Note 3: CSR Committee

The organizational chart and members are as follows:



Committee	Organization Rules	Members	Primary Functions	State of Operations
CSR Committee	The Committee is composed of the Chairman of the Board, General Manager, and two Independent Directors decided by the Board of Directors. One Independent Director shall serve as Chairman and the General Manager shall serve as the Deputy Chairman.	Chairman: Independent Director Shang-Hung Shen Deputy Chairman: General Manager Pei-Chi Wu Other Members: Chairman Quintin Wu, Independent Director Tun-Chien Cheng	The responsibilities of the Committee shall include the following items: I. Determining the CSR policy; II. Outlining the CSR strategy, annual plan, and project plans; III. Supervising the plans of SCR strategies, the implementation of the annual plan and project plans, and evaluate the implementation. IV. Reviewing and approving the corporate social responsibility report; V. Report the implementation of CSR activities to the Board of Directors each year; VI. Other matters to be conducted by the committees based on resolutions of the Board of Directors.	The first meeting was convened in March 2018. According to Article 8 of the Organization Charter, at least two meetings shall be convened each year. Please refer to the Company's website for the detailed status of operations.

Note: The previous General Manager Mr. Kuo-Hung Li retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Pei-Chi Wu to take over as General Manager.

(VI) Implementation of ethical corporate management and measures for its implementation:

Implementation of Ethical Corporate Management:

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

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
II. Implementation of ethical corporate management				Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?	V		(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.	
(II) Has the Company established a full-time (or part-time) unit directly under the supervision of the Board, which is dedicated to promoting ethical corporate management and regularly reports its implementation to the Board of Directors?	V		(II) To enhance ethical corporate management, the Group's Human Resources Division is responsible for formulating ethical corporate management policies and prevention solutions. The implementation is supervised by the Audit Office which reports the implementation status to the Board of Directors once per year.	
(III) Has the Company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	V		(III) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managers, and employees to explain any potential conflict of interest with the Company.	
(IV) Has the Company established an effective accounting system and international control systems to implement ethical corporate management, designated its internal audit unit to perform regularly audits or commissioned CPAs to perform audit?	V		(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management.	
(V) Does the company regularly hold internal and external training related to ethical corporate management?	V		(V) The Company continues to organize awareness education and training activities. In 2018, integrity management education training course for a total of 176 persons / 457 training hours were held and the details are set out below: (1) Legal Liabilities and Case Analysis of Breach of Trust / 3 hours / 105 persons. (2) Social engineering exercises / 2 hours / 16 persons. (3) Mobile devices and information security education and training / 2	

Assessed Item	Status of Implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
			hours / 2 persons. (4) ISO 27001 Information Security Management System educational training / 2 hours / 1 person. (5) Copyright protection and reasonable use / 2 hours / 36 persons. (6) Trade Secrets Act and Case Analysis / 2 hours / 16 persons.	
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the Company established standard operating procedures for investigating reported cases and related confidentiality mechanisms? (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V V V		(I) The Company has established the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct and provided internal and external channels for whistleblowing. Examples include the Audit Committee which accepts reports from stakeholders such as shareholders and investors; the Audit Department which accepts reports from the Company's customers, suppliers, and contractors; and the Human Resources Division which accepts reports from employees. Whistleblowers can report to the aforementioned units face-to-face, on the telephone, or in letters. (II) The procedures above specify the handling procedures after receiving a whistleblowing report. The process is conducted in a confidential and rigorous manner. (III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
IV. Enhancing information disclosure Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	V		The Company has placed ethical corporate management policies and education information in the "Ethical Corporate Management" section in its internal website for employees to review and placed the "Ethical Corporate Management Best Practice Principles" and annual reports on the external website (https://www.apc.com.tw/zh-tw/dirServices/frmServices2.aspx) to	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

<table>
<tr><th rowspan="2">Assessed Item</th><th colspan="3">Status of Implementation (Note 1)</th><th rowspan="2">Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>disclose related information on ethical corporate management.</td><td></td></tr>
<tr><td colspan="5">V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies, state the discrepancies between these principles and its implementation:
The Company has established its Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There was no material discrepancy during the implementation of these rules and regulations.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):
The Company issues a signed letter titled "Reiteration of Our Company's Ethical Corporate Management Policies" to suppliers to demonstrate its commitment to ethical corporate management, and continuously organizes related awareness and training activities.</td></tr>
</table>

Note 1: Provide a brief description in the appropriate column, regardless whether "yes" or "no" is selected.

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

1. The Company has established the following operating procedures:
   (1) Articles of Incorporation
   (2) Regulations Governing the Acquisition and Disposal of Assets
   (3) Regulations Governing the Making of Endorsements / Guarantees
   (4) Regulations Governing the Loaning of Funds to Others
   (5) Rules of Procedure for Board of Directors' Meetings
   (6) Regulations Governing the Evaluation of the Performance of the Board of Directors
   (7) Codes of Ethical Conduct for Directors and Managerial Officers
   (8) Regulations Governing the Election of Directors
   (9) Employee Work Rules
   (10) Procedures for Handling Material Inside Information
   (11) Procedures for Ethical Management and Guidelines for Conduct
   (12) Ethical Corporate Management Best Practice Principles
   (13) Rules of Procedure for Shareholders' Meetings
   (14) Rules Governing the Scope of Powers of Independent Directors
   (15) Remuneration Committee Charter
   (16) Audit Committee Charter
   (17) Corporate Social Responsibility Best Practice Principles
   (18) CSR Committee Charter
   (19) Corporate Governance Best Practice Principles
   (20) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
   (21) Management Guidelines for Employee Complaint and Feedback Mailboxes
   (22) Corporate Governance Self-Evaluation Report
2. As of the publication date of this annual report, refer to the following for the Company's Corporate Governance Best Practice Principles and other related regulations:
   (1) Corporate Governance section of the Market Observation Post System (http://mops.twse.com.tw/mops/web/index).
   (2) Corporate Governance section under Investor Relations on the Company's official website (http://www.apc.com.tw).

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

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

(IX) Implementation of the Internal Control System

1. Internal Control System Statement

Asia Polymer Corporation

Statement on Internal Control System

March 6, 2019

According to the results from our self-evaluation, the Company shall make the following statements on our internal control system in 2018:

I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.

II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

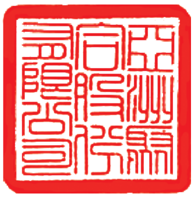
III. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. Please refer to the "Regulations" for the aforementioned categories.

IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.

V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2018, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness and transparency of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the aforementioned objectives.

VI. The Statement shall become the main content of the Company's annual report and prospectus, and shall be made public. Should the abovementioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. The Statement was approved by the Board on March 6, 2019, where zero out of the nine Directors present voted against the resolution and the remaining Directors agreed with the content of the Statement.



Asia Polymer Corporation

Chairman of the Board: Quintin Wu 

General Manager: Kuo-Hung Li 

2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: Not applicable

(X) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent fiscal year up to the publication date of this annual report: None.

(XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions and Implementation
2018	June 5, 2018	The minutes of the Shareholders' Meeting were posted onto MOPS on June 20, 2018. The resolutions and their status of implementation are as follows: 1. Approved the 2017 Account Book. Implementation status: Resolution passed. 2. Approved the 2017 earnings distribution plan. Implementation status: Resolution passed. A total of NT$103,622,943 were distributed to the shareholders as cash dividends, and the ex-dividend record date was August 3, 2018. All the cash dividends were completely distributed on August 24, 2018. NT$362,680,300 was distributed to the shareholders as stock dividends and 36,268,030 new shares were distributed. All the stocks and dividends were distributed on September 13, 2018.

Year of Meeting	Date of Meeting	Key Resolutions and Implementation
		3. Discussed the capital increase by retained earnings. Implementation status: Resolution passed. The resolution was declared effective by the Securities and Futures Bureau under the Financial Supervisory Commission on July 2, 2018 and was approved as stated in the approved letter with Reference No. Ching Shou Shang Tzu 10701105960 dated August 29, 2018. The Company issued 36,268,030 new shares, where 70 new shares were distributed for each thousand shares held. The capital increase baseline date approved by the Board of Directors was August 3, 2018, and all the new shares were completely distributed on September 13, 2018. 4. Discussed the amendment of the Regulations Governing the Making of Endorsements / Guarantees. Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting. 5. Discussed the removal of the non-compete clause for Directors. Implementation status: Resolution passed.

2. Board of Directors Meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
1st Meeting in 2018	March 12, 2018	1. Ratified the renewal of the three-year medium-term loan limit signed with Yuanta Commercial Bank. 2. Ratified the renewal of the three-year medium-term loan limit signed with KGI Bank. 3. Approved the 2017 Account Book. 4. Approved the 2017 remuneration distribution plan for Directors and employees. 5. Approved the 2017 earnings distribution plan. 6. Approved capital increase by retained earnings. 7. Approved the amendment of certain articles in the Regulations Governing the Making of Endorsements / Guarantees. 8. Approved the recommendation to remove non-compete restrictions against Directors at the general shareholders' meeting. 9. Approved matters related to the convening of the 2018 general shareholders' meeting. 10. Establish the period for acceptance of shareholders' proposals: March 29, 2018 to April 8, 2018 11. Approved remuneration of CPAs for 2017. 12. Approved the Evaluation of the Independence of Appointed CPAs for 2018. 13. Approved the appointment of CPAs for 2018. 14. Approved the issuance of the 2017 Statement on Internal Control System. 15. Authorized the Chairman to sign and deliver shot-term credit loan contracts and related documents to financial institutions. 16. Approved donations to the USI Education Foundation.

Session (Year) of Meeting	Date of Meeting	Key Resolutions
2nd Meeting in 2018	May 4, 2018	Approved the amendment of internal control systems.
3rd Meeting in 2018	June 26, 2018	Approved the issuance of new shares.
4th Meeting in 2018	August 9, 2018	1. Ratified the renewal of the three-year medium-term loan limit signed with Shin Kong Bank. 2. Ratified the renewal of the three-year medium-term loan limit signed with Chang Hwa Commercial Bank. 3. Approved the 2018 Q2 Consolidated Financial Statements. 4. Approved the amendment of certain articles in the "Transaction Procedures with Related Parties, Specific Companies, and Companies of the Group" 5. Approved the authorization for the Chairman to conduct investments within the total amount approved by the Board of Directors for changes in the Company's investment in the Gulei Project.
5th Meeting in 2018	November 8, 2018	1. Ratified the renewal of the three-year medium-term loan limit signed with Taishin International Bank. 2. Approved the 2019 budget. 3. Approved the 2019 audit plan. 4. Approved the amendment of certain articles in the Rules Governing the Scope of Powers of Independent Directors. 5. Approved the amendment of certain articles in the Remuneration Committee Charter
6th Meeting in 2018	December 6, 2018	1. Ratify short-term credit loan contracts and related documents signed and delivered to financial institutions 2. Ratified the renewal of the three-year comprehensive credit line signed with Taipei Fubon Bank.
1st Meeting in 2019	February 13, 2019	1. Ratified the renewal of the three-year medium-term loan limit signed with E.SUN Commercial Bank. 2. Approved the investment in the construction of ethylene storage tanks.
2nd Meeting in 2019	March 6, 2019	1. Ratified the three-year comprehensive credit line signed with Far Eastern International Bank. 2. Approved the 2018 Account Book. 3. Approved the 2018 remuneration distribution plan for Directors and employees. 4. Approved the 2018 earnings distribution plan. 5. Approved the amendment of certain articles in the Articles of Incorporation. 6. Approved the amendment of certain articles in the Rules of Procedure for Board of Directors' Meetings. 7. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 8. Approved the amendment of certain articles in the Regulations Governing the Election of Directors 9. Approved the amendment of certain articles in the Procedures for Acquisition or Disposal of Assets. 10. Approved the election of Directors in the shareholders' meeting

Session (Year) of Meeting	Date of Meeting	Key Resolutions
		this year. 11. Approved the recommendation to lift competition restrictions against newly-appointed Directors at the general shareholders' meeting 12. Approved matters related to the convening of the 2019 general shareholders' meeting. 13. Established the period for acceptance of shareholders' proposals: April 17, 2019 to April 27, 2019. 14. Approved remuneration of CPAs for 2018. 15. Approved the replacement of CPAs and evaluation of the independence and performance of the CPAs. 16. Approved the issuance of the 2018 Internal Control System Statement. 17. Approved the appointment of the Company's General Manager 18. Agreed to managerial officers' acts of competitions. 19. Authorized the Chairman to sign and deliver shot-term credit loan contracts and related documents to financial institutions. 20. Approved donations to the USI Education Foundation.

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

No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

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

1. Summary of the resignation and dismissal of persons associated with financial statements

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
General Manager	Kuo-Hung Li	May 2, 2007	March 26, 2019	Retirement
General Manager	Pei-Chi Wu	March 26, 2019		Newly appointed

Note: Persons associated with financial statements refer to the Chairman, General Manager, Accounting Manager and Head of Internal Audit.

2. Other individuals did not resign and were not dismissed.

V. Information Regarding CPA Fees:

The Company may choose to disclose CPA fees by range or individual amount:

Name of the CPA Firm	Name of CPAs		Auditing period	Note
Deloitte, Taiwan	Hsiu-Chun Huang, CPA	Shih-Tsung Wu, CPA	2018	

Note: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column.

Unit: NT$ thousands

Amount range	Category of fees	Audit fees	Non-audit fees	Total
1	Less than NT$2,000 thousand	0	140	140
2	NT$2,000 thousand (inclusive) - NT$4,000 thousand	2,980	0	2,980
3	NT$4,000 thousand (inclusive) - NT$6,000 thousand	0	0	0
4	NT$6,000 thousand (inclusive) - NT$8,000 thousand	0	0	0
5	NT$8,000 thousand (inclusive) - NT$10,000 thousand	0	0	0
6	More than NT$10,000 thousand (inclusive)	0	0	0

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

Unit: NT$ thousands

Name of the CPA Firm	Name of CPAs	Audit fees	Non-audit fees					Audit period	Remark(s)
			System design	Business registration	Human resources	Others (Note 2)	Subtotal		
Deloitte, Taiwan	Hsiu-Chun Huang, CPA Shih-Tsung Wu, CPA	2,980	0	0	0	140	0	2018	Services to be provided: Audit for recapitalization of retained earnings and provisional income tax payment

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

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

(II) Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made were less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed:

The Company did not replace the CPA firm in 2018. Therefore, this section is not applicable.

(III) Where the audit fees were reduced by more than 15 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason for such decrease shall be disclosed:

The audit fees incurred to the Company in 2018 were not reduced by more than 15 percent compared to that in 2017. Therefore, this section is not applicable.

VI. Information on replacement of certified public accountants

(I) Information on the previous CPA:

<table>
<tr><td>Date of replacement</td><td colspan="3">Starting from 2019 Q1</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">Due to the internal rotations of CPAs at Deloitte, Taiwan, the Company's financial statements, previously certified by the CPAs Hsiu-Chun Huang and Shih-Tsung Wu, are audited by the CPAs Hsiu-Chun Huang and Cheng-Chun Chiu starting from Q1 2019.</td></tr>
<tr><td rowspan="3">Statement on whether the authorizing party or the accountant terminate or reject the authorization</td><td>Principal
Situation</td><td>CPA</td><td>Client</td></tr>
<tr><td>Termination initiated by client</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td>CPA declined to accept (continue) the appointment</td></tr>
<tr><td>Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years</td><td colspan="3">The CPAs have issued audit reports for both 2018 and 2017 with unqualified opinion. Not applicable</td></tr>
<tr><td rowspan="7">Different opinions from the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Audit scope or procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>None</td><td colspan="2">**V**</td></tr>
<tr><td colspan="3">Description: None.</td></tr>
<tr><td>Other items for disclosure (where Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)</td><td colspan="3">None.</td></tr>
</table>

(II) Information on the succeeding CPA:

Name of CPA Firm	Deloitte, Taiwan
Name of CPAs	CPAs Huang Hsiu-Chun and Cheng-Chun Chiu
Date of Appointment	Starting from 2019 Q1
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	None
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	None

(III) Former CPAs' reply to Item 1 and 2-3, Subparagraph 6, Article 10, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable

VII. The Company's Directors, General Manager, managerial officer in charge of finance or accounting who has served in a CPA's accounting firm or its affiliated companies in the most recent fiscal year: Not applicable

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

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders

Title	Name	2018		Current fiscal year up to April 30, 2019	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Major shareholder	Union Polymer Int'l Investment Corp.	13,086,911	(6,000,000)	0	0
Director	Quintin Wu (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Tai Lien International Investment Co., Ltd.	1,369,434	0	0	0
	Matthew Miau (representative of Tai Lien International Investment Co., Ltd.) (Dismissed on March 13, 2018)	0	0	Not applicable	
	I-Shao Ko (representative of Tai Lien International Investment Co., Ltd.) (Appointed on March 13, 2018)	0	0	0	0
	Kuang-Che Huang (representative of Union	0	0	0	0

	Polymer Int'l Investment Corp.)				
	Kuo-Hung Li (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Han-Tai Liu (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Chen-Tu Liu (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
Independent Director	Ta-Hsiung Chen	0	0	0	0
	Shang-Hung Shen	0	0	0	0
	Tun-Chien Cheng	0	0	0	0
Managerial Officer	Quintin Wu	0	0	0	0
	Kuo-Hung Li (Dismissed on March 26, 2019)	0	0	0	0
	Pei-Chi Wu (Appointed on March 26, 2019)	Not applicable		0	0
	Ming-Tsung Wu	0	0	0	0
	Jung-Hung Chen	0	0	0	0
	Cheng-Shun Chen	0	0	0	0
	Ju-Hsuan Shih	0	0	0	0
	Ching-Wei Tseng (Dismissed on August 10, 2018)	0	0	Not applicable	
	Ko-Ming Huang (Appointed on August 10, 2018)	0	0	0	0

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

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

(II) Information regarding equity transfer: Counterparties in equity transfers involving juristic persons and supervisors were non-related parties. Directors and major shareholders, supervisors who were natural persons and managerial officers did not engage in equity transfer. Therefore, this section is not applicable.

(III) Information regarding pledging of shares: Counterparties in the pledging of equity involving juristic person directors and major shareholders were non-related parties. Supervisors and managerial officers did not engage in the pledging of equity. Therefore, this section is not applicable.

IX. Information on the top 10 holders of the Company's shares who are identified as related parties, spouse or relative within second-degree of kinship:

April 26, 2019

Name (Note 1)	Shares held by the person		Shares held by spouse and minor children		Shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark(s)
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Union Polymer Int'l Investment Corp.	200,042,785	36.08%	－	－	0	0%	China General Terminal & Distribution Co.	Same ultimate parent company as the Company	
Representative: Quintin Wu	0	0%	－	－	0	0%	None	None	
Tai Lien International Investment Co., Ltd.	20,932,787	3.78%	－	－	0	0%	None	None	
Representative: I-Shao Ko	0	0%	－	－	0	0%	China General Terminal & Distribution Co.	Director	
TransGlobe Life Insurance Inc.	7,383,025	1.33%	－	－	0	0%	None	None	
Representative: Teng-Te Peng	No information given by shareholders								
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds Investment Account	5,120,752	0.92%	－	－	0	0%	None	None	
China General Terminal & Distribution Co.	4,939,760	0.89%	－	－	0	0%	Union Polymer International	Same ultimate parent company as the Company	
							I-Shao Ko	Director of China General Terminal & Distribution Co.	
Representative: Hung-Chiang Chang	0	0%	0	0%	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimension Emerging Market Evaluation Fund Investment Account	4,774,830	0.86%	－	－	0	0%	None	None	

JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	4,534,854	0.82%	—	—	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment	4,209,260	0.76%	—	—	0	0%	None	None	
Citibank (Taiwan) Limited as custodian of Norges Bank investment account	3,719,864	0.67%	—	—	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' subsidiary fund Emerging Markets Core Portfolio Investment Account	2,907,231	0.52%	—	—	0	0%	None	None	

Note 1: All the top 10 shareholders shall be listed. For corporate shareholders, their names and the name of their representatives shall be listed separately.

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

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

X. Number of shares held by the Company, Its Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises in the same investee companies, and the consolidated shareholding ratio

Unit: shares; %; as of December 31, 2018

Investee (Note)	Invested by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
APC (BVI) Holding Co., Ltd.	11,342,594	100.00%	0	0.00%	11,342,594	100.00%
USI International Corp.	2,800,000	70.00%	1,200,000	30.00%	4,000,000	100.00%
APC Investment Corporation	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
China General Plastics Corporation	40,891,494	8.07%	126,529,947	24.97%	167,421,441	33.04%
China General Terminal & Distribution Co.	18,667,464	33.33%	0	0.00%	18,667,464	33.33%
Acme Electronics Corporation	6,056,623	3.32%	3,177,013	1.74%	9,233,636	5.06%
Taiwan United Venture Capital Corp.	3,913,533	8.33%	0	0.00%	3,913,533	8.33%
Swanson Plastics Corp.	12,266,779	7.95%	146,884	0.10%	12,413,663	8.05%
Thintec Materials Corporation	1,825,000	30.42%	0	0.00%	1,825,000	30.42%
USI Optronics Corporation	5,972,464	9.20%	61,745	0.10%	6,034,209	9.30%
Ever Conquest Global Ltd.	103,240,000	36.94%	0	0.00%	103,240,000	36.94%

Note: Invested by the Company using the equity method

Chapter 4 Funding Status

I. Capital and shares

(I) Sources of share capital

Year Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital increased by assets other than cash	Other
2018.8	10	569,676,935 shares	NT$5,696,769,350	554,382,745 shares	NT$5,543,827,450	–	–	–

(Note): Approved in the MOEA Shou-Shang Tzu 10701105960 Letter dated August 29, 2018.

Note 1: The annual data shall be updated as of the publication date of this annual report.

Note 2: The effective (approval) date together with the doc. No. should be added for any capital increase.

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

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

Note 5: Shares that were traded via private placement should be indicated in a clear manner.

Share type	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	554,382,745 shares	15,294,190 shares	569,676,935 shares	Listed

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

Information regarding shelf registration: Not applicable.

(II) Shareholder structure

April 26, 2019

Shareholder structure / Quantity	Government institutions	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
Number of people	-	2	170	46,339	80	46,591
Number of shares held	-	7,383,410	235,581,660	274,411,131	37,006,544	554,382,745
Shareholding ratio	-	1.33%	42.49%	49.50%	6.68%	100.00%

Note: Companies primarily-listed on TWSE and Taipei Exchange shall disclose the proportion of its shares held by investors from Mainland China. Investors from Mainland China refers to natural persons, legal persons, organizations, institutions or companies in areas other than Taiwan and Mainland China invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Dispersion of equity ownership

Ordinary shares:

April 26, 2019

Class of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	22,275	3,826,936	0.69%
1,000 to 5,000	14,044	33,131,681	5.97%
5,001 to 10,000	4,274	30,363,543	5.48%
10,001 to 15,000	2,225	27,159,220	4.90%
15,001 to 20,000	887	15,571,019	2.81%
20,001 to 30,000	1,198	28,824,638	5.20%
30,001 to 50,000	760	29,558,942	5.33%
50,001 to 100,000	554	37,788,240	6.82%
100,001 to 200,000	234	31,521,317	5.69%
200,001 to 400,000	91	24,627,739	4.44%
400,001 to 600,000	15	6,916,055	1.25%
600,001 to 800,000	8	5,526,231	1.00%
800,001 to 1,000,000	4	3,735,375	0.67%
1,000,001 and above (This range can be further classified where necessary)	22	275,831,809	49.75%
Total	46,591	554,382,745	100.00%

Preferred shares: None.

(IV) List of major shareholders

April 26, 2019

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Union Polymer Int'l Investment Corp.	200,042,785	36.08%
Tai Lien International Investment Co., Ltd.	20,932,787	3.78%
TransGlobe Life Insurance Inc.	7,383,025	1.33%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds Investment Account	5,120,752	0.92%
China General Terminal & Distribution Co.	4,939,760	0.89%
Citibank (Taiwan) as custodian of Dimension Emerging Market Evaluation Fund Investment Account	4,774,830	0.86%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	4,534,854	0.82%
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment	4,209,260	0.76%
Citibank (Taiwan) Limited as custodian of Norges Bank investment account	3,719,864	0.67%
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' subsidiary fund Emerging Markets Core Portfolio Investment Account	2,907,231	0.52%

(V) Market price, net value, earnings, and dividends per share in the past two years

Item			2018	2017	Current year up to April 30, 2019 (Note 8)
Market price per share (Note 1)	Highest		19.35	20.15	14.90
	Lowest		12.65	17.85	12.80
	Average		16.01	19.00	14.15
Net value per share (Note 2)	Before distribution		17.32	18.95	17.81
	After distribution		-※	18.75	-※
Earnings per share (Note 3)	Weighted average shares		554,382,745	518,114,715	554,382,745
	Earnings per share before retrospective adjustment		0.52	1.09	0.25
	Earnings per share after retrospective adjustment		0.52	1.02	-
Dividends per share	Cash dividends		0.3※	0.20	-
	Stock dividends	Stock dividends from retained earnings	-※	0.70	-
		Stock dividends from capital reserve	-※	-	-
	Cumulative undistributed dividends (Note 4)		0	0	-
Return on investment analysis	Price/earnings ratio (Note 5)		32.21	17.31	-
	Price/dividend ratio (Note 6)		55.83	94.35	-
	Cash dividend yield (Note 7)		1.79%	1.06%	-

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

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

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

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

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

Note 4: If there is any condition in issuing equity securities that allows for an undistributed dividend for the fiscal year to be accumulated to subsequent fiscal years in which there is profit, the Company shall separately disclose cumulative undistributed dividends up to that fiscal year.

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

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

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

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of this annual report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of this annual report.

(VI) Dividend policy and implementation status

1. Dividend policy established in the Articles of Incorporation

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

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

2. Dividend distribution to be proposed to the shareholders' meeting:

   (1) Stock dividends: No distribution.

   (2) Cash dividends: The allocation of NT$166,314,823 from earnings in 2018 for the distribution of cash dividends, where a dividend of NT$0.3 will be paid for every share, has been proposed. The proposal is still pending approval at the Annual General Meeting before the Chairman of the Board is given the authority to set the record date for the distribution of cash dividends.

3. Any expected material changes to the dividend policy shall be further explained: Not applicable.

(VII) Effect of stock dividend distribution proposed at this shareholders' meeting on the Company's business performance and earnings per share:

No financial forecast was prepared for year 2019. Therefore, there is no need to disclose forecast information.

<table>
<tr><td colspan="3">Year
Item</td><td>2019
(Estimated)</td></tr>
<tr><td colspan="3">Beginning paid-in capital</td><td>NT$5,543,827,450</td></tr>
<tr><td rowspan="3">Distribution of stock and cash dividends in the current fiscal year</td><td colspan="2">Cash dividend per share</td><td>NT$0.30</td></tr>
<tr><td colspan="2">Surplus to capital increase stock dividend per share</td><td>0 shares</td></tr>
<tr><td colspan="2">Capital reserve to capital increase stock dividend per share</td><td>0 shares</td></tr>
<tr><td rowspan="7">Change in operating performance</td><td colspan="2">Operating profits</td><td rowspan="13">Not applicable</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in operating profit over the same period last year</td></tr>
<tr><td colspan="2">Net income after tax</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in NIAT over the same period last year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Ratio of increase (decrease) in EPS over the same period last year</td></tr>
<tr><td colspan="2">Annual average return on investment (reciprocal of average annual price/earnings ratio)</td></tr>
<tr><td rowspan="6">Pro forma earnings per share and P/E ratio</td><td rowspan="2">If capital increase by retained earnings is entirely replaced by cash dividend distribution</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital reserve is not used for capital increase</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma average annual return on investment</td></tr>
<tr><td rowspan="2">If capital increase out of capital reserve has not been processed and changed to cash dividend issuance</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro-forma average annual return on investment</td></tr>
</table>

Note: Distribution of dividends in 2019 is based on the profit distribution plan approved by the Board of Directors on March 6, 2019.

1. The Company shall describe the underlying assumptions on which the estimates or information prepared are based.
2. Proforma earnings per share if capital increase by retained earnings is entirely replaced by cash dividend distribution.

   [Net profit after taxes - interest expense arising from cash dividends* x (1 - tax rate)] / (Total number of shares issued at the end of the current year - number of shares allocated from earnings**)

   Interest expense arising from cash dividends* = Amount of capital increase by retained earnings x one-year general loan interest rate

   Number of shares allocated from surplus earnings**: Number of shares added due to the allocation of shares from earnings in the previous fiscal year
3. Annual average price-to-earnings ratio = Annual average market price per share / Earnings per share reported in the annual financial statements

(VIII) Remuneration of employees, Directors and Supervisors:

1. Percentage or range of remuneration distributed to employees and directors as stipulated in the Company's Articles of Incorporation:

   (1) Employee remuneration: Employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year. The abovementioned employee compensation can be distributed in the form of shares or cash. Compensation could be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.

   (2) Directors' remuneration: Directors' remuneration shall not exceed one (1) percent of the Company's profit in the current fiscal year.

2. Basis for estimating the amount of remuneration to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee remuneration and accounting treatment for discrepancies between the actual and estimated amount of remuneration to be distributed for this period:

   (1) Basis for estimating employee compensation: To be calculated based on the condition that employee remuneration shall not be less than one (1) percent of the Company's profit in the current fiscal year.

   (2) Basis for calculating the number of shares to be distributed as employee remuneration: Not applicable.

   (3) Accounting treatment for discrepancies between the actual and estimated distribution amount: Handled according to changes in accounting estimates

3. Distribution of remuneration approved by the Board of Directors:

   (1) Remuneration for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the abovementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

   Employee compensation: A total of NT$3,180,448 was distributed in the form of cash.

   Directors' rewards: None.

   There was no discrepancy between the amount of rewards to be distributed as approved by the Board of Directors and the recognized amount of rewards for employees and directors.

   (2) Amount of employee remuneration distributed in the form of shares and its proportion to NIAT provided in the parent company only or individual financial statements, as well as its proportion to the total amount of employee remuneration:

   Not applicable as employee rewards were not distributed in the form of shares.

4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and

treatment of such discrepancies shall be stated:

(1) Employee compensation: The shareholders' meeting resolved to distribute a total of NT$6,592,721 in the form of cash.

(2) Directors' remuneration: None.

(3) If there is any discrepancy between the actual amount and the recognized amount of remuneration for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancy shall be noted:

There was no discrepancy between the actual amount and recognized amount of remuneration distributed to employees and directors.

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

II. Issuance of Corporate Bonds: None.

III. Preferred Shares: None.

IV. Overseas Depository Receipt: None.

V. Issuance of Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

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

VIII. Capital Utilization Plan and Its Implementation: None.

Chapter 5 Operational Overview

I. Business activities

(I) Scope of Business

1. Main content and proportion of businesses

   (1) Manufacture, processing and sale of low-density polyethylene (LDPE)

   (2) Manufacture, processing and sale of medium-density polyethylene (MDPE)

   (3) Sale of high-density polyethylene (HDPE)

   (4) Sale of linear low-density polyethylene (LLDPE)

   (5) Manufacture, processing and sale of ethylene vinyl acetate (EVA) copolymer resins

   (6) Manufacture and sale of degradable plastic materials

   (7) Machinery wholesaling

   (8) Investment industry

   (9) Trading of plastic raw materials

   In 2018, the Company's sales of low-density polyethylene resins accounted for 44% of its overall turnover while its sales of ethylene vinyl acetate resins accounted for approximately 54%. Other products accounted for approximately 2%.

   The main business of its subsidiary, USI Trading (Shanghai) Co., Ltd is plastic raw material trading, and the revenue of this subsidiary is included in the operating income reported in the consolidated financial statements. On the other hand, its other subsidiaries including APC (BVI) Holding Co., APC Investment Corporation and USI International Corp. engage mainly in investments, and their revenues are included in the non-operating income reported in the consolidated financial statements.

2. Current products:

   Low-density polyethylene resins: film-grade, injection molding-grade and laminating film-grade products, as well as products for other uses (low crystallization point, microfiber or foaming)

   Ethylene vinyl acetate resins: film-grade, foaming-grade, laminating film-grade, electric cable-grade and photovoltaic-grade products

3. Plans for new product development

   Hot melt-grade, medical-grade and other special-grade ethylene vinyl acetate resin products

(II) Industry overview

1. Current state and development of the industry:

APC's LDPE/EVA production volume in 2018 was 129,664MT which was a decrease of 5,413MT from the 135,0775MT in 2016. The total sales volume was 133,634MT which was a decrease of 1,938MT from the 135,572MT in 2017.

In 2018, the ethylene market supply tightened from the first to third quarter and spot prices became higher than international prices for PE. Ethylene prices dropped significantly in the fourth quarter due to the trade disputes between China and the United States as overall operations became more difficult than previous years.

The deficiencies in contract ethylene supply maintained spot ethylene prices at high levels in 2018. In most cases, they are higher than even regular LDPE prices. Although the Company's products enjoy quality and brand advantages, the low-price competition from imported LDPE materials not only compressed the profit gap but also reduced sales. The Company used the opportunity to shift part of the production capacity to EVA which provided for superior profits. Therefore, LDPE sales volume in 2018 only amounted to 57,003MT, a decrease of 21,980MT from 78,983MT in the previous year. With regard to EVA, the quality of coating-level EVA products developed by the Company has been approved by most customers and sales continue to grow. As demand for solar PV increased in the first two quarters and the fourth quarter, total EVA sales volume in 2018 amounted to 73,575MT, an increase of 18,388MT from 55,187MT in the previous year.

2. Relationship between upstream, mid-stream and downstream companies:

At present, the Company mainly sources its ethylene and vinyl acetate from CPC Corporation and Dairen Chemical Corp. Hence, the Company not only continues to maintain good relationships with these companies but also continuously develops overseas supply channels in order to ensure stable supply of ethylene and reasonable cost control for the Company. In terms of sales, we shall maintain parity with two domestic competitors and improve the sales and marketing of niche product to satisfy the demand of domestic and foreign customers. We shall also expand niche and high-value products to continue the expansion of operations and company profits.

3. Product development trends and competition:

LDPE exports: With low-price competition in materials from Korea, Thailand, and the Middle East, we have lost certain export customers and the Company used the opportunity to transfer production capacity to EVA. LDPE domestic sales: The Company maintained its hold on the domestic LDPE market which reduced profit margins and led to decline in sales. EVA exports: After the expansion of production capacity on new product lines, photovoltaic-grade materials became the main products and we have actively added the development and sales of electric cable-grade products and high-end foaming materials to satisfy production and sales scale. The old production lines were used to develop new customers to increase the sales of coating materials and strengthen relationships with loyal customers to retain the market share in traditional foaming markets. EVA domestic sales: We face competition from two domestic competitors as well as imports in the market due to low tariffs. In addition, taxes for imported materials can be refunded after export processing and it contributed to the competitive advantages of imported materials. The Company actively strengthens customer relationships and adopts appropriate sales strategies to maintain stable market sales.

The ethylene supply in 2019 is expected to improve from the shortage in 2018. As no increase in production capacity is expected, the oversupply pressure may be alleviated. The Company shall continue to strengthen our R&D capacity to improve quality. With regard to sales, we must strengthen market development of high profitability products and actively expand emerging export markets to reduce our excessive dependence on existing markets.

(III) Overview of technology and R&D

1. Research and development (R&D) expenses in the most recent fiscal year up to the publication date of the Annual Report

   2018: NT$5,032 thousand.

   As of April 2019: NT$1,699 thousand.

2. Successfully developed technologies or products in the most recent fiscal year up to the publication date of this annual report

   - Development of high-end, high VA and low MI foam/injection-molded foam EVA products for shoe materials, V33121
   - Development of batch production technologies for low crystallization point coating-grade EVA product V18161

3. R&D projects in the most recent fiscal year

   (1) Item: Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.

   (2) Current progress of uncompleted R&D projects:

   - Development of production technologies for low crystallization point coating-grade/high-speed laminating film EVA.

   (3) Additional R&D expenses required: approximately NT$22,020 thousand.

   (4) Estimated time for the completion of mass production: fourth quarter of 2019.

   (5) Main factors affecting the success of R&D in the future:

   ∗ Cultivation of R&D talents and technological inheritance.

   ∗ Ample market intelligence (such as quality requirements, product usage and price acceptance).

   ∗ Additional necessary equipment.

(IV) Short/long-term business development plans

Short-term plans:

1. With regard to LDPE, as the price gap between rising ethylene prices and LDPE international market prices decreases, the Company maintains customer who accept high LDPE prices and satisfy customers' material purchases whenever the interest gap is reasonable. The Company can increase LDPE

inventory when ethylene prices are low and adopt flexible sales strategies to increase its profits and continue to expand into high-value industries in other domestic and export sales.

2. With regard to EVA, sales of coating-level materials have grown substantially and they provide superior profits than foam products. The Company shall strengthen relations with end-user customers and increase the breadth and intensity of sales. We shall also adjust the sales volume of traditional foam products to increase profits and continue to develop high-flexibility and soft special shoe materials to improve product technology, thereby maximizing existing production and sales capabilities.

Long-term plans:

1. The Company will stabilize and continuously enhance the quality and specificity of its LDPE / EVA products so as to solidify and expand the market for such products, as well as increase its sales and profitability.
2. The Company shall continue to seek opportunities for integration with upstream and downstream sectors and establish a strategic alliance with USI to gain more control over upstream materials and costs and expand the integrated upstream and downstream sales strategy.

II. Overview of market, production and sales

(I) Market analysis

1. Sales regions for major products:

Among the domestic manufacturers of polyethylene (PE) plastic raw materials, the Company and USI Corporation, as well as Formosa Plastics Corporation mainly manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) resins. On the other hand, USI Corporation and Formosa Plastics Corporation also manufacture high-density polyethylene (HDPE) and linear low-density polyethylene (LDPE) raw materials.

At present, domestic sales still dominate the sales of LDPE raw materials manufactured by the Company (accounting for approximately 89% of the overall LDPE sales this year), whereas the Company's EVA raw materials are mainly exported (accounting for approximately 77% of the overall EVA sales this year).

The domestic and export sales in 2018 were 35% and 65%, respectively. Export sales included exports to Mainland China/Hong Kong, Southeast Asia, South Asia, Middle East, South Africa, and Japan.

In terms of export volume, LDPE accounted for approximately 19% of its export volume, whereas EVA constituted 77%. For domestic sales, LDPE and EVA sales made up 89% and 11% of its overall domestic sales volume respectively.

2. Market share

In the LDPE domestic sales market, the Company accounted for 20%, USI accounted for 3%, Formosa Plastics accounted for 1%, and imported materials accounted for 76%. In the EVA domestic sales market, the Company accounted for 8%, USI accounted for 47%, Formosa Plastics accounted for 21%, and imported materials accounted for 24%. Since the total production volume of LDPE and EVA among three domestic manufacturers have exceeded domestic demand, the Company not only continues its efforts to enhance its domestic market share, but also needs to enhance its expansion into the export market to achieve a balance between production and sales.

3. Supply and demand and growth of future market:

   As the global economy gradually recovers in 2019, the trade disputes between China and the United States still causes high levels of uncertainty. The Company shall pay close attention to the impact of such uncertainty on the economy in Asia and China. in addition, shortage in ethylene supply has improved significantly from 2018 starting from the first quarter of 2019 and no new production capacity is expected for EVA in the near future. China also reiterated its support for the green energy policy and demand for solar PV maintains steady growth in EVA encapsulation film for PV modules. The oversupply of EVA may be relieved. In addition, as overhauls of EVA plants in Korea and China begin in March to April, EVA sales in the first quarter boomed.

   With regard to LDPE/EVA markets, global PE demand has exhibited moderate growth as the economy recovered. More than 7 million tons of new PE production capacity will be commissioned in North America in the next 3-5 years. The threat of low-cost ethylene produced with shale gas cannot be ignored. However, the new North American EVA production capacity remains limited and will have little impact on EVA products. The Company's LDPE products are mostly for domestic sales and we pursue product differentiation and market segmentation for imported materials. The Company is confident that we can respond to such challenges.

4. Competitive niche:

   As the Company's business philosophy is "Solid Operation, Professional Management, Seeking Excellence and Serving the Society", our quality management focuses on non-stop improvement of product quality and continuous enhancement of service quality in order to provide customers with satisfactory operational quality. At present, the Company's specific strategies are to not only obtain stable supply of ethylene from the Middle East, China, and even the United States over the long term in order to compensate for inadequate supply of ethylene from CPC Corporation, but also continuously maintain the strategic alliance with USI Corporation in order to provide product support to each other, as well as actively develop high-value LD / EVA products in order to achieve the goal of sustainable development.

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

   Favorable factors:

   (1) The Company is a business unit that produces and sells a single product, namely LDPE / EVA, and is able to adjust and maneuver its production lines to respond to the latest market needs in order to enhance the competitiveness of the Company's products.

   (2) The Company's production lines involve autoclave-type processes, and are able to produce high-end LDPE / EVA products to meet customized requirements for a small quantity of diverse products in the market.

(3) The Company has accumulated excellent experience in new product development.

(4) The Company has formed a strategic alliance with USI to provide mutual support for insufficient products so as to maximize the benefits of its production capacity.

(5) The Company's EVA production equipment upgrade is almost complete.

(6) The new EVA production line has entered mass production in 2016 and we have gradually expanded PV photovoltaic-grade materials and high-end forming materials market to increase revenue.

Unfavorable factors:

(1) Insufficient supply of ethylene requires the Company to make purchase from foreign sources. The price of ethylene changes along with the international market and it is difficult to control price fluctuations.

(2) The low production capacity of the production line increases unit production costs.

(3) Low import tariffs for LDPE/EVA products in Taiwan have resulted in competition from low-priced imported materials from new production capacities in foreign countries. Not only has the market been divided, the sales price of LDPE / EVA products will also be indirectly affected and cannot be increased.

(4) For LDPE/EVA, Taiwan has not joined the ASEAN free trade zone and countries have established tariff agreements and caused trade barriers and unfair competition in the export market which will severely affect sales volume and prices.

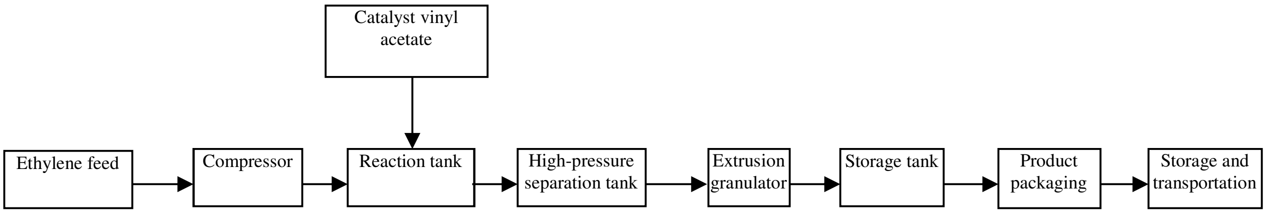
Corresponding countermeasures: Apart from continuously seeking sources of low-priced ethylene, investing in the Gulei Petrochemicals Project, improving and enhancing the stability and operating rate of its production equipment, increasing its production capacity and product quality to reduce production costs, as well as winning over the market, the Company is even more committed to product price rationalization and customer service. In addition, the Company also develops high value-added products in response to market trends, and opens up new export markets such as Mainland China to establish a stable customer base over the long term to increase operating profits.

(II) Important uses and production processes of major products

1. Important uses of major products

The Company's low-density polyethylene (LDPE) plastic pellets can be divided into the following categories according to their applications - film-grade, injection molding-grade and laminating film-grade. Film-grade LDPE plastic pellets are mainly used for processing various packaging films, whereas injection molding-grade LDPE plastic pellets are mainly used for processing and manufacturing artificial flowers, various types of household plastic products and electronic components and parts. On the other hand, laminating film-grade LDPE plastic pellets are mainly used as a laminating film for various types of packaging films, as well as various types of protective films. Another product, ethylene vinyl acetate (EVA) copolymer resin, is mainly used in the production of foam shoes, sports equipment, various types of films, solar cell packaging films, hot-melt adhesives, protective films, as well as wire and cable insulation shields due to its high toughness and flexibility.

2. Production processes for major products LDPE and EVA



(III) Supply status of main materials

1. Ethylene

The Company has signed an ethylene purchase contract with CPC Corporation. However, CPC Corporation's supply of ethylene is inadequate as the contract is only able to meet 70 percent of the Company's demand for ethylene. China General Terminal and Distribution Corporation and USI Corporation have been commissioned to import ethylene in order to compensate for the shortfall in ethylene supply.

2. Vinyl acetate monomer (VAM)

As the Company produces ethylene vinyl acetate copolymer resins, the Company purchases vinyl acetate monomers (VAM) from Dairen Chemical Corp. which provides sufficient supply to the Company.

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their amount and proportion of purchases (or sales) of goods in any one of the most recent two fiscal years, and reasons for the increase or decrease in purchases or sales of goods

1. List of customers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase of goods, and reasons for the increase or decrease in purchases of goods

Information regarding main suppliers in the most recent two fiscal years

Unit: NT$ thousands

	2018				2017				2019 up to the end of the first quarter (Note 2)			
Item	Name	Amount	Percentage to annual net purchase	Relationship with the issuer	Name	Amount	Percentage to annual net purchase	Relationship with the issuer	Name	Amount	Percentage to net purchase in the year up to the first quarter (%)	Relationship with the issuer
1	CPC Corporation	2,648,220	55.15	None	CPC Corporation	2,051,079	45.77	None	CPC Corporation	564,612	50.51	None
2	Marubeni	578,758	12.05	None	Marubeni	864,579	19.29	None	Marubeni	526	0.05	None
3	Mitsubishi	402,752	8.39	None	Mitsubishi	704,630	15.72	None	Mitsubishi	183,077	16.38	None
4	Other	1,172,243	24.41	-	Other	860,888	19.22	-	Other	369,653	33.06	-
	Net purchases of goods	4,801,973	100.00	-	Net purchases of goods	4,481,176	100.00	-	Net purchases of goods	1,117,868	100.00	-

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

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

Reason for increase or decrease: The purchase amount from CPC Corporation in 2018 increased due to a longer overhaul of CPC in the previous year.

2. List of customers who account for more than ten (10) percent of the total sales of goods and their amount and proportion of sales of goods, and reasons for the increase or decrease in sales of goods:

Information regarding main customers in the most recent two fiscal years

Unit: NT$ thousands

	2018				2017				2019 up to the end of the first quarter (Note 2)			
Item	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage to net sales in the year up to the first quarter (%)	Relationship with the issuer
1	Customer A	670,909	10.52	Note 3	Customer A	596,780	9.32	Note 3	Customer A	192,921	11.28	Note 3
	Other	5,704,225	89.48	-	Other	5,807,687	90.68	-	Other	1,516,789	88.72	-
	Net sales	6,375,134	100.00	-	Net sales	6,404,467	100.00	-	Net sales	1,709,710	100.00	-

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

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

(V) Table of production volume in the 2 most recent years

Unit: metric tons/NT$ thousands

Year / Production volume and value	2018			2017		
Primary product	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Low-density polyethylene pellets	150,000	57,378	2,461,126	150,000	80,139	3,291,685
Ethylene vinyl acetate (EVA) resins		72,286	3,380,066		54,938	2,431,379
Grand total	150,000	129,664	5,841,192	150,000	135,077	5,723,064

Note: Part of the Company's production lines can alternately produce low-density polyethylene plastic pellets and ethylene vinyl acetate resins.

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

Unit: metric tons/NT$ thousands

Year / Sales volume and value	2018				2017			
	Domestic sales		Export sales		Domestic sales		Export sales	
Primary product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Low-density polyethylene pellets	39,982	1,973,249	17,021	783,645	47,099	2,417,893	31,884	1,406,951
Ethylene vinyl acetate (EVA) resins	4,923	244,798	68,652	3,217,657	3,312	174,408	51,875	2,335,921
Other	0	0	3,056	155,785	0	0	1,402	69,294
Grand total	44,905	2,218,047	88,729	4,157,087	50,411	2,592,301	85,161	3,812,166

III. Information on employees in the last two years and as of the published date of the annual report

Year		2018	2017	Current year up to April 30, 2019
Number of employees	Staff	88	88	87
	Workmen	148	151	148
	Grand total	236	239	235
Average age		46.36	46.52	46.52
Average years of services		17.20	17.58	17.35
Academic qualifications distribution ratio	PhD / Master	13.99%	11.72%	14.47%
	Bachelor's degree	41.10%	41.84%	40.85%
	Junior college	19.49%	18.83%	19.15%
	High school / vocational high school	22.88%	24.68%	22.98%
	Below high school	2.54%	2.93%	2.55%

IV. Environmental protection expenditures

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

	Current year up to April 30, 2019	2018
Status of pollution (type and level)	None	Leakage of equipment components in sampling inspections and failure of waste processing personnel to report the incident within the prescribed time
Compensation claimed by / Penalty incurred by	None	Environmental Protection Bureau of Kaohsiung City Government
Amount of Compensation or Penalty	None	NT$106,000

(II) Corresponding countermeasures (including improvement measures) and possible expenditures

1. Improvement plans:
   (1) Enhance inspections, maintenance, and update of equipment and components.
   (2) Require personnel responsible for environmental protection tasks to file deputies when resigning or retiring.
2. The Company's expected environmental protection expenditures in 2019 are as follows:

Unit: NT$ thousand

Item	2019
P-1302B initiator pump replacement project	9,200
L1/2/4 process cooling energy recovery project	4,000
Synthesis Section duty room explosion prevention air-conditioning replacement project	450
V-3301/V-3302 Peabody Silo transportation volume and tank top rust improvement project	2,000
2019 CUI inspections and insulation project	2,500
Plant-wide reactor vibration monitoring system integration project	420
Grand total	18,570

(III) The Company's response to the implementation of Restriction of Hazardous Substances Directive (RoHS) in European Union:

The Company's products are tested according to the FDA inspection standards in the U.S., and the Company performs other food safety inspections according to customer requirements. In other words, the Company applies stricter requirements to its products than RoHS. However, in order to comply with European Union's requirements, the Company sent its products to undergo such testing, and has successfully obtained RoHS compliance and certification.

V. Labor relations

(I) Various employee welfare measures, continuing education, training, retirement system and their status of implementation, as well as agreements between the employer and employees and measures for protecting employee rights and interests:

1. Employee welfare measures

(1) In addition to labor insurance and health insurance, the Company also purchases group insurance for employees including their families, as well as travel insurance for employees who often engage in business travels, so as to adequately meet employees' needs for various types of insurance.

(2) The Company organizes regular health checkups for its employees and pays close attention to their health.

(3) An employee welfare committee has also been established to set up and promote various welfare measures including annual staff trips, marriage and funeral allowances, lunar new year benefits, birthday gifts, club activities, and other welfare measures. The Employee Welfare Committee is responsible for the custody and use of the employee welfare fund.

(4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee rewards shall not be less than one (1) percent of the Company's net profit for the current year, while performance bonus and year-end bonus shall also be distributed based on the Company's operating performance and individual performance.

2. Employee education and training

(1) The Company has always paid close attention to employee education and training. Hence, the Company has formulated a set of standards for employee training procedures, as well as implemented various learning methods including pre-employment training, on-the-job training, work instructions, classroom lectures, educational CDs or online learning based on the training needs of employees and departments in order to enhance the qualities and skills of employees.

(2) In order to combine both employee training and promotion, the Company has specifically established general education courses for promotion in order to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted.

(3) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which are supplemented with career adjustments in their respective positions in order to nurture leaders required by enterprises.

(4) Employee training is recorded and archived. Every year, employees have to attend at least 8 hours of internal training, which is taken into account during employees’ performance appraisal.

(5) At the end of each course, the Company conducts employee opinion surveys and prepares review reports. Satisfaction surveys will also be conducted at the end of each year to collect employees' opinions and recommendations on employee training as a reference for improving

training.

(6) The Company's employee training expenditure in the most recent fiscal year:

The training items for year 2018 are listed in the Appendix section, and the Company's annual employee training expenditure for 2018 was NT$425 thousand.

Course title	Recipients	Course title	Recipients
2018 KPI annual performance review table drafting seminar	Employees at the Linyuan Plant	API compressor safety operations and troubleshooting diagnosis applications	Employees of the Machinery Repairs Section
2018 labor education and training	Employees at the Linyuan Plant	Crane operations training (retraining)	Employees of the Machinery Repairs Section
Health seminar - flu	Employees at the Linyuan Plant	Supervisor training on dust operations	Employees of the Synthesis Section
2018 International Process Safety Forum	Wen-Shih Liao	Successful talent recruitment interview skills seminar	All employees in Taipei
5S and TPM operations / zero-occupational hazards series	Employees at the Linyuan Plant	High-pressure gas-specific equipment operation (retraining)	Employees of the Synthesis Section
Current Corporate Social Responsibility Practices	Employees at the Linyuan Plant	Labor safety and health supervisor (retraining)	Ting-Hsiang Hsu
Big data analysis advanced process diagnosis and performance optimization	Chen-Ti Hu	PMI course	Employees of the Machinery Repairs / Inspection Sections
PV-424 Let Down Valve base installation operations	Employees of the Engineering / Machinery Repairs / Inspection / Plant Affairs Sections	Forklift operations training (retraining)	Employees of the Machinery Repairs / Process Section
TRCA process safety management - MI education and training seminar	Employees of the Engineering Section	Type I pressure vessel operations (retraining)	Employees of the Synthesis / Process Section
ISO 14064-1 greenhouse gas inventory assurance / certification talent training	Chen-Ti Hu	ISO45001 hazard identification and assessment of risks and opportunities	Employees of Manufacturing Methods Section
Current Corporate Social Responsibility Practices Seminar	All employees in Taipei	Intelligent instrument calibration and quality assurance skills	Chin-Hui Chiu / Sheng-Chieh Chang
ISO 45001: 2018 content training	Employees at the Linyuan Plant	Ionizing radiation protection and safety training	Employees of the Instrument and Electrical Section
ISO management system internal auditor training	Synthesis Section	Copyright Protection and Reasonable Use	Employees at the Linyuan Plant
ISO 45001 internal audit training and exercises	Employees at the Linyuan Plant	Acme Electronics "Smart Production - Practical Power"	Employees at the Linyuan Plant
Process safety assessment personnel on-the-job training	Ting-Hsiang Hsu	Machine learning image recognition seminar	All employees in Taipei
CSR revision training	Employees at the Linyuan Plant	Health seminar - prevention of chronic diseases	Employees at the Linyuan Plant
Trade Secrets Act and Case Analysis	Employees at the Linyuan Plant	Boiler operator training (retraining)	Employees of the Process Section
H-7202 furnace tube replacement report	Chia-Hsien Liu	Ongoing radiation protection training	Employees of the Instrument and Electrical Section
Industrial pipeline stress test operations	Employees of the Engineering / Machinery Repairs	Foaming principles and extrusion forming process technology application	Chi-Shun Chang / Lu Shih-Tung

Course title	Recipients	Course title	Recipients
	/ Inspection Sections		
Underground pipeline cathodic protection level 2	Yuan-Hung Huang	2018 Accounting Manager Continuing Education Courses	Cheng-Shun Chen
Emergency response operations and hands-on training for fires and explosions in the petrochemicals industry	Shang-Hsing Yen	Occupational hazard prevention education (dust operations)	Cheng-Hsiung Lin
Automation and AI training	Employees at the Linyuan Plant	Gulei investment remuneration and benefits briefing	Employees at the Linyuan Plant
First Aid Personnel Training	Kuo-Tang Liu	Seminar on legal liabilities and case analysis of breach of trust	All employees in Taipei
Excel analysis: Power BI Data Extraction and Multivariate Data Analysis	Chia-Huei Lin	Cause analysis and response strategy training for faulty products in injection and forming	Chi-Shun Chang
Fixed crane operations (retraining)	Chin-Hui Chiu	2018 LiveABC training	Te-Kai Chang
Case Studies of Material Company Malfeasance and Illegal Group Intervention and Malfeasance Prevention Strategic Studies	Chia-Fang Chuang	IFRS 15 revenue recognition - internal audit response training	Kuang-Che Huang
Organic solvent operations supervisor (retraining)	Employees of the Synthesis / Experiment Sections	Resignation operations management platform	Employees of the Human Resources / General Affairs Sections
Attendance system upgrade training	Wen-Hsien Chou / Shu-Chen Kuo	2018 Accounting Manager Continuing Education Courses	Mei-Lan Chan
On-the-Job Training for Air Pollution Prevention Specialists	Employees of Safety and Environmental / Manufacturing Methods Section	Procurement and sales cyclic data audit - high-risk transaction data analysis	Chia-Fang Chuang
Legal Liabilities and Case Analysis of Breach of Trust	Employees at the Linyuan Plant	Continuous information security audit and monitoring: Applications of configuration safety management	Chia-Huei Lin
Social engineering exercises	Employees at the Linyuan Plant	Insider trading auditing practices and case studies	Chia-Fang Chuang
Special chemical operations supervisor operations (retraining)	Yung-I Chiu	Seminar on high value plastic industries and CBC applications	All employees in Taipei
Advanced taxation regulations studies	Hua-Ling Wei	Decision-making support and big data seminar	All employees in Taipei
Subordinate training and coaching seminar	All employees in Taipei	Corporate environmental protection and sustainable development seminar	All employees in Taipei
Security supervisor retraining	Ting-Hsiang Hsu		

3. Retirement measures and status of implementation:

The Company handles employee retirement in accordance with the Labor Standards Act. The Company contributes 10 percent of the amount of each employee's monthly salary as pension reserve fund to a special account in Bank of Taiwan, and establishes a Labor Pension Reserve Fund Supervision Committee to manage and monitor such transactions. According to the Labor Pension Statutes, the Company contributes 6 percent of the amount of salary of employees, who choose to follow the new system, to their personal labor pension accounts on a monthly basis.

4. Protection measures for agreements between the employer and employees and all employee rights

To establish excellent labor relations, the Company communicates with the representatives of the labor union to exchange ideas and opinions. The

Company has also set up a suggestion mailbox so that employees can give their opinions and feedback to the Company.

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

Department	Name	Related Certification
Accounting Division	Cheng-Shun Chen	Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012
		Continuous Studies registration seal for Accounting Supervisor of Securities Issuers, Accounting Research and Development Foundation registration seal (July 13, 2017 - July 14, 2017)
Audit Office	Chia-Huei Lin	International Certified Internal Auditor certification Certificate No.: Chi Hsieh Cheng Tzu No. 1060022
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1070313
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1070637
Audit Office	Chia-Fang Chuang	Securities & Futures Institute Certificate No.: (2018) SFI Internal Audit on-the-job Training Tzu No. 01088
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1070356
		Securities & Futures Institute Certificate No.: (2018) SFI Internal Audit on-the-job Training Tzu No. 01058

6. Employees' code of conduct or ethics

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

(1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.

(2) Pre-employment training for new employees covers basic education on ethics, environmental protection, occupational safety and health management.

(3) Signing of Letter of Undertaking by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, and prevents employees from infringing on the interests of the Company.

(4) The Company's website discloses the following: Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, Ethical Corporate Management Best Practice Principles, Procedures for Handling Material Inside Information and Procedures for Ethical Management and Guidelines for Conduct.

Please refer to the Company's website for the Employee Work Rules under the Corporate Governance section under Investor Services on the Company's website (http://www.apc.com.tw).

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

The Company upholds the spirit of continuous improvement and the pursuit of perfection. Apart from continuously investing in hardware facilities to enhance pollution prevention and fire safety equipment so as to directly reduce pollutant emissions and increase production safety, the Company has also incorporated an environmental management system (ISO 14001) and an occupational health and safety management system (OHSAS 18001) to set up an excellent management system through Plan, Do, Check and Act (PDCA), thereby providing employees with a safe and healthy work environment. With regard to the legal environment, the Company has actively initiated the certification procedures for the new Occupational Safety and Health Management System to strengthen occupational safety and health management, enhance corporate image, pay attention to and comply with international development trends, and respond to increasingly rigorous legal requirements. We have implemented actions for improving occupational safety and health management performance and reducing risks.

With regard to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs, as well as vertical fall arresters, but also continuously offers training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner.

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

Labor relations in the Company are harmonious. As of the publication date of this annual report, there has been no labor disputes and losses arising. Such incidents are not expected to happen in the future as well.

VI. Important contracts

Nature of contract	Contracting parties	Contract start/end date	Main content	Restrictive provisions
Material Purchase Contract	CPC Corporation	2018.01.01-2018.12.31 2019.01.01-2019.12.31	Supply of ethylene to the Company. The price of the material is mainly calculated based on ethylene and naphtha prices for the current month in Asia.	None
Joint Venture Contract	Joint venture with companies including Ho Tung Chemical Corporation, LCY Group, USI, Hsintay Petroleum Co., Ltd.,	2016.09.30	The Company and seven other companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemical-related products.	Yes

Nature of contract	Contracting parties	Contract start/end date	Main content	Restrictive provisions
	Chenergy Global Co., Ltd., Lien Hwa International Corporation and CTCI Corporation			
Medium-term Lending Limit Contract	Bank SinoPac	2017.08.11~2020.06.30	APC and Bank SinoPac signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	Based on APC's latest consolidated financial report, its current ratio shall not be less than 100% and its debt ratio (debt/net value) shall not be greater than 100%.
Medium-term Lending Limit Contract	Taishin International Bank	2018.12.14~2021.12.14	APC and Taishin International Bank signed a three-year medium-term lending limit contract worth NT$300 million , which is a revolving loan facility.	Based on the consolidated annual/semi-annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 100%. Its net value shall not be less than NT$7 billion.
Medium-term Lending Limit Contract	E. SUN Commercial Bank	2018.09.11~2021.09.11	APC and First Bank signed a three-year medium-term secured lending limit contract worth NT$300 million, which is a revolving loan facility.	None
Medium-term Lending Limit Contract	Chang Hwa Bank	2018.06.29~2021.06.29	APC and Chang Hwa Bank signed a three-year medium-term secured lending limit contract worth NT$400 million, which is a revolving loan facility.	None
Medium-term Lending Limit Contract	Yuanta Commercial Bank	2018.01.19~2021.01.19	APC and Yuanta Commercial Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Shin Kong Bank	2018.06.28~2021.06.28	APC and Shin Kong Bank signed a three-year medium-term lending and commercial paper guarantee comprehensive limit contract worth NT$450 million, which is a revolving loan facility.	Based on APC's latest consolidated annual/semi-annual report, its current ratio shall not be less than 100% and its debt ratio (debt/net value) shall not be greater than 150%. Its net value shall not be less than

Nature of contract	Contracting parties	Contract start/end date	Main content	Restrictive provisions
				NT$7 billion.
Medium-term Lending Limit Contract	KGI Bank	107.03.02~110.03.02	APC and KGI Bank signed a three-year medium-term lending limit contract worth NT$400 million, where it can be used cyclically.	Based on the consolidated annual report or semi-annual report of APC, its current ratio shall not be less than 150%, and its debt ratio (debt/net value) shall not be greater than 125%.
Medium-term Lending Limit Contract	Taipei Fubon Commercial Bank	2018.11.15~2021.09.12	APC and Taipei Fubon Commercial Bank signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	Based on the consolidated annual report of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%. Its net value shall not be less than NT$7 billion.
Medium-term Lending Limit Contract	First Bank	2018.11.19~2021.11.19	APC and First Bank signed a three-year medium-term secured lending limit contract worth NT$500 million, which is a revolving loan facility.	None
Medium-term Lending Limit Contract	O-Bank	2017.08.08~2020.08.07	APC and O-Bank signed a three-year medium-term lending limit contract worth NT$250 million, which is a revolving loan facility.	None
Medium-term Lending and Commercial Paper Guarantee Comprehensive Limit Contract	Far Eastern International Bank	2019.01.25~2022.01.25	APC and Far Eastern International Bank signed a three-year commercial paper guarantee comprehensive limit contract worth NT$300 million, which is a revolving loan facility.	Based on APC's latest parent-company-only annual report, its current ratio shall not be less than 100% and its debt ratio (debt/net value) shall not be greater than 150%.

Chapter 6 Financial Information

I. Condensed financial report for the last five years

(I) Condensed balance sheet and statement of comprehensive income

1. Condensed Consolidated Balance Sheets - International Financial Reporting Standards (IFRS)

Unit: NT$ thousands

Item \ Year		Financial information for the last five years 2018	2017	2016	2015	2014	Financial information for the current year as of March 31, 2019 (reviewed)
Current assets		4,606,590	5,136,436	6,220,412	2,455,534	3,220,728	5,515,772
Property, plant and equipment		3,502,692	3,630,950	3,795,553	3,637,771	1,937,007	3,442,161
Intangible assets		88	318	1,272	3,057	1,660	79
Other assets		7,488,373	6,108,297	4,652,792	4,183,408	4,926,895	7,658,256
Total assets		15,597,743	14,876,001	14,670,029	10,279,770	10,086,290	16,616,268
Current liabilities	Before distribution	2,603,655	2,338,563	2,425,963	1,088,900	681,613	2,685,495
	After distribution	(Note 6)	2,442,186	2,727,777	1,384,796	822,516	-
Non-current liabilities		3,389,652	2,720,968	2,746,861	354,735	350,656	4,057,379
Total liabilities	Before distribution	5,993,307	5,059,531	5,172,824	1,443,635	1,032,269	6,742,874
	After distribution	(Note 6)	5,163,154	5,474,638	1,739,531	1,173,172	-
Equity attributable to owners of parent company							
Capital		5,543,827	5,181,147	5,030,240	4,931,607	4,696,769	5,543,827
Capital surplus		19,619	16,434	14,046	14,046	14,135	19,631
Retained earnings	Before distribution	4,101,347	4,254,352	4,153,022	3,910,532	3,756,067	4,236,245
	After distribution	(Note 6)	4,150,729	3,700,301	3,516,003	3,380,326	-
Other equity		(60,357)	364,537	299,897	(160,479)	587,050	73,691
Treasury stock		-	-	-	-	-	-
Equity of prior parties under common control		-	-	-	140,429	-	-
Total equity	Before distribution	9,604,436	9,816,470	9,497,205	8,836,135	9,054,021	9,873,394
	After distribution	(Note 6)	9,712,847	9,195,391	8,540,239	8,913,118	-

* If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: When the asset revaluation was conducted in the year, the date and revaluation increment should be listed.

Note 3: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should disclose the financial information of the most recent period audited or reviewed by CPAs.

Note 4: For the "after distribution" figures, please fill in in accordance with resolutions of the shareholders' meeting in the following year.

Note 5: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

Note 6: The 2018 earning distribution proposal is subject to approval of the shareholders' meeting.

2. Condensed Consolidated Statement of Comprehensive Income - IFRS

Unit: NT$ thousands

Item \ Year	Financial information for the last five years					Financial information for the current year as of March 31, 2019 (reviewed)
	2018	2017	2016	2015	2014	
Operating revenue	6,375,134	6,404,467	5,893,335	5,187,387	5,566,285	1,709,711
Gross profit	284,466	697,076	779,859	608,982	587,812	176,893
Operating Income	71,982	470,890	567,669	411,695	407,767	118,963
Non-operating income and expenses	244,881	184,863	225,259	225,751	176,146	42,673
Net profit before tax	316,863	655,753	792,928	637,446	583,913	161,636
Net profit from continuing operations in the current period	286,826	565,354	670,939	539,276	499,933	136,701
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	286,826	565,354	670,939	539,276	499,933	136,701
Other comprehensive income or loss (net value after tax) in this period	(445,775)	53,337	423,009	(752,022)	(155,795)	135,621
Total comprehensive income (loss)	(158,949)	618,691	1,093,948	(212,746)	344,138	272,322
Net income attributable to owners of parent company	286,826	565,354	665,825	531,557	499,933	136,701
Net income attributable to equity of prior parties under common control	0	0	5,114	7,719	0	0
Total comprehensive income attributable owners of parent company	(158,949)	618,691	1,097,395	(217,318)	344,138	272,322
Total comprehensive income attributable to equity of prior parties under common control	0	0	(3,447)	4,572	0	0
Earnings per share: NT$	0.52	1.02	1.21	0.96	0.90	0.25

∗ If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

∗ If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should disclose the financial information of the most recent period audited or reviewed by CPAs.

Note 3: The loss of discontinued business unit should be presented as the net amount after the deduction of income tax.

Note 4: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

3. Condensed parent company only balance sheets - IFRS

Unit: NT$ thousands

Item / Year		Financial information for the last five years				
		2018	2017	2016	2015	2014
Current assets		4,224,762	4,790,574	5,886,078	1,992,460	2,980,336
Property, plant and equipment		3,502,460	3,630,715	3,795,283	3,637,335	1,937,007
Intangible assets		88	318	1,272	3,057	1,660
Other assets		7,787,269	6,398,467	4,935,438	4,594,927	5,164,542
Total assets		15,514,579	14,820,074	14,618,071	10,227,779	10,083,545
Current liabilities	Before distribution	2,535,193	2,294,782	2,381,788	1,040,638	681,298
	After distribution	(Note 1)	2,398,405	2,683,602	1,336,534	822,201
Non-current liabilities		3,374,950	2,708,822	2,739,078	351,006	348,226
Total liabilities	Before distribution	5,910,143	5,003,604	5,120,866	1,391,644	1,029,524
	After distribution	(Note 1)	5,107,227	5,422,680	1,687,540	1,170,427
Equity attributable to owners of parent company						
Capital		5,543,827	5,181,147	5,030,240	4,931,607	4,696,769
Capital surplus		19,619	16,434	14,046	14,046	14,135
Retained earnings	Before distribution	4,101,347	4,254,352	4,153,022	3,910,532	3,756,067
	After distribution	(Note 1)	4,150,729	3,700,301	3,516,003	3,380,326
Other equity		(60,357)	364,537	299,897	(160,479)	587,050
Treasury stock		-	-	-	-	-
Equity of prior parties under common control		-	-	-	140,429	-
Total equity	Before distribution	9,604,436	9,816,470	9,497,205	8,836,135	9,054,021
	After distribution	(Note 1)	9,712,847	9,195,391	8,540,239	8,913,118

＊ If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

＊ If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: The 2018 earning distribution proposal is subject to approval of the shareholders' meeting.

Note 2: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

4. Condensed parent company only statement of comprehensive income - IFRS

Unit: NT$ thousands

Item \ Year	Financial information for the last five years				
	2018	2017	2016	2015	2014
Operating revenue	6,099,879	6,241,496	5,749,060	5,045,856	5,566,285
Gross profit	269,864	684,769	766,414	593,338	587,812
Operating Income	65,096	466,972	564,723	407,547	409,914
Non-operating income and expenses	249,768	185,707	225,541	225,982	172,948
Net profit before tax	314,864	652,679	790,264	633,529	582,862
Continuing operations Net income	286,826	565,354	670,939	539,276	499,933
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	286,826	565,354	670,939	539,276	499,933
Other comprehensive income (net income after-tax)	(445,775)	53,337	423,009	(752,022)	(155,795)
Total comprehensive income (loss)	(158,949)	618,691	1,093,948	(212,746)	344,138
Net income attributable to owners of parent company	286,826	565,354	665,825	531,557	499,933
Net income attributable to equity of prior parties under common control	0	0	5,114	7,719	0
Total comprehensive income attributable owners of parent company	(158,949)	618,691	1,097,395	(217,318)	344,138
Total comprehensive income attributable to equity of prior parties under common control	0	0	(3,447)	4,572	0
Earnings per share: NT$	0.52	1.02	1.21	0.96	0.90

＊ If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

＊ If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

(II) Names of auditing CPAs of the last five years and their audit opinions

Year	Name of CPAs	Opinions of the CPAs
2014	Hsiu-Chun Huang, Tzu-Jung Kuo	Modified unqualified opinion
2015	Hsiu-Chun Huang, Shih-Tsung Wu	Unqualified opinion
2016	Hsiu-Chun Huang, Shih-Tsung Wu	Unqualified opinion
2017	Hsiu-Chun Huang, Shih-Tsung Wu	Unqualified opinion
2018	Hsiu-Chun Huang, Shih-Tsung Wu	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial analysis - IFRS

APC and subsidiaries

Item		Financial information for the last five years: 2018	2017	2016	2015	2014	Financial information for the current year as of March 31, 2019 (reviewed)
Financial structure (%)	Liabilities to assets ratio	38.42	34.01	35.26	14.04	10.23	40.58
	Ratio of long-term capital to property, plant and equipment	370.97	345.29	322.59	252.65	467.42	404.71
Solvency (%)	Current ratio	176.93	219.64	256.41	225.51	472.52	205.39
	Quick ratio	142.04	181.81	221.92	144.47	327.94	176.39
	Interest coverage ratio (times)	8.89	16.70	37.22	315.17	5,782.32	13.77
Operating ability	Receivables turnover rate (times)	8.59	8.40	8.56	13.15	13.15	7.87
	Average collection days	43	43	43	28	28	46
	Inventory turnover rate (times)	7.90	7.95	6.97	5.50	6.77	8.58
	Payables turnover rate (times)	23.47	23.19	16.25	15.71	15.98	18.29
	Average days for sale	46	46	52	66	54	43
	Property, plant and equipment turnover rate (times)	1.79	1.72	1.59	1.86	3.96	1.97
	Total asset turnover rate (times)	0.42	0.43	0.47	0.51	0.55	0.42
Profitability	Return on assets (%)	2.09	4.06	5.52	5.31	4.94	3.65
	Return on equity (%)	2.95	5.85	7.32	6.03	5.48	5.61
	Net income before income tax-to-paid-in capital ratio (%) (Note 7)	5.72	12.66	15.76	12.93	12.43	11.66
	Net profit ratio (%)	4.50	8.83	11.38	10.40	8.98	8.00
	Basic earnings (loss) per share (NT$) (Note 3)	0.52	1.09	1.32	1.08	1.06	0.25
	Earnings (loss) per share after retrospective adjustment (NT$) (Note 4)	0.52	1.02	1.21	0.96	0.90	0.25
Cash flow	Cash flow ratio (%)	-4.16	41.21	-28.75	73.05	227.34	-150.07
	Cash flow adequacy ratio (%)	50.18	51.59	40.61	75.65	119.37	-
	Cash reinvestment ratio (%)	-1.25	4.04	-6.28	5.20	8.43	-22.37
Leverage	Operating leverage	14.17	2.46	2.44	2.81	2.02	4.59
	Financial leverage	2.26	1.10	1.04	1.00	1.00	1.12

Reasons for changes in financial ratios in the past two years

1. Quick ratio: Due to the decrease in current assets as a result of an increase in investments accounted for under equity method this year.
2. Interest protection multiples, return on assets, return on shareholders' equity, ratio of net income before income tax to paid-in capital and net profit margin: Due to the decrease in net income before (after) tax this year.
3. Cash flow ratio and cash reinvestment ratio: Due to net cash outflows in business activities in this

year. 4. Operating and financial leverage: Due to decrease in operating profits in this year.

* If the Company has prepared a parent company only financial report, it should prepare a parent company only financial analysis.

* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Years not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

(II) Financial analysis - IFRS

APC

Item		2018	2017	2016	2015	2014
	Year	Financial information for the last five years				
Financial structure (%)	Liabilities to assets ratio	38.09	33.76	35.03	13.61	10.21
	Ratio of long-term capital to property, plant and equipment	370.58	344.98	322.41	252.58	467.42
Solvency (%)	Current ratio	166.64	208.76	247.13	191.47	437.45
	Quick ratio	131.97	170.96	212.51	107.35	292.81
	Interest coverage ratio (times)	8.84	16.63	37.09	313.24	5,771.91
Operating ability	Receivables turnover rate (times)	8.01	8.00	8.32	12.80	13.15
	Average collection days	46	46	44	29	28
	Inventory turnover rate (times)	7.79	7.89	6.87	5.37	6.77
	Payables turnover rate (times)	27.85	26.83	17.60	15.95	15.98
	Average days for sale	47	46	53	68	54
	Property, plant and equipment turnover rate (times)	1.71	1.68	1.55	1.81	3.96
	Total asset turnover rate (times)	0.40	0.42	0.46	0.50	0.55
Profitability	Return on assets (%)	2.10	4.08	5.55	5.33	4.95
	Return on equity (%)	2.95	5.85	7.32	6.03	5.48
	Net income before income tax-to-paid-in capital ratio (%) (Note 7)	5.68	12.60	15.71	12.85	12.41
	Net profit ratio (%)	4.70	9.06	11.67	10.69	8.98
	Basic earnings (loss) per share (NT$) (Note 3)	0.52	1.09	1.32	1.08	1.06
	Earnings (loss) per share after retrospective adjustment (NT$) (Note 4)	0.52	1.02	1.21	0.96	0.90
Cash flow	Cash flow ratio (%)	-4.05	40.27	-30.57	72.15	228.32
	Cash flow adequacy ratio (%)	48.27	49.50	38.95	74.51	118.83
	Cash reinvestment ratio (%)	-1.21	3.81	-6.48	4.85	8.47
Leverage	Operating leverage	11.44	2.13	2.20	2.49	2.01
	Financial leverage	2.61	1.10	1.04	1.01	1.00

Reasons for changes in financial ratios in the past two years

1. Current ratio and quick ratio: Due to the decrease in current assets as a result of an increase in investments accounted for under equity method this year.
2. Interest protection multiples, return on assets, return on shareholders' equity, ratio of net income before income tax to paid-in capital and net profit margin: Due to the decrease in net income before (after) tax this year.
3. Cash flow ratio and cash reinvestment ratio: Due to net cash outflows in business activities in this year.
4. Operating and financial leverage: Due to decrease in operating profits in this year.

∗ If the Company has prepared a parent company only financial report, it should prepare a parent company only financial analysis.

∗ If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Years not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

Note 3: At the end of the annual report, the following formula should be presented:

1. Financial structure

   (1) Liabilities to assets ratio = total liabilities / total assets.

   (2) Ratio of Long-term fund to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

   (1) Current ratio = current assets / current liabilities

   (2) Quick ratio = (current asset - inventories - prepaid expenses) / current liabilities.

   (3) Interest coverage ratio = net profit before tax and interest / interest expenses.

3. Operating ability

   (1) Receivables (including accounts receivable and notes receivable arising from operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from operations) for each period.

   (2) Average collection days = 365 / receivables turnover ratio.

   (3) Inventory turnover rate = cost of sales / average inventory.

   (4) Payables (including accounts payable and notes payable arising from operations) turnover rate = net sales / average payables (including accounts payable and notes payable arising from operations) for each period.

   (5) Average days for sale = 365 / inventory turnover rate.

   (6) Property, plant, and equipment turnover rate = net sales / average net property, plant, and equipment.

   (7) Total asset turnover rate = net sales / average total assets.

4. Profitability

   (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.

   (2) Return on equity = net income after tax / average total equity.

   (3) Net profit margin = net income / net sales.

   (4) Earnings per share = (income attributable to owners of parent company – dividends on preferred stock) / weighted average number of shares issued. (Note 4)

5. Cash flow

   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.

   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the last five years / (capital expenditures + inventory additions + cash dividends) for the last five years.

   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage

   (1) Degree of operating leverage (DOL) = (net operating revenue - variable operating cost and expenses) / operating income (Note 6).

   (2) Degree of Financial leverage (DFL) = operating income / (operating income - interest expenses).

Note 4: The following items should be noted for the calculation of earnings per share using the above-mentioned formula:

1. Use the weighted average number of common shares, not the number of shares outstanding at the end of year.

2. Shares from cash capital increase or treasury stock transactions shall be considered when calculating the weighted average number of shares.
3. The shares from capitalization of earnings or capital surplus shall be retrospectively adjusted by the proportion of capital increase when calculating the earnings per share for previous annual and semi-annual periods. The issuance period of the capital increase does not have to be considered.
4. For preferred shares that are not non-convertible cumulative preferred shares, dividends (regardless of whether they are distributed) should be deducted from net income after tax or be included as net loss after tax. If the preferred shares are non-cumulative in nature, where net income after tax is available, preferred share dividends should be deducted from it. No adjustment is required if the company generates loss after tax.

Note 5: The following items should be noted for the analysis of cash flow:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflows for capital investments.
3. The increase in inventory is included only if the balance at the end of period is greater than the balance at the beginning of period. If it is the other way around, the number used should be zero.
4. Cash dividends include cash dividends from common and preferred shares.
5. Gross property, plant and equipment refers to the property, plant and equipment before depreciation.

Note 6: The issuer should classify the operating costs and operating expenses as fixed or variable depending on their nature. If the process involves estimates or subjective judgments, reasonableness and consistency should be maintained.

Note 7: If the company's shares do not have a face value or the face value is not NT$10, the above-mentioned calculation involving as a percentage to paid-in capital should be replaced by as a percentage to equity attributable to the owners of the parent company on the balance sheet.

III. Supervisors or audit committee's review reports of the most recent annual financial statements

(I) Supervisors' review report: Not applicable

(II) Audit Committee's Audit Report:

Asia Polymer Corporation

Audit Report

The Board of Directors has prepared the Company's 2018 Business Report, financial statements (including parent company only and consolidated financial statements) which were audited by CPAs Huang Hsiu-Chun, Wu Shih-Tsung of Deloitte, Taiwan and earnings distribution proposal. The above-mentioned reports and financial statements have been reviewed and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2019 Annual General Shareholders' Meeting

Audit Committee of Asia Polymer Corporation

Independent Director: Ta Hsiung Chen 陳達雄

Independent Director: Shang-Hung Shen 沈尚弘

Independent Director: Duen-Chian Cheng 鄭敦謙

March 6, 2019

IV. Most Recent Financial Reports

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, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2018 was NT$6,375,134 thousand, which was approximately around the sales revenue for the year ended December 31, 2017 of NT$6,404,467 thousand. Nevertheless, the sales revenue from specific customers has grown significantly compared to previous years. Sales revenue from these specific customers was NT$1,558,463 thousand, which accounted for approximately 24% of net operating revenue. Therefore, recognition of revenue from these specific customers 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 internal controls about these specific customers 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 purchase orders from these specific 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, 2018, the carrying amount of inventory was NT$779,278 thousand (i.e. the gross amount of inventory of NT$783,853 thousand with a deduction for the allowance for inventory valuation and obsolescence losses of NT$4,575 thousand). Refer to Note 12 to the Group’s consolidated financial statements for details.

Inventories of the Group are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw material. 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 evaluation of 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, 2018 and 2017 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2019

<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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 1,134,203	7	$ 2,112,375	14
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	1,612,711	10	1,440,940	10
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	67,601	1	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	85,936	1
Notes receivable (Notes 3, 4, 5 and 11)	471	-	1,627	-
Accounts receivable from unrelated parties (Notes 3, 4, 5 and 11)	712,941	5	489,782	3
Accounts receivable from related parties (Notes 3, 4, 5, 11 and 31)	166,356	1	112,935	1
Other receivables (Notes 3 and 4)	1,467	-	1,583	-
Other receivables from related parties (Notes 3, 4 and 31)	2,470	-	6,529	-
Inventories (Notes 4, 5 and 12)	779,278	5	761,705	5
Prepayments	128,982	1	122,914	1
Other current assets	110	-	110	-
Total current assets	4,606,590	30	5,136,436	35
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4 and 8)	2,310,993	15	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 9)	-	-	2,436,185	16
Financial assets measured at cost - non-current (Notes 3, 4 and 10)	-	-	248,801	2
Investments accounted for using the equity method (Notes 4, 5, 14 and 32)	4,597,548	30	2,848,526	19
Property, plant and equipment (Notes 4 and 15)	3,502,692	22	3,630,950	24
Investment properties (Notes 3, 4 and 16)	513,840	3	516,026	4
Other intangible assets (Notes 4 and 17)	88	-	318	-
Deferred tax assets (Notes 4 and 26)	62,114	-	56,574	-
Other non-current assets (Note 28)	3,878	-	2,185	-
Total non-current assets	10,991,153	70	9,739,565	65
TOTAL	$ 15,597,743	100	$ 14,876,001	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 1,350,000	8	$ 500,000	3
Short-term bills payable (Note 18)	599,914	4	699,834	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,074	-	666	-
Accounts payable to unrelated parties (Note 19)	258,271	2	109,809	1
Accounts payable to related parties (Notes 19 and 31)	83,207	-	67,724	1
Other payables to unrelated parties (Note 20)	138,909	1	151,492	1
Other payables to related parties (Note 31)	129,404	1	302,533	2
Current tax liabilities (Notes 4 and 26)	10,309	-	41,078	-
Provisions - current (Note 21)	-	-	5,899	-
Current portion of long-term borrowings (Note 18)	-	-	450,000	3
Refund liabilities - current (Note 21)	5,899	-	-	-
Other current liabilities	25,668	-	9,528	-
Total current liabilities	2,603,655	16	2,338,563	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	3,100,000	20	2,450,000	17
Deferred tax liabilities (Notes 4 and 26)	54,057	1	39,968	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	208,670	1	212,209	1
Credit balance of investments accounted for using the equity method (Notes 4, 5 and 14)	11,869	-	9,397	-
Other non-current liabilities (Note 28)	15,056	-	9,394	-
Total non-current liabilities	3,389,652	22	2,720,968	18
Total liabilities	5,993,307	38	5,059,531	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 23 and 26)				
Share capital				
Ordinary shares	5,543,827	36	5,181,147	35
Capital surplus	19,619	-	16,434	-
Retained earnings				
Legal reserve	1,684,469	11	1,627,934	11
Special reserve	565,379	3	565,379	4
Unappropriated earnings	1,851,499	12	2,061,039	14
Total retained earnings	4,101,347	26	4,254,352	29
Other equity	(60,357)	-	364,537	2
Total equity	9,604,436	62	9,816,470	66
TOTAL	$ 15,597,743	100	$ 14,876,001	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, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 5, 24 and 31)	$ 6,375,134	100	$ 6,404,467	100
OPERATING COSTS (Notes 4, 12, 22, 25 and 31)	6,090,668	96	5,707,391	89
GROSS PROFIT	284,466	4	697,076	11
OPERATING EXPENSES (Notes 22, 25 and 31)				
Selling and marketing expenses	101,522	1	107,656	2
General and administrative expenses	105,930	2	112,304	2
Research and development expenses	5,032	-	6,226	-
Total operating expenses	212,484	3	226,186	4
PROFIT FROM OPERATIONS	71,982	1	470,890	7
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 25 and 31)				
Other income	179,182	3	175,766	3
Other gains and losses	10,707	-	(52,508)	(1)
Interest expense	(40,142)	(1)	(41,762)	(1)
Share of profit or loss of associates	95,134	2	103,367	2
Total non-operating income and expenses	244,881	4	184,863	3
PROFIT BEFORE INCOME TAX	316,863	5	655,753	10
INCOME TAX EXPENSE (Notes 4 and 26)	30,037	-	90,399	1
NET PROFIT FOR THE YEAR	286,826	5	565,354	9
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(343)	-	(12,181)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(419,766)	(7)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(22,166)	-	(1,189)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(959)	-	2,067	-
	(443,234)	(7)	(11,303)	-

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ 90	-	$ (44,287)	(1)
Unrealized gain on available-for-sale financial assets	-	-	104,324	2
Share of the other comprehensive loss of associates accounted for using the equity method	(3,688)	-	(1,779)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	1,057	-	6,382	-
	(2,541)	-	64,640	1
Other comprehensive income (loss) for the year, net of income tax	(445,775)	(7)	53,337	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (158,949)	(2)	$ 618,691	10
EARNINGS PER SHARE (Note 27)				
Basic	$ 0.52		$ 1.02	
Diluted	$ 0.52		$ 1.02	

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 3, 4, 8, 23 and 26)									
							Other Equity			
	Share Capital			Retained Earnings						
	Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2017	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 AT 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
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	$ 5,543,827	$ 19,619	$ 1,684,469	$ 565,379	$ 1,851,499	$ (59,292)	$ -	$ (1,065)	$ 9,604,436

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 316,863	$ 655,753
Adjustments for:		
Depreciation expenses	292,070	289,808
Amortization expenses	336	954
Net loss (gain) on fair value change of financial assets held for trading	3,682	(605)
Interest expense	40,142	41,762
Interest income	(18,489)	(16,426)
Dividend income	(98,787)	(96,329)
Share of profit of associates	(95,134)	(103,367)
Gain on disposal of property, plant and equipment	-	(186)
Loss on disposal of investment properties	-	497
Net gain on disposal of available-for-sale financial assets	-	(7,739)
Impairment loss on financial assets	-	7,906
(Reversal of) write-down of inventories	(6,118)	10,330
Net (gain) loss on foreign currency exchange	(2,804)	1,053
Changes in operating assets and liabilities		
Financial assets held for trading	(666)	107,061
Financial assets mandatorily classified as at fair value through profit or loss	(173,379)	-
Notes receivable	1,162	160
Accounts receivable from unrelated parties	(220,920)	235,565
Accounts receivable from related parties	(53,369)	77,119
Other receivables from unrelated parties	6	1,327
Other receivables from related parties	4,059	52,541
Inventories	(11,455)	(98,393)
Prepayments	(6,068)	40,179
Accounts payable from unrelated parties	148,485	(132,850)
Accounts payable from related parties	15,589	(3,897)
Other payables from unrelated parties	(10,446)	(118,191)
Other payables from related parties	(172,751)	185,758
Other current liabilities	16,140	(6,105)
Net defined benefit liabilities	(3,874)	(39,080)
Cash (used in) generated from operations	(35,726)	1,084,605
Interest received	18,680	15,921
Interest paid	(39,235)	(41,517)
Income tax paid	(52,160)	(95,325)
Net cash (used in) generated from operating activities	(108,441)	963,684

(Continued)

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	$ (3,926)	-
Proceeds from sale of financial assets at fair value through other comprehensive income - current	5,883	-
Capital reduction of financial assets at fair value through other comprehensive income	21,077	-
Proceeds from sale of available-for-sale financial assets	-	21,634
Capital reduction of financial assets measured at cost	-	20,994
Acquisition of associates	(1,747,780)	(1,437,647)
Payments for property, plant and equipment	(159,030)	(122,371)
Proceeds from disposal of property, plant and equipment	-	210
(Increase) decrease in refundable deposits	(3)	60
Payments for intangible assets	(106)	-
Dividends received	161,911	164,188
Increase in other non-current assets	(1,690)	-
Net cash used in investing activities	(1,723,664)	(1,352,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	850,000	(450,000)
Repayments of short-term bills payable	(100,000)	-
Proceeds from long-term borrowings	9,650,000	7,150,000
Repayments of long-term borrowings	(9,450,000)	(6,700,000)
Increase in other non-current liabilities	5,662	1,138
Dividends paid to owners of the Company	(103,594)	(301,765)
Net cash generated from (used in) financing activities	852,068	(300,627)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,865	(10,749)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(978,172)	(700,624)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,112,375	2,812,999
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,134,203	$ 2,112,375

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, 2018, 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 6, 2019.

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:

   <u>IFRS 9 "Financial Instruments" and related amendments</u>

   IFRS 9 "Financial Instruments" supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for the related accounting policies.

   The requirements for the classification, measurement and impairment of financial assets have been applied retrospectively starting from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Asset	IAS 39	IFRS 9	IAS 39	IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,112,375	$ 2,112,375	1)
Equity investments	Held for trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	106,007	106,007	
	Available for sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	2,770,922	2,818,801	2)
	Available for sale	Mandatorily at FVTPL	-	-	2)
Mutual funds	Held for trading	Mandatorily at FVTPL	1,334,933	1,334,933	
Notes receivable, accounts receivable (including related parties) and other receivables (including related parties)	Loans and receivables	Amortized cost	612,450	612,450	1)

Financial Asset	IAS 39 Carrying Amount as of January 1, 2018	Reclassification	Remeasurement	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI	$ -	$ -	$ -	$ -	$ -	$ -	
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	-	2,770,922	47,879	2,818,801	20,387	27,492	2)
Amortized cost							
Add: Reclassification from loans and receivables (IAS 39)	-	2,724,825	-	2,724,825	-	-	1)
	$ -	$ 5,495,747	$ 47,879	$ 5,543,626	$ 20,387	$ 27,492	

1) Cash and cash equivalents, notes receivable, accounts receivable and other receivables previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

2) The Group elected to classify its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTPL and FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $421,288 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been classified at FVTPL and designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $47,879 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

   The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as measured at cost, and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $20,387 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $20,387 thousand in retained earnings on January 1, 2018.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

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

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

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

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

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

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases under IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at their carrying amounts as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

1) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Investment properties	$ 513,840	$ 34,585	$ 548,425
Right-of-use assets	-	421	421
Total effect on assets	$ 513,840	$ 35,006	$ 548,846
Lease liabilities - current	$ -	$ 5,864	$ 5,864
Lease liabilities - non-current	-	29,997	29,997
Total effect on liabilities	$ -	$ 35,861	$ 35,861
Retained earnings	$ 4,101,347	$ (855)	$ 4,100,492
Total effect on equity	$ 4,101,347	$ (855)	$ 4,100,492

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 that have been issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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 and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 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). 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 13 and Tables 6 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 and associates 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 Group 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 is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. 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 accumulated depreciation and accumulated impairment loss.

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

Freehold land is not depreciated.

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

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

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 is recognized in profit or loss.

k. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 on the asset, cash-generating unit or assets related to contract costs 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

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

- Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include time deposits and 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.

iii. Investments in equity instruments at FVTOCI

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

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

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

2017

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

i. Financial assets at FVTPL

Financial assets are classified as at 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 30.

ii. Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets (relating to changes arising from 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

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence 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, 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 is 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.

Before 2018, 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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 FVTPL

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

Financial liabilities held for trading 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 30.

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.

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

m. Revenue recognition

<u>2018</u>

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

- Sale of goods

  Revenue from the sale of goods comes from sale of LDPE and EVA. Sales are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

<u>2017</u>

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.

n. 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.

o. 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.

p. 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 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.

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, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

a. Estimated impairment of financial assets - 2018

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of accounts receivable - 2017

When there is objective evidence of impairment loss of receivables, the Group takes into consideration the estimation of the future cash flows of such assets. The amount of 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. Where 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 inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of 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. Revenue recognition

2018

For every contract, the Group determines whether its performance obligation is satisfied over time or at a point in time based on the conditions in the contract and applicable regulation.

The Group recognizes revenue at a point in time since the customer cannot simultaneously receive and consume the benefits from the Group's performance in fulfilling the contract. The asset created or enhanced by the Group is not controlled by the customer, and the Group creates an asset with an alternative use to the Group.

2017

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.

e. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31 2018	December 31 2017
Cash on hand and petty cash	$ 287	$ 309
Checking accounts and demand deposits	122,552	180,514
Cash equivalents		
Time deposits	446,621	1,881,627
Reverse repurchase agreements collateralized by bonds	564,743	49,925
	$ 1,134,203	$ 2,112,375

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 2018	December 31 2017
Time deposits	0.60%-2.90%	0.13%-2.10%
Reverse repurchase agreements collateralized by bonds	0.53%-0.66%	0.61%

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

	December 31 2018	December 31 2017
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Domestic listed shares	$ -	$ 106,007
Mutual funds	-	1,334,933
	-	1,440,940
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	60,360	-
Mutual funds	1,552,351	-
	1,612,711	-
	$ 1,612,711	$ 1,440,940
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 2,074	$ 666

The net gain (loss) on operations of financial assets and liabilities at FVTPL - current in 2018 and 2017 was gain of $11,907 thousand and loss of $5,840 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, 2018			
Sell	USD/NTD	2019.01.14-2019.02.25	USD2,710/NTD83,176
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB70,200/NTD310,150
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

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

Investments in Equity Instruments at FVTOCI

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 67,601
Non-current	
Domestic investments	
Listed shares	1,976,930
Unlisted shares	247,559
	2,224,489
Foreign investments	
Listed shares	6,282
Unlisted ordinary shares	5,079
Unlisted preferred shares	75,143
	86,504
	$ 2,310,993

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets under IAS 39. Refer to Notes 3, 9 and 10 for information relating to their reclassification and comparative information for 2017.

The investees, Harbinger Venture Capital, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in April and August 2018, respectively. The Company received $21,077 thousand back in total, according to its shareholding ratio.

The Group sold part of shares of Wafer Works Corporation in July 2018 in order to manage credit concentration risk. The Group transferred a total gain of $4,044 thousand from other equity to retained earnings.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic investments	
Publicly traded shares	$ 2,504,909
Overseas investments	
Publicly traded shares	17,212
	$ 2,522,121
Current portion	$ 85,936
Non-current portion	2,436,185
	$ 2,522,121

The Group disposed of certain available-for-sale financial assets, recognizing a disposal gain of $7,739 thousand during 2017.

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

	December 31, 2017
Domestic unlisted ordinary shares	$ 193,775
Overseas unlisted ordinary shares	1,975
Overseas unlisted preference shares	53,051
	$ 248,801
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 248,801

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.

The investees, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in July and August 2017, respectively. The Group received $20,994 thousand back in total, 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.

11. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2018	December 31 2017
Notes receivable		
At amortized cost		
Gross carrying amount	$ 472	$ 1,634
Less: Allowance for impairment loss	(1)	(7)
	$ 471	$ 1,627
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 714,940	$ 491,775
Less: Allowance for impairment loss	(1,999)	(1,993)
	$ 712,941	$ 489,782
Accounts receivable from related parties (Note 31)	$ 166,356	$ 112,935

Accounts Receivable

2018

At amortized cost

The average credit period of sales of goods was 15-90 days. No interest was charged on accounts receivable since the credit period was short.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2018

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Total
Gross carrying amount	$ 598,754	$ 185,219	$ 97,795	$ 881,768
Loss allowance (Lifetime ECL)	-	-	(2,000)	(2,000)
Amortized cost	$ 598,754	$ 185,219	$ 95,795	$ 879,768

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

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	2018
Balance at January 1, 2018 per IAS 39	$ 2,000
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	2,000
Add: Reclassification	-
Balance at December 31, 2018	$ 2,000

2017

The Group applied the same credit policy in 2018 and 2017. In determining the recoverability of an account receivable, the Group 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 was as follows:

	December 31, 2017
Less than and including 60 days	$ 423,447
61-90 days	150,313
91-120 days	30,950
	$ 604,710

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
Less than and including 30 days	$ 1

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, 2017	$ -	$ 2,000	$ 2,000
Add: Reclassification	-	-	-
Balance at December 31, 2017	$ -	$ 2,000	$ 2,000

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 688,376	$ 645,109
Work in progress	31,917	51,989
Raw materials	11,883	21,296
Production supplies	47,102	43,311
	$ 779,278	$ 761,705

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $6,090,668 thousand and $5,707,391 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $6,118 thousand and inventory write-downs of $10,330 thousand for the years ended December 31, 2018 and 2017, respectively. The reversals of write-downs resulted from increased selling prices in certain markets.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Principal Activities	% of Ownership December 31 2018	% of Ownership December 31 2017	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.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Material associates		
Ever Conquest Global Ltd.	$ 3,167,773	$ 1,420,944
Associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	675,767	629,910
Acme Electronics Corporation ("ACME")	60,748	59,334
Unlisted company		
China General Terminal & Distribution Corporation ("CGTD")	228,250	272,509
ACME Electronics (Cayman) Corp. ("ACME (Cayman)")	213,812	190,627
Swanson Plastics Corporation ("SPC")	196,411	197,140
Taiwan United Venture Capital Corp. ("TUVC")	21,860	26,748
Thintec Materials Corporation ("TMC")	4,415	7,617
USI Optronics Corporation ("USIO")	28,512	43,697
Swanson Technologies Corporation	(11,869)	(9,397)
	4,585,679	2,839,129
Add: Reclassification of the credit amount of investments to liabilities	11,869	9,397
	$ 4,597,548	$ 2,848,526

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31 2018	Proportion of Ownership and Voting Rights December 31 2017
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	36.94%	37.43%

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	
	2018	2017
Non-current assets	$ 8,576,305	$ 3,796,226
Equity	$ 8,576,305	$ 3,796,226
Proportion of the Group's ownership	36.94%	37.43%
Equity attributable to the Group	$ 3,167,773	$ 1,420,944
Carrying amount	$ 3,167,773	$ 1,420,944

During 2018 and 2017, no significant operating revenue was generated by Ever Conquest Global Ltd.

	For the Year Ended December 31	
	2018	**2017**
The Group's share of:		
Profit from continuing operations	$ 3,384	$ 868
Other comprehensive loss	(2,753)	(21,725)
Total comprehensive income (loss) for the year	$ 631	$ (20,857)

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2018	**2017**
The Group's share of:		
Profit from continuing operations	$ 91,750	$ 102,499
Other comprehensive loss	(27,067)	(1,689)
Total comprehensive income for the year	$ 64,683	$ 100,810

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	**2018**	**2017**
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%	9.20%

Refer to Table 6 "Information on Investees" and Table 7 "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, 2018, the Company and USI Corporation had respectively invested US$103,240 thousand (approximately $3,190,905 thousand) and US$176,268 thousand (approximately $5,442,336 thousand). Refer to Note 32 for more information.

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	**2018**	**2017**
CGPC	$ 899,613	$ 1,286,296
ACME	$ 105,616	$ 146,117

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, 2018 and 2017 were based on the associates' financial statements which were audited for the same years.

15. 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, 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

(Continued)

	Freehold Land	Buildings Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
Balance at January 1, 2018	$ 228,229	$ 766,695	$ 6,287,446	$ 87,233	$ 93,447	$ 7,463,050
Additions	-	-	27,352	-	131,678	159,030
Disposals	-	-	(98,164)	(314)	-	(98,478)
Reclassification	-	7,618	78,773	11,855	(98,246)	-
Effect of foreign currency exchange differences	-	-	(35)	51	-	16
Balance at December 31, 2018	$ 228,229	$ 774,313	$ 6,295,372	$ 98,825	$ 126,879	$ 7,523,618
Accumulated depreciation						
Balance at January 1, 2018	$ -	$ 238,366	$ 3,516,644	$ 77,090	$ -	$ 3,832,100
Depreciation expenses	-	21,336	261,426	4,523	-	287,285
Disposals	-	-	(98,164)	(314)	-	(98,478)
Effect of foreign currency exchange differences	-	-	(32)	51	-	19
Balance at December 31, 2018	$ -	$ 259,702	$ 3,679,874	$ 81,350	$ -	$ 4,020,926
Carrying amounts at December 31, 2018	$ 228,229	$ 514,611	$ 2,615,498	$ 17,475	$ 126,879	$ 3,502,692

(Concluded)

There was no indication of impairment for the years ended December 31, 2018 and 2017.

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. The project was completed in 2018, and total fees and charges have been paid.

The above items of property, plant and equipment are 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

16. INVESTMENT PROPERTIES

	Land	Buildings and Improvements	Total
Cost			
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

(Continued)

	Land	Buildings and Improvements	Total
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
Cost			
Balance at January 1, 2018	$ 370,202	$ 256,482	$ 626,684
Effect of foreign currency exchange differences	-	4,004	4,004
Balance at December 31, 2018	$ 370,202	$ 260,486	$ 630,688
Accumulated depreciation			
Balance at January 1, 2018	$ -	$ 110,658	$ 110,658
Depreciation expenses	-	4,785	4,785
Effect of foreign currency exchange differences	-	1,405	1,405
Balance at December 31, 2018	$ -	$ 116,848	$ 116,848
Carrying amounts at December 31, 2018	$ 370,202	$ 143,638	$ 513,840

(Concluded)

The investment properties held by the Group are 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 $1,425,495 thousand as at December 31, 2018. 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. When 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 $142,550 thousand as at December 31, 2018.

17. INTANGIBLE ASSETS

	Carrying Amounts December 31 2018	2017
Computer software	$ 88	$ 318

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

Computer software	3 years

18. BORROWINGS

a. Short-term borrowings

	December 31 2018	2017
Unsecured borrowings		
Bank loans	$ 1,350,000	$ 500,000

The range of interest rates on bank loans was 0.90%-1.10% and 0.88%-0.89% per annum as of December 31, 2018 and 2017, respectively.

b. Short-term bills payable

	December 31 2018	2017
Commercial paper	$ 600,000	$ 700,000
Less: Unamortized discount on bills payable	(86)	(166)
	$ 599,914	$ 699,834
Range of interest rates	0.49%-0.80%	0.40%-0.75%

c. Long-term borrowings

	December 31 2018	2017
Unsecured borrowings	$ 3,100,000	$ 2,900,000
Less: Current portions	-	(450,000)
Long-term borrowings	$ 3,100,000	$ 2,450,000
Range of interest rates	0.988%-1.175%	1.036%-1.307%

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with TS Bank. A credit line of $300,000 thousand was granted to the Group. 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 100% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with SK Bank. A credit line of $450,000 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.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with Bank SinoPac. 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%.

To maintain medium- and long-term working capital, the Group signed a three-year medium- and long-term credit agreement with KGI Bank. 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, 2018, the Company did not violate these financial ratios and terms.

19. ACCOUNTS PAYABLE

	December 31	
	2018	2017
Accounts payable (including related parties)		
Operating	$ 341,478	$ 177,533

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.

20. OTHER PAYABLES

	December 31	
	2018	2017
Payables for utilities	$ 35,321	$ 33,087
Payables for salaries or bonuses	29,804	57,845
Payables for annual leave	14,664	13,045
Payables for freight fees	13,123	10,363
Payables for equipment	13,073	1,742
Payables for dividends	8,018	9,331
Payables for insurance	1,994	2,099
Others	22,912	23,980
	$ 138,909	$ 151,492

21. PROVISIONS - CURRENT

	December 31	
	2018	**2017**
Customer returns and rebates	$ -	$ 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.

Starting from January 1, 2018, the Group applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities.

22. 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	
	2018	**2017**
Present value of defined benefit obligation	$ 418,170	$ 431,266
Fair value of plan assets	(209,500)	(219,057)
Net defined benefit liabilities	$ 208,670	$ 212,209

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, 2017	$ 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
Balance at January 1, 2018	$ 431,266	$ (219,057)	$ 212,209
Service cost			
Current service cost	4,506	-	4,506
Net interest expense (income)	4,217	(2,200)	2,017
Recognized in profit or loss	8,723	(2,200)	6,523
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,242)	(6,242)
Actuarial loss - changes in financial assumptions	3,794	-	3,794
Actuarial loss - changes in demographic assumptions	8	-	8
Actuarial loss - experience adjustments	2,775	-	2,775
Recognized in other comprehensive income	6,577	(6,242)	335
Contributions from the employer	-	(10,397)	(10,397)
Benefits paid	(28,396)	28,396	-
Balance at December 31, 2018	$ 418,170	$ (209,500)	$ 208,670

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	
	2018	2017
Discount rate	0.88%	1.00%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate		
0.25% increase	$ (7,533)	$ (8,177)
0.25% decrease	$ 7,755	$ 8,426
Expected rate of salary increase		
0.25% increase	$ 7,514	$ 8,171
0.25% decrease	$ (7,338)	$ (7,972)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
Expected contributions to the plan for the next year	$ 10,000	$ 21,000
Average duration of the defined benefit obligation	7.5 years	7.9 years

23. EQUITY

a. Ordinary shares

	December 31	
	2018	2017
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)	554,382	518,114
Shares issued	$ 5,543,827	$ 5,181,147

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, 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.

The shareholders held their regular meeting on June 5, 2018 and, in that meeting, resolved to issue 36,268 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 $5,543,827 thousand. On July 2, 2018, the transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors.

b. Capital surplus

	December 31	
	2018	**2017**
Unpaid dividends	$ 18,325	$ 15,252
Share of changes in capital surplus of associates	1,294	1,182
	$ 19,619	$ 16,434

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

Capital surplus which arises from unclaimed dividends may be used to offset a deficit only, and the share of changes in capital surplus of associates may not be used for any purpose.

c. Retained earnings and dividends policy

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 25-e.

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

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 56,535	$ 66,582		
Cash dividends	103,623	301,814	$0.2	$0.6
Share dividends	362,680	150,907	0.7	0.3

The appropriation of earnings for 2018 were proposed by the Company's board of directors on March 6, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 28,683	$ -
Cash dividends	166,315	0.3
Share dividends	-	-

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 24, 2019.

d. Other equity items

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

	For the Year Ended December 31	
	2018	**2017**
Balance at January 1	$ (56,751)	$ (5,656)
Effect of change in tax rate	1,075	-
Recognized for the year		
Exchange differences on translating foreign operations	90	(44,287)
Share of exchange differences of associates accounted for using the equity method	(3,688)	(14,337)
Related income tax	(18)	7,529
Other comprehensive income recognized for the year	(2,541)	(51,095)
Balance at December 31	$ (59,292)	$ (56,751)

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

	For the Year Ended December 31, 2017
Balance at January 1, 2017	$ 305,553
Recognized for the year	
Unrealized gain on revaluation of available-for-sale financial assets	96,585
Share from associates accounted for using the equity method	12,558
Related income tax	(1,147)
Reclassification adjustment	
Disposal of available-for-sale financial assets	7,739
Other comprehensive income recognized for the year	115,735
Balance at December 31, 2017 per IAS 39	421,288
Adjustment on initial application of IFRS 9	(421,288)
Balance at January 1, 2018 per IFRS 9	$ -

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	448,780
Balance at January 1 per IFRS 9	448,780
Effect of change in tax rate	(85)
Recognized for the year	
Unrealized loss on equity instruments	(419,766)
Share from associates accounted for using the equity method	(23,616)
Related income tax	(2,334)
Other comprehensive income recognized for the year	(445,801)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(4,044)
Balance at December 31	$ (1,065)

24. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,375,134	$ 6,404,467

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	$ 12,279	$ 10,202
Financial assets at FVTPL	5,834	5,879
Reverse repurchase agreements collateralized by bonds	376	345
	18,489	16,426
Rental income	53,363	52,867
Dividends		
Financial assets at FVTPL	3,615	4,518
Available-for-sale financial assets	-	91,811
Investments in equity instruments at FVTOCI	95,172	-
	98,787	96,329
Others	8,543	10,144
	$ 179,182	$ 175,766

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of available-for-sale financial assets	$ -	$ 7,739
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	5,877	(5,665)
Financial liabilities held for trading	(3,419)	(10,572)
Financial asset impairment loss	-	(7,906)
Net foreign exchange gains (losses)	6,582	(21,773)
Gain on disposal of property, plant and equipment	-	186
Loss on disposal of investment properties	-	(497)
Others	1,667	(14,020)
	$ 10,707	$ (52,508)

c. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 287,285	$ 284,587
Investment properties	4,785	5,221
Intangible assets	336	954
	$ 292,406	$ 290,762

(Continued)

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 287,129	$ 284,342
Operating expenses	156	245
Other gains and losses	4,785	5,221
	$ 292,070	$ 289,808
An analysis of amortization by function		
Operating expenses	$ 336	$ 954

(Concluded)

d. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Post-employment benefits (see Note 22)		
Defined contribution plans	$ 7,346	$ 7,318
Defined benefit plans	6,523	6,859
	13,869	14,177
Other employee benefits	306,100	333,313
Total employee benefits expense	$ 319,969	$ 347,490
An analysis of employee benefits expense by function		
Operating costs	$ 258,492	$ 275,560
Operating expenses	61,477	71,930
	$ 319,969	$ 347,490

e. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors 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, 2018 and 2017, which were approved by the Company's board of directors on March 6, 2019 and March 12, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 3,180	$ 6,593
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, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	2017
Foreign exchange gains	$ 42,549	$ 27,683
Foreign exchange losses	(35,967)	(49,456)
	$ 6,582	$ (21,773)

26. INCOME TAX RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 18,205	$ 76,095
Income tax on unappropriated earnings	3,121	11,771
Adjustments for prior years	64	-
	21,390	87,866
Deferred tax		
In respect of the current year	12,994	2,606
Adjustments to deferred tax attributable to changes in tax rates and laws	(4,347)	-
Adjustments for prior years	-	(73)
	8,647	2,533
Income tax expense recognized in profit or loss	$ 30,037	$ 90,399

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

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	$ 316,863	$ 655,753
Income tax expense calculated at the statutory rate	$ 64,158	$ 114,591
Nondeductible expenses in determining taxable income	(11,828)	(19,451)
Tax-exempt income	(21,254)	(16,512)
Additional income tax under the Alternative Minimum Tax Act	123	-
Income tax on unappropriated earnings	3,121	11,771
Effect of tax rate changes	(4,347)	-
Adjustments for prior years' tax	64	-
Income tax expense recognized in profit or loss	$ 30,037	$ 90,399

In 2017, the applicable corporate income tax rate used by the group entities in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by the subsidiaries APC BVI, USIIC and USITA is 0%, 0% and 25%, respectively.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred tax		
Effect of change in tax rate	$ 2,383	$ -
In respect of current year		
Translation of foreign operations	(18)	$ 7,529
Fair value changes of available-for-sale financial assets	-	(1,147)
Fair value changes of financial assets at FVTOCI	(2,334)	-
Remeasurement on defined benefit plans	67	2,067
Total income tax recognized in other comprehensive income	$ 98	$ 8,449

c. Current tax liabilities

	December 31	
	2018	2017
Current tax liabilities		
Income tax payable	$ 10,309	$ 41,078

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 1,816	$ (901)	$ -	$ 915
Allowance for office supplies impairment losses	7,882	(944)	-	6,938
Customer rebates	1,003	177	-	1,180
Allowance for production supplies losses	1,115	201	-	1,316
FVTPL financial liabilities	114	301	-	415
Payables for annual leave	1,926	702	-	2,628
Defined benefit obligation	35,890	4,165	1,460	41,515
Inventory tax differences	519	(462)	-	57
Exchange differences on foreign operations	6,093	-	1,057	7,150
Foreign exchange losses	216	(216)	-	-
	$ 56,574	$ 3,023	$ 2,517	$ 62,114
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	(40)	-	(267)
Foreign exchange gains	-	(548)	-	(548)
Depreciation tax differences	(377)	(58)	-	(435)
Share of profit of associates	(17,347)	(11,025)	-	(28,372)
FVTPL financial assets	(482)	-	(2,419)	(2,901)
Others	(66)	1	-	(65)
	$ (39,968)	$ (11,670)	$ (2,419)	$ (54,057)

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
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)

e. Income tax assessments

The Company and ROC subsidiary’s income tax returns through 2016 and 2017, respectively, have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	**2017**
Basic earnings per share	$ 0.52	$ 1.02
Diluted earnings per share	$ 0.52	$ 1.02

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 3, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 1.09	$ 1.02
Diluted earnings per share	$ 1.09	$ 1.02

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	
	2018	**2017**
Earnings used in the computation of basic and diluted earnings per share	$ 286,826	$ 565,354

Weighted average number of ordinary shares outstanding (In thousand shares)

	For the Year Ended December 31	
	2018	**2017**
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	554,382	554,382
Effect of potentially dilutive ordinary shares:		
Employees’ compensation	340	486
Weighted average number of ordinary shares used in the computation of diluted earnings per share	554,722	554,868

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.

28. 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, 2018 and 2017, 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	
	2018	**2017**
Not later than 1 year	$ 1,030	$ 1,751
Later than 1 year and not later than 5 years	285	1,156
	$ 1,315	$ 2,907

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, 2018 and 2017, the Group's guaranteed deposits received under operating lease agreements amounted to $6,114 thousand and $6,028 thousand, respectively.

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

	December 31	
	2018	**2017**
Not later than 1 year	$ 37,580	$ 37,831
Later than 1 year and not later than 5 years	31,040	26,926
	$ 68,620	$ 64,757

29. 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).

30. 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, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 60,360	$ -	$ -	$ 60,360
Mutual funds	1,552,351	-	-	1,552,351
Overseas unlisted shares	-	-	-	-
	$ 1,612,711	$ -	$ -	$ 1,612,711
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	$ 2,044,531	$ -	$ -	$ 2,044,531
Foreign listed shares	6,282	-	-	6,282
Domestic unlisted shares	-	-	247,559	247,559
Foreign unlisted shares	-	-	80,222	80,222
	$ 2,050,813	$ -	$ 327,781	$ 2,378,594
Financial liabilities at FVTPL				
Derivatives	$ -	$ 2,074	$ -	$ 2,074

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

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Financial Assets at FVTOCI
	Equity Instruments
Financial assets	
Balance at January 1, 2018	$ 296,680
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	52,178
Return of capital	(21,077)
Balance at December 31, 2018	$ 327,781

3) 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.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group's financial department used valuation techniques in measuring Level 3 fair value of financial instruments. The assumptions of and the inputs to the measurement are based on information from independent resources. The results of the measurement are evaluated against the market state and reviewed periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of an observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by $3,278 thousand.

c. Categories of financial instruments

	December 31 2018	December 31 2017
Financial assets		
Financial assets at FVTPL		
Held for trading	$ -	$ 1,440,940
Mandatorily classified as at FVTPL	1,612,711	-
Loans and receivables (1)	-	2,724,825
Available-for-sale financial assets (2)	-	2,770,922
Financial assets at amortized cost (3)	2,017,906	-
Financial assets at FVTOCI		
Equity instruments	2,378,594	-
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	$ 2,074	$ 666
Financial liabilities measured at amortized cost (4)	5,659,705	4,731,392

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties) and other receivables (including related parties and excluding tax refund receivable).

2) The balances include the carrying amount of available-for-sale financial assets measured at cost.

3) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties) and other receivables (including related parties and excluding tax refund receivable).

4) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, accounts payable (including related parties) and other payables (including related parties).

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 33 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 $7,432 thousand and $10,404 thousand in pre-tax profit for the years ended December 31, 2018 and 2017, 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	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 990,364	$ 1,910,552
Financial liabilities	1,949,914	1,199,834
Cash flow interest rate risk		
Financial assets	135,909	189,685
Financial liabilities	3,100,000	2,900,000

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, 2018 and 2017 would have decreased/increased by $14,820 thousand and $13,552 thousand, respectively.

c) Other price risk

The Group was exposed to securities price risk through its investments in 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 securities price risk at the end of the reporting period.

If securities prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $80,636 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $118,930 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If securities prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2017 would have increased/decreased by $72,047 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by $126,106 thousand as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 547,240	$ 32,860	$ -
Floating interest rate liabilities	0.91%	1,950,000	-	-
Fixed interest rate liabilities	1.06%	-	3,100,000	-
		$ 2,497,240	$ 3,132,860	$ -

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	$ -

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	
	2018	2017
Unsecured bank facilities		
Amount used	$ 5,050,000	$ 4,100,000
Amount unused	3,028,943	3,569,493
	$ 8,078,943	$ 7,669,493

31. 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, 2018 and 2017.

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

(Continued)

Related Party Name	Relationship with the Company
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

(Concluded)

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	**2018**	**2017**
Ultimate parent entity		
USI Corporation	$ 671,528	$ 596,780
Associate	70,150	155,133
Fellow subsidiary	27,452	25,704
	$ 769,130	$ 777,617

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 2018	2017
Ultimate parent entity		
USI Corporation	$ 266,445	$ 275,942
Associate	36,708	38,933
Fellow subsidiary	104,808	6,942
	$ 407,961	$ 321,817

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 2018	2017
Ultimate parent entity		
USI Corporation	$ 5,879	$ 6,474
Fellow subsidiary		
UM	33,357	30,268
Others	807	950
	34,164	31,218
	$ 40,043	$ 37,692

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

Related Party Category/Name	For the Year Ended December 31 2018	2017
Ultimate parent entity		
USI Corporation	$ 2,433	$ 2,240

f. Donation expenses (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2018	2017
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 2018	2017
Associate	$ 1,738	$ 1,745

h. Rental income (under other income)

Related Party Category/Name	For the Year Ended December 31 2018	2017
Ultimate parent entity		
USI Corporation	$ 2,640	$ 3,297
Parent entity		
Union Polymer	140	202
Associate		
TVCM	12,790	13,679
Others	6,912	7,412
	19,702	21,091
Fellow subsidiary		
TTC	7,049	7,622
Others	3,408	3,380
	10,457	11,002
	$ 32,939	$ 35,592

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 2018	2017
Fellow subsidiary	$ 1,822	$ 1,822

j. Accounts receivable from related parties

Related Party Category/Name	December 31 2018	2017
Ultimate parent entity		
USI Corporation	$ 162,209	$ 99,228
Associate	1,675	12,303
Fellow subsidiary	2,472	1,404
	$ 166,356	$ 112,935

k. Other receivables from related parties

Related Party Category/Name	December 31 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 220	$ 425
Associate		
TVCM	56	2,945
CGTD	959	920
Others	304	513
	1,319	4,378
Fellow subsidiary		
TTC	858	1,609
Others	73	117
	931	1,726
	$ 2,470	$ 6,529

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 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 47,100	$ 63,843
Associate	4,945	3,881
Fellow subsidiary		
TTC	31,162	-
	$ 83,207	$ 67,724

m. Other payables to related parties

Related Party Category/Name	December 31 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 127,844	$ 297,039
Associate	939	4,854
Fellow subsidiary	621	640
	$ 129,404	$ 302,533

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	
	2018	2017
Short-term employee benefits	$ 16,663	$ 10,514
Post-employment benefits	108	108
	$ 16,771	$ 10,622

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

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2018 was $345,358 thousand.

b. Significant contract

1) 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.

   The Company and USI Corporation originally invested US$2,171 thousand (approximately $65,202 thousand) and US$3,131 thousand (approximately $94,221 thousand), respectively, to establish Ever Conquest Global Limited (recognized as investments accounted for using the equity method) in order to invest in the Joint Venture via the third party.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$44,099 thousand (approximately $1,377,923 thousand) and US$74,215 thousand (approximately $2,313,514 thousand) in January and July 2017, respectively.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by

US$56,970 thousand (approximately $1,747,780 thousand) and US$98,922 thousand (approximately $3,034,601 thousand), respectively, in August 2018.

As of December 31, 2018, the Company and USI Corporation invested US$103,240 thousand (approximately $3,190,905 thousand) and US$176,268 thousand (approximately $5,442,336 thousand), respectively, in Ever Conquest Global Limited. Via Ever Conquest Global Limited, the Company and USI Corporation increased the capital in the Joint Venture by US$279,508 thousand. The Joint Venture reinvested in the Hong Kong Company US$82,588 thousand, US$82,689 thousand and US$178,700 thousand in January and July 2017, and August 2018, respectively. The Hong Kong Company invested a total amount of RMB2,304,800 thousand (approximately US$335,901 thousand) in Gulei Company in April and August 2017, and November 2018.

2) 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 $6,400 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. As of December, 31, 2018, the properties were handed over.

c. Contingencies

Regarding China General Terminal & Distribution Corporation (hereinafter "CGTD"), who had been commissioned to operate the LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014, the first instance judgment of the criminal procedures was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees in appealing against the judgment.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,167 thousand, 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 2019, the provisionally attached property was worth $141,255 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 28, 2019, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for $23,919 thousand, and the amount of the settlement was $3,899 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,881,291 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately $1,177,192 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about $383,831 thousand, of which CGTD was exempted for $6,194 thousand, but should pay $188,818 thousand, the estimated portion of compensation that CGTD should pay at the moment according to the judgment of the first instance. CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second-instance trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

33. 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, 2018

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 10,829	30.715	(USD:NTD)	$ 332,599	$ 332,599
USD	163	6.8632	(USD:RMB)	1,119	5,008
RMB	1,137	0.1457	(RMB:USD)	166	5,099
RMB	93,091	4.4753	(RMB:NTD)	416,609	416,609
JPY	5	0.2780	(JPY:NTD)	1	1
					$ 759,316
Non-monetary items					
Investments accounted for using the equity method					
USD	103,134	30.715	(USD:NTD)	3,167,773	$ 3,167,773
Derivative instruments					
USD	2,710	30.715	(USD:NTD)	132	132
					$ 3,167,905
Financial liabilities					
Monetary items					
USD	2,926	30.715	(USD:NTD)	89,881	$ 89,881
RMB	597	0.1457	(RMB:USD)	87	2,673
					$ 92,554
Non-monetary items					
Derivative instruments					
RMB	70,200	4.4753	(RMB:NTD)	2,206	$ 2,206

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
Derivative instruments					
USD	2,300	29.760	(USD:NTD)	449	449
					$ 1,421,393
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
Derivative instruments					
RMB	33,600	4.5545	(RMB:NTD)	1,115	$ 1,115

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) were $6,582 thousand and $(21,773) 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.

34. 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. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

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 7)

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 8)

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.

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.

Besides Tables 1 to 8 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

35. 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	
	2018	2017	2018	2017
Taiwan	$ 2,218,046	$ 2,592,302	$ 3,933,869	$ 4,064,537
Asia	4,088,926	3,772,552	82,751	82,757
Others	68,162	39,613	-	-
	$ 6,375,134	$ 6,404,467	$ 4,016,620	$ 4,147,294

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	
	2018	2017
Customer A	$ 671,528	$ 596,780

ASIA POLYMER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	Ordinary shares							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	123,600	$ 1,136	1.20	$ 1,136	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	438,624	4,330	1.67	4,330	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	16,707,600	242,093	11.90	242,093	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,206,132	8.53	1,206,132	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,496,107	643,627	1.90	643,627	
	AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	118,308	0.10	118,308	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,017,946	67,601	0.39	67,601	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,127	1,794	0.01	1,794	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,664,722	19,810	0.04	19,810	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,350	0.01	26,350	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	72,829	-	72,829	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	30,140	-	30,140	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	63,000	-	63,000	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,993,164	50,002	-	50,002	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,165,538	106,003	-	106,003	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,070,291	50,024	-	50,024	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,277	-	50,277	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,993,389	100,003	-	100,003	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,536,352	169,335	-	169,335	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,403,369	103,476	-	103,476	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,358,474	33,454	-	33,454	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	280,711	50,002	-	50,002	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,892,948	90,024	-	90,024	
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,332,917	100,003	-	100,003	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,192,114	50,002	-	50,002	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,364,176	$ 100,003	-	$ 100,003	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,530,557	41,077	-	41,077	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,655,234	25,036	-	25,036	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,232,961	50,002	-	50,002	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,639,471	128,235	-	128,235	
APC (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	256,140	5,079	4.45	5,079	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,519,701	71,896	2.95	71,896	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	3,247	0.37	3,247	
	Solargiga Energy Holdings Ltd.		Financial assets at fair value through other comprehensive income - non-current	15,863,333	6,282	0.49	6,282	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Note 1
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
	Sohoware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
APC Investment Co., Ltd.	Ordinary shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	533	-	533	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	554,907	6,603	0.01	6,603	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,270	-	5,270	
	Beneficiary securities							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,784,986	26,999	-	26,999	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,850	-	24,850	
	Ordinary shares							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,131,920	8,863	0.04	8,863	

Note 1: The carrying amount was zero as of December 31, 2018 due to the impairment loss recognized in prior years.

Note 2: Refer to Tables 6 and 7 for information about subsidiaries and associates.

(Concluded)

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, 2018
(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	46,270,000	$ 1,420,944	56,970,000	$ 1,747,780	-	$ -	$ -	$ -	103,240,000	$ 3,167,773 (Note 1)
	Fund													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,534,072	52,028	20,867,472	308,000	17,236,006	254,543	254,028	515	7,165,538	106,003 (Note 2)

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investees and other related adjustments.

Note 2: The ending balance includes the original investment amount of $106,003 thousand and adjustments for fair value changes of $3 thousand.

TABLE 3

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, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance		% of Total
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	$ (670,909)	(10.52)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	$ 162,209	18.44
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Sale	(619)	(0.01)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	-	-
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	131,257	2.72	30 days	No significant difference	No significant difference	Accounts payable - related parties	(18,496)	(5.42)
USI Trading (Shanghai) Co., Ltd.	USI Corporation	Ultimate parent company	Purchase	135,188	2.80	30 days	No significant difference	No significant difference	Accounts payable - related parties	(28,604)	(8.38)

TABLE 4

ASIA POLYMER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Receivables	$ 162,209	5.13	$ -	-	$ 162,209	Note 1
			Other receivables	190		-	-	190	Note 1

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

Note 2: The subsequent period is between January 1 and March 6, 2019.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement 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	7,371	No difference	0.05
				Sales revenue	87,418	No difference	1.37
				Commission expenses	903	No difference	0.01
				Other payables to related parties	37	No difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	3	Other receivables from related parties	11,312	No difference	0.07
				Other payables to related parties	2,792	No difference	0.02
				Operating expenses - rental income	1,521	No difference	0.02
				Management services expense	132	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, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 423,093 (US$ 13,774,806)	$ 423,093 (US$ 13,774,806)	11,342,594	100.00	$ 477,505	$ 31,477	$ 31,477	Subsidiary (Note)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	97,433	(4,199)	(4,199)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment	86,002 (US$ 2,800,000)	86,002 (US$ 2,800,000)	2,800,000	70.00	130,090	7,086	4,960	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	40,891,494	8.07	675,767	1,276,156	102,976	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	228,250	(75,720)	(25,240)	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	12,266,779	7.95	196,411	76,311	5,441	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	46,332	56,187	1,865	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	21,860	(4,921)	(410)	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	4,415	(10,525)	(3,201)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	28,512	(165,012)	(15,185)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	3,171,017 (US$ 103,240,000)	1,421,183 (US$ 46,270,000)	103,240,000	36.94	3,167,773	8,889	3,384	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	161,097 (US$ 5,244,903)	161,097 (US$ 5,244,903)	8,316,450	16.64	213,812	164,621	-	Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	36,858 (US$ 1,200,000)	36,858 (US$ 1,200,000)	1,200,000	30.00	55,753	7,086	-	Investments accounted for using the equity method (Note)
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	14,416	56,187	-	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	(11,869)	(16,486)	-	Investments accounted for using the equity method

Note: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018 (Note 3)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outflow (Note 3)	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	$ 943,718 (US$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 128,308 (US$ 4,177,369)	$ -	$ -	$ 128,308 (US$ 4,177,369)	(Note 2,b,2) $ 150,562	16.64	$ 25,057	$ 140,748	$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	76,788 (US$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	93,238 (US$ 3,035,601)	-	-	93,238 (US$ 3,035,601)	(Note 2,b,2) 1,982	100.00	1,982	99,982	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	20,629,343 (RMB 4,609,600,000)	(2) Dynamic Ever Investments Ltd.	1,326,145 (US$ 43,175,806)	1,622,390 (US$ 52,820,780)	-	2,948,535 (US$ 95,996,586)	(Note 2,b,1) 64,542	14.31	8,167	2,958,581	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$3,318,132 (Note 4) (US$108,029,692)	$4,956,836 (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, 2018.

Note 4: The accumulated outward remittance includes the investments in Wafer Works Epitaxial Corp., Wafer Works (Shanghai) Corp., Shanghai JingJi Electronic Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Qinghai Chenguang New Energy Co., Ltd., USI Trading (Shanghai) Co., Ltd. ("USIT"), and Fujian Gulei Petroleum Company.

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 Limited through Solargiga Energy Holdings Limited, which indirectly invested in Solar Energy Silicon Materials Co., Ltd. and then in Shanghai JingJi Electronic Materials Co., Ltd. Risheng Investment Limited indirectly invested in Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., and Qinghai Chenguang New Energy Co., Ltd.

Note 5: As 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, 2018
(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	$ 87,418	1.37	No significant difference	T/T 90 days	No significant difference	$ 7,371	0.83	$ -	-
	Commission expenses	903	-	-	-	-	-	-	-	-
	Non-operating income and expenses - rental income	1,521	-	-	-	-	-	-	-	-
	Management service expenses	132	-	-	-	-	-	-	-	-
	Other payables from related parties	2,829	-	-	-	-	-	-	-	-
	Other receivables from related parties	11,312	-	-	-	-	-	-	-	-

Note: All intercompany transactions have been eliminated on consolidation.

V. Parent Company Only Financial Statements Audited and Attested by CPAs for the Most Recent Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Polymer Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Company's financial statements for the year ended December 31, 2018 are stated as follows:

<u>Revenue Recognition - Sales Revenue from Specific Customers</u>

The amount of sales revenue for the year ended December 31, 2018 was NT$6,099,879 thousand, which was approximately 2% lower than the sales revenue for the year ended December 31, 2017 of NT$6,241,496 thousand. Nevertheless, the sales revenue from specific customers has grown significantly compared to previous years. Sales revenue from these specific customers was NT$1,645,881 thousand, which accounted for approximately 27% of net operating revenue. Therefore, recognition of revenue from these specific customers 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 internal controls about these specific customers 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 purchase orders from these specific 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, 2018, the carrying amount of inventory was NT$751,531 thousand (i.e. the gross amount of inventory of NT$756,106 thousand with a deduction for the allowance for inventory valuation and obsolescence losses of NT$4,575 thousand). Refer to Note 12 to the Company's financial statements for details.

Inventories of the Company are stated at the lower of cost or net realizable value. The net realizable value is subject to price fluctuations of main raw material. 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 Company's policy and methods for the evaluation of 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Shih-Tsung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2019

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

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

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

ASIA POLYMER CORPORATION

BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 839,991	5	$ 1,815,129	12
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	1,548,456	10	1,379,447	9
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	67,601	-	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	85,936	1
Notes receivable (Notes 3, 4, 5 and 11)	471	-	1,627	-
Accounts receivable from unrelated parties (Notes 3, 4, 5 and 11)	712,941	5	489,782	3
Accounts receivable from related parties (Notes 3, 4, 5, 11 and 30)	173,727	1	143,594	1
Other receivables (Notes 3 and 4)	154	-	1,176	-
Other receivables from related parties (Notes 3, 4 and 30)	2,237	-	6,296	-
Inventories (Notes 4, 5 and 12)	751,531	5	745,434	5
Prepayments	127,543	1	122,043	1
Other current assets	110	-	110	-
Total current assets	4,224,762	27	4,790,574	32
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4 and 8)	2,215,626	14	-	-
Available-for-sale financial assets - non-current (Notes 3, 4 and 9)	-	-	2,403,409	16
Financial assets measured at cost - non-current (Notes 3, 4 and 10)	-	-	193,775	1
Investments accounted for using the equity method (Notes 3, 4, 5, 13 and 31)	5,074,348	33	3,309,037	22
Property, plant and equipment (Notes 4 and 14)	3,502,460	23	3,630,715	25
Investment properties (Notes 3, 4 and 15)	431,321	3	433,504	3
Other intangible assets (Notes 4 and 16)	88	-	318	-
Deferred tax assets (Notes 4 and 25)	62,114	-	56,574	1
Other non-current assets (Note 27)	3,860	-	2,168	-
Total non-current assets	11,289,817	73	10,029,500	68
TOTAL	$ 15,514,579	100	$ 14,820,074	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 1,350,000	9	$ 500,000	4
Short-term bills payable (Note 17)	599,914	4	699,834	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,074	-	666	-
Accounts payable to unrelated parties (Note 18)	257,405	1	108,284	1
Accounts payable to related parties (Notes 18 and 30)	23,441	-	29,568	-
Other payables to unrelated parties (Note 19)	138,536	1	150,882	1
Other payables to related parties (Note 30)	129,438	1	302,627	2
Current tax liabilities (Notes 4 and 25)	10,184	-	40,690	-
Provisions - current (Note 20)	-	-	5,899	-
Current portion of long-term borrowings (Note 17)	-	-	450,000	3
Refund liabilities - current (Note 20)	5,899	-	-	-
Other current liabilities	18,302	-	6,332	-
Total current liabilities	2,535,193	16	2,294,782	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	3,100,000	20	2,450,000	17
Deferred tax liabilities (Notes 4 and 25)	53,992	1	39,902	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	208,670	1	212,209	1
Other non-current liabilities (Note 27)	12,288	-	6,711	-
Total non-current liabilities	3,374,950	22	2,708,822	18
Total liabilities	5,910,143	38	5,003,604	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 22 and 25)				
Share capital				
Ordinary shares	5,543,827	36	5,181,147	35
Capital surplus	19,619	-	16,434	-
Retained earnings				
Legal reserve	1,684,469	11	1,627,934	11
Special reserve	565,379	3	565,379	4
Unappropriated earnings	1,851,499	12	2,061,039	14
Total retained earnings	4,101,347	26	4,254,352	29
Other equity	(60,357)	-	364,537	2
Total equity	9,604,436	62	9,816,470	66
TOTAL	$ 15,514,579	100	$ 14,820,074	100

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

ASIA POLYMER CORPORATION

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 5, 23 and 30)	$ 6,099,879	100	$ 6,241,496	100
OPERATING COSTS (Notes 4, 12, 21, 24 and 30)	5,830,015	96	5,556,727	89
GROSS PROFIT	269,864	4	684,769	11
OPERATING EXPENSES (Notes 21, 24 and 30)				
Selling and marketing expenses	98,946	1	105,253	2
General and administrative expenses	100,790	2	106,318	2
Research and development expenses	5,032	-	6,226	-
Total operating expenses	204,768	3	217,797	4
PROFIT FROM OPERATIONS	65,096	1	466,972	7
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 24 and 30)				
Other income	163,015	3	163,928	3
Other gains and losses	25,027	-	(50,793)	(1)
Interest expense	(40,142)	(1)	(41,762)	(1)
Share of profit or loss of associates	101,868	2	114,334	2
Total non-operating income and expenses	249,768	4	185,707	3
PROFIT BEFORE INCOME TAX	314,864	5	652,679	10
INCOME TAX EXPENSE (Notes 4 and 25)	28,038	-	87,325	1
NET PROFIT FOR THE YEAR	286,826	5	565,354	9
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(335)	-	(12,161)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(411,077)	(7)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(30,863)	(1)	(1,209)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(959)	-	2,067	-
	(443,234)	(8)	(11,303)	-

(Continued)

ASIA POLYMER CORPORATION

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ 90	-	$ (44,287)	(1)
Unrealized gain on available-for-sale financial assets	-	-	99,107	2
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(3,688)	-	3,438	-
Income tax relating to items that may be reclassified subsequently to profit or loss	1,057	-	6,382	-
	(2,541)	-	64,640	1
Other comprehensive income (loss) for the year, net of income tax	(445,775)	(8)	53,337	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (158,949)	(3)	$ 618,691	10
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.52		$ 1.02	
Diluted	$ 0.52		$ 1.02	

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

ASIA POLYMER CORPORATION

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

	Equity Attributable to Owners of the Company (Notes 3, 4, 22 and 25)									
							Other Equity			
	Share Capital			Retained Earnings						
	Share (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2017	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 AT 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
Effect of retrospective application	-	-	-	-	-	20,387	-	(421,288)	448,780	47,879
BALANCE AT JANUARY 1, 2018 AS RESTATED	518,114	5,181,147	16,434	1,627,934	565,379	2,081,426	(56,751)	-	448,780	9,864,349
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	56,535	-	(56,535)	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(103,623)	-	-	-	(103,623)
Share dividends distributed	36,268	362,680	-	-	-	(362,680)	-	-	-	-
Reclassification of past dividends to capital surplus	-	-	3,073	-	-	-	-	-	-	3,073
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	112	-	-	(526)	-	-	-	(414)
Net profit for the year ended December 31, 2018	-	-	-	-	-	286,826	-	-	-	286,826
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	2,567	(2,541)	-	(445,801)	(445,775)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	289,393	(2,541)	-	(445,801)	(158,949)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,044	-	-	(4,044)	-
BALANCE AT DECEMBER 31, 2018	554,382	$ 5,543,827	$ 19,619	$ 1,684,469	$ 565,379	$ 1,851,499	$ (59,292)	$ -	$ (1,065)	$ 9,604,436

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

ASIA POLYMER CORPORATION

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 314,864	$ 652,679
Adjustments for:		
Depreciation expenses	289,468	287,148
Amortization expenses	336	954
Net (gain) loss on fair value change of financial assets held for trading	(708)	23,328
Interest expense	40,142	41,762
Interest income	(14,275)	(13,821)
Dividend income	(98,122)	(96,308)
Share of profit of associates	(101,868)	(114,334)
Gain on disposal of property, plant and equipment	-	(186)
Loss on disposal of investment properties	-	497
Net gain on disposal of available-for-sale financial assets	-	(7,739)
(Reversal of) write-down of inventories	(6,106)	10,330
Net (gain) loss on foreign currency exchange	(2,804)	1,053
Changes in operating assets and liabilities		
Financial assets held for trading	(666)	86,171
Financial assets mandatorily classified as at fair value through profit or loss	(166,227)	-
Notes receivable	1,162	160
Accounts receivable from unrelated parties	(220,920)	235,565
Accounts receivable from related parties	(30,081)	51,741
Other receivables from unrelated parties	3	-
Other receivables from related parties	4,059	52,437
Inventories	9	(93,437)
Prepayments	(5,500)	40,270
Accounts payable from unrelated parties	149,144	(133,413)
Accounts payable from related parties	(6,021)	(4,780)
Other payables from unrelated parties	(10,209)	(113,878)
Other payables from related parties	(172,811)	185,857
Other current liabilities	11,970	(8,385)
Net defined benefit liabilities	(3,874)	(39,080)
Cash (used in) generated from operations	(29,035)	1,044,591
Interest received	15,374	13,632
Interest paid	(39,235)	(41,517)
Income tax paid	(49,896)	(92,525)
Net cash (used in) generated from operating activities	(102,792)	924,181

(Continued)

ASIA POLYMER CORPORATION

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

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income - current	$ (3,926)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income - current	5,883	-
Capital reduction of financial assets at fair value through other comprehensive income	21,077	-
Proceeds from sale of available-for-sale financial assets	-	21,634
Capital reduction of financial assets measured at cost	-	20,994
Acquisition of associates	(1,747,780)	(1,437,647)
Payments for property, plant and equipment	(159,030)	(122,371)
Proceeds from disposal of property, plant and equipment	-	210
(Increase) decrease in refundable deposits	(2)	59
Payments for intangible assets	(106)	-
Increase in other non-current assets	(1,690)	-
Dividends received	161,245	164,167
Net cash used in investing activities	(1,724,329)	(1,352,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	850,000	(450,000)
Repayments of short-term bills payable	(100,000)	-
Proceeds from long-term borrowings	9,650,000	7,150,000
Repayments of long-term borrowings	(9,450,000)	(6,700,000)
Increase in other non-current liabilities	5,577	-
Dividends paid to owners of the Company	(103,594)	(301,765)
Net cash generated from (used in) financing activities	851,983	(301,765)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(975,138)	(730,538)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,815,129	2,545,667
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 839,991	$ 1,815,129

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

ASIA POLYMER CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2018, 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 financial statements of the Company are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors and authorized for issue on March 6, 2019.

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 Company's accounting policies:

   IFRS 9 "Financial Instruments" and related amendments

   IFRS 9 "Financial Instruments" supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for the related accounting policies.

   The requirements for the classification, measurement and impairment of financial assets have been applied retrospectively starting from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

   Classification, measurement and impairment of financial assets

   On the basis of the facts and circumstances that existed as of January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Company's financial assets as of January 1, 2018.

Financial Asset	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,815,129	$ 1,815,129	1)
Equity investments	Held for trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	86,034	86,034	
	Available for sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	2,683,120	2,717,338	2)
Mutual funds	Held for trading	Mandatorily at FVTPL	1,293,413	1,293,413	
Notes receivable, accounts receivable (including related parties) and other receivables (including related parties)	Loans and receivables	Amortized cost	642,475	642,475	1)

Financial Asset	IAS 39 Carrying Amount as of January 1, 2018	Reclassification	Remeasure-ment	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI	$ -	$ -	$ -	$ -	$ -	$ -	
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	-	2,683,120	34,218	2,717,338	-	34,218	2)
Amortized cost							
Add: Reclassification from loans and receivables (IAS 39)	-	2,457,604	-	2,457,604	-	-	1)
	$ -	$ 5,140,724	$ 34,218	$ 5,174,942	$ -	$ 34,218	

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Investments accounted for using the equity method	$ 3,309,037	$ 13,661	$ 3,322,698	$ 20,387	$ (6,726)	3)

1) Cash and cash equivalents, notes receivable, accounts receivable and other receivables previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

2) The Company elected to classify all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $421,288 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $34,218 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

3) As a result of the retrospective application of IFRS 9 by subsidiaries, there was an increase in investments accounted for using the equity method of $13,661 thousand, a decrease in other equity - unrealized gain (loss) on financial assets at FVTOCI of $6,726 thousand and an increase in retained earnings of $20,387 thousand on January 1, 2018.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

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

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

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

Note 3: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Company will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease, only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

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

The Company anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases under IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at their carrying amounts as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. Except for the following practical expedients which are to be applied, the Company will apply IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

1) The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Company will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Company will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Company as lessor

The Company will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Investment properties	$ 431,321	$ 34,585	$ 465,906
Right-of-use assets	-	421	421
Total effect on assets	$ 431,321	$ 35,006	$ 466,327
Lease liabilities - current	$ -	$ 5,864	$ 5,864
Lease liabilities - non-current	-	29,997	29,997
Total effect on liabilities	$ -	$ 35,861	$ 35,861
Retained earnings	$ 4,101,347	$ (855)	$ 4,100,492
Total effect on equity	$ 4,101,347	$ (855)	$ 4,100,492

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed and determined that the application of other standards and interpretations will not have a significant influence on the Company's financial position and financial performance.

c. New IFRSs that have been issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 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 financial statements are authorized for issue; and

3) Liabilities for which the Company 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. Foreign currencies

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

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

Non-monetary items 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 financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries and associates 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 included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods 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.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

2) Investments in associates

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

The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company'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 Company'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 Company's proportionate interest in the associate. The Company 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 Company'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 Company'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 Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company 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 is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company 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 Company 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 Company' financial statements only to the extent that interests in the associate are not related to the Company.

g. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

h. 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.

i. Intangible assets

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

j. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include time deposits and 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.

iii. Investments in equity instruments at FVTOCI

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

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

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

2017

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

i. Financial assets at FVTPL

Financial assets are classified as at 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 29.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable 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

<u>2018</u>

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence 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 Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on 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 is 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 Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2018, 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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 FVTPL

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

Financial liabilities held for trading 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 29.

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 Company 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.

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

l. Revenue recognition

<u>2018</u>

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

- Sale of goods

  Revenue from the sale of goods comes from sale of LDPE and EVA. Sales are recognized as revenue when the goods are delivered to the customer’s specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

<u>2017</u>

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 Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

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

2) Dividend and interest income

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

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

m. Leasing

Leases are classified as finance leases whenever 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 Company as lessor

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

2) The Company as lessee

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

n. 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 Company'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.

o. 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 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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income 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 Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

a. Estimated impairment of financial assets - 2018

   The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of accounts receivable - 2017

   When there is objective evidence of impairment loss of receivables, the Company takes into consideration the estimation of the future cash flows of such assets. The amount of 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. Where 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 inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of 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. Revenue recognition

   <u>2018</u>

   For every contract, the Company determines whether its performance obligation is satisfied over time or at a point in time based on the conditions in the contract and applicable regulation.

   The Company recognizes revenue at a point in time since the customer cannot simultaneously receive and consume the benefits from the Company's performance in fulfilling the contract. The asset created or enhanced by the Company is not controlled by the customer, and the Company creates an asset with an alternative use to the Company.

   <u>2017</u>

   As described in Note 4, the Company recognizes revenue when certain conditions are satisfied. The Company 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.

e. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand and petty cash	$ 119	$ 146
Checking accounts and demand deposits	32,128	70,418
Cash equivalents		
Time deposits	243,001	1,694,640
Reverse repurchase agreements collateralized by bonds	564,743	49,925
	$ 839,991	$ 1,815,129

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	
	2018	2017
Time deposits	0.60%-2.10%	0.13%-0.79%
Reverse repurchase agreements collateralized by bonds	0.53%-0.66%	0.61%

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

	December 31	
	2018	2017
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Domestic listed shares	$ -	$ 86,034
Mutual funds	-	1,293,413
	-	1,379,447
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	47,954	-
Mutual funds	1,500,502	-
	1,548,456	-
	$ 1,548,456	$ 1,379,447

(Continued)

	December 31	
	2018	2017
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 2,074	$ 666

(Concluded)

The net gain (loss) on operations of financial assets and liabilities at FVTPL - current in 2018 and 2017 was gain of $13,828 thousand and loss of $13,736 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, 2018			
Sell	USD/NTD	2019.01.14-2019.02.25	USD2,710/NTD83,176
Sell	RMB/NTD	2019.01.02-2019.04.02	RMB70,200/NTD310,150
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

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

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

Investments in Equity Instruments at FVTOCI

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 67,601
Non-current	
Domestic investments	
Listed shares	$ 1,968,067
Unlisted shares	247,559
	$ 2,215,626

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets under IAS 39. Refer to Notes 3, 9 and 10 for information relating to their reclassification and comparative information for 2017.

The investees, Harbinger Venture Capital, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in April and August 2018, respectively. The Company received $21,077 thousand back in total, according to its shareholding ratio.

The Company sold part of shares of Wafer Works Corporation in July 2018 in order to manage credit concentration risk. The Company transferred a total gain of $4,044 thousand from other equity to retained earnings.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic investments	
Publicly traded shares	$ 2,489,345
Current portion	$ 85,936
Non-current portion	2,403,409
	$ 2,489,345

The Company disposed of certain available-for-sale financial assets, recognizing a disposal gain of $7,739 thousand during 2017.

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

	December 31, 2017
Domestic unlisted ordinary shares	$ 193,775
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 193,775

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 Company cannot be reliably measured; therefore, they were measured at cost less impairment at the end of reporting period.

The investees, KHL IB Venture Capital Co., Ltd., and Riselink Venture Capital Corp., reduced their capital and returned cash to their shareholders in July and August 2017, respectively. The Company received $20,994 thousand back in total, according to its shareholding ratio.

11. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2018	2017
Notes receivable		
At amortized cost		
Gross carrying amount	$ 472	$ 1,634
Less: Allowance for impairment loss	(1)	(7)
	$ 471	$ 1,627
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 714,940	$ 491,775
Less: Allowance for impairment loss	(1,999)	(1,993)
	$ 712,941	$ 489,782
Accounts receivable from related parties (Note 30)	$ 173,727	$ 143,594

Accounts receivable

2018

At amortized cost

The average credit period of sales of goods was 15-90 days. No interest was charged on accounts receivable since the credit period was short.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2018

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Total
Gross carrying amount	$ 606,125	$ 185,219	$ 97,795	$ 889,139
Loss allowance (Lifetime ECL)	-	-	(2,000)	(2,000)
Amortized cost	$ 606,125	$ 185,219	$ 95,795	$ 887,139

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

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	2018
Balance at January 1, 2018 per IAS 39	$ 2,000
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	2,000
Add: Reclassification	-
Balance at December 31, 2018	$ 2,000

2017

The Company applied the same credit policy in 2018 and 2017. 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 Company 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 Company mainly come from those companies with good credit long-term business relationships.

The aging of receivables was as follows:

	December 31, 2017
Less than and including 60 days	$ 436,171
61-90 days	168,248
91-120 days	30,950
	$ 635,369

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
Less than and including 30 days	$ 1

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 Company 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, 2017	$ -	$ 2,000	$ 2,000
Add: Reclassification	-	-	-
Balance at December 31, 2017	$ -	$ 2,000	$ 2,000

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 660,629	$ 628,838
Work in progress	31,917	51,989
Raw materials	11,883	21,296
Production supplies	47,102	43,311
	$ 751,531	$ 745,434

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $5,830,015 thousand and $5,556,727 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of $6,106 thousand and inventory write-downs of $10,330 thousand for the years ended December 31, 2018 and 2017, respectively. The reversals of write-downs resulted from increased selling prices in certain markets.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 705,028	$ 665,219
Investments in associates	4,369,320	2,643,818
	$ 5,074,348	$ 3,309,037

a. Investments in subsidiaries

	December 31 2018	December 31 2017
Unlisted company		
APC (BVI) Holding Co., Ltd.	$ 477,505	$ 435,497
APC Investment Co., Ltd.	97,433	108,578
USI International Corp.	130,090	121,144
	$ 705,028	$ 665,219

As of December 31, 2018, the percentage of ownership interests and voting rights of the Company in the subsidiaries were as follows:

	Proportion of Ownership and Voting Rights December 31 2018	Proportion of Ownership and Voting Rights December 31 2017
APC (BVI) Holding Co., Ltd.	100%	100%
APC Investment Co., Ltd.	100%	100%
USI International Corp.	70%	70%

The investments in subsidiaries 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, 2018 and 2017 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	December 31 2018	December 31 2017
Material associates		
Ever Conquest Global Ltd.	$ 3,167,773	$ 1,420,944
Associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	675,767	629,910
Acme Electronics Corporation ("ACME")	46,332	45,253
Unlisted company		
China General Terminal & Distribution Corporation ("CGTD")	228,250	272,509
Swanson Plastics Corporation ("SPC")	196,411	197,140
Taiwan United Venture Capital Corp. ("TUVC")	21,860	26,748
Thintec Materials Corporation ("TMC")	4,415	7,617
USI Optronics Corporation ("USIO")	28,512	43,697
	$ 4,369,320	$ 2,643,818

1) Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31 2018	2017
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	36.94%	37.43%

The Company 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 Company for equity accounting purposes.

Ever Conquest Global Ltd.

	December 31 2018	2017
Non-current assets	$ 8,576,305	$ 3,796,226
Equity	$ 8,576,305	$ 3,796,226
Proportion of the Company's ownership	36.94%	37.43%
Equity attributable to the Company	$ 3,167,773	$ 1,420,944
Carrying amount	$ 3,167,773	$ 1,420,944

During 2018 and 2017, no significant operating revenue was generated by Ever Conquest Global Ltd.

	For the Year Ended December 31 2018	2017
The Company's share of:		
Profit from continuing operations	$ 3,384	$ 868
Other comprehensive loss	(2,753)	(21,725)
Total comprehensive income (loss) for the year	$ 631	$ (20,857)

2) Aggregate information of subsidiaries and associates that are not individually material

	For the Year Ended December 31 2018	2017
The Company's share of:		
Profit from continuing operations	$ 98,484	$ 113,466
Other comprehensive (loss) gain	(31,798)	23,954
Total comprehensive income for the year	$ 66,686	$ 137,420

As of December 31, 2018, the percentage of ownership interests and voting rights of the Company in the associates were as follows:

Name of Associates	Proportion of Ownership and Voting Rights December 31 2018	2017
CGPC	8.07%	8.07%
ACME	3.32%	3.32%
CGTD	33.33%	33.33%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
TMC	30.42%	30.42%
USIO	9.20%	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 Company's percentage of ownership over CGPC, ACME, SPC, TUVC, and USIO was less than 20%. These associates were accounted for using the equity method, as the Company 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, 2018, the Company and USI Corporation had respectively invested US$103,240 thousand (approximately $3,190,905 thousand) and US$176,268 thousand (approximately $5,442,336 thousand). Refer to Note 31 for more information.

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 Company's share of profit or loss of subsidiaries and 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.

Name of Associate	December 31 2018	2017
CGPC	$ 899,613	$ 1,286,296
ACME	$ 80,553	$ 111,442

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, 2018 and 2017 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, 2017	$ 230,587	$ 762,745	$ 6,185,594	$ 87,965	$ 85,640	$ 7,352,531
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)
Balance at December 31, 2017	$ 228,229	$ 766,695	$ 6,285,435	$ 84,574	$ 93,447	$ 7,458,380
Accumulated depreciation						
Balance at January 1, 2017	$ -	$ 218,303	$ 3,261,016	$ 77,929	$ -	$ 3,557,248
Depreciation expenses	-	20,063	259,927	4,567	-	284,557
Disposals	-	-	(6,109)	(8,031)	-	(14,140)
Balance at December 31, 2017	$ -	$ 238,366	$ 3,514,834	$ 74,465	$ -	$ 3,827,665
Carrying amounts at December 31, 2017	$ 228,229	$ 528,329	$ 2,770,601	$ 10,109	$ 93,447	$ 3,630,715
Cost						
Balance at January 1, 2018	$ 228,229	$ 766,695	$ 6,285,435	$ 84,574	$ 93,447	$ 7,458,380
Additions	-	-	27,352	-	131,678	159,030
Disposals	-	-	(98,164)	(314)	-	(98,478)
Reclassification	-	7,618	78,773	11,855	(98,246)	-
Balance at December 31, 2018	$ 228,229	$ 774,313	$ 6,293,396	$ 96,115	$ 126,879	$ 7,518,932
Accumulated depreciation						
Balance at January 1, 2018	$ -	$ 238,366	$ 3,514,834	$ 74,465	$ -	$ 3,827,665
Depreciation expenses	-	21,336	261,426	4,523	-	287,285
Disposals	-	-	(98,164)	(314)	-	(98,478)
Balance at December 31, 2018	$ -	$ 259,702	$ 3,678,096	$ 78,674	$ -	$ 4,016,472
Carrying amounts at December 31, 2018	$ 228,229	$ 514,611	$ 2,615,300	$ 17,441	$ 126,879	$ 3,502,460

There was no indication of impairment for the years ended December 31, 2018 and 2017.

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 Company signed the EVA equipment contract with CTCI Corporation on November 8, 2012. On March 5, 2014 and May 31, 2017, respectively, the Company 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. The project was completed in 2018, and total fees and charges have been paid.

The above items of property, plant and equipment are 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	5 to 22 years
Other equipment	3 to 13 years

15. INVESTMENT PROPERTIES

	Land	Buildings and Improvements	Total
Cost			
Balance at January 1, 2017	$ 367,844	$ 133,952	$ 501,796
Disposals	-	(2,262)	(2,262)
Transfers from property, plant and equipment	2,358	-	2,358
Balance at December 31, 2017	$ 370,202	$ 131,690	$ 501,892
Accumulated depreciation			
Balance at January 1, 2017	$ -	$ 67,562	$ 67,562
Disposals	-	(1,765)	(1,765)
Depreciation expenses	-	2,591	2,591
Balance at December 31, 2017	$ -	$ 68,388	$ 68,388
Carrying amounts at December 31, 2017	$ 370,202	$ 63,302	$ 433,504
Cost			
Balance at January 1, 2018	$ 370,202	$ 131,690	$ 501,892
Reclassification	-	-	-
Balance at December 31, 2018	$ 370,202	$ 131,690	$ 501,892
Accumulated depreciation			
Balance at January 1, 2018	$ -	$ 68,388	$ 68,388
Depreciation expenses	-	2,183	2,183
Balance at December 31, 2018	$ -	$ 70,571	$ 70,571
Carrying amounts at December 31, 2018	$ 370,202	$ 61,119	$ 431,321

The investment properties held by the Company are 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 (i.e. the land), excluding the land located in the Linyuan Industrial Park, was $931,163 thousand as at December 31, 2018. This fair value was not evaluated by an independent evaluator but was measured by the Company'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. When 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 $93,116 thousand as at December 31, 2018.

16. INTANGIBLE ASSETS

	For the Year Ended December 31	
	2018	**2017**
Computer software	$ 88	$ 318

The amortization expense is 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	
	2018	**2017**
Unsecured borrowings		
Bank loans	$1,350,000	$ 500,000

The range of interest rates on bank loans was 0.90%-1.10% and 0.88%-0.89% per annum as of December 31, 2018 and 2017, respectively.

b. Short-term bills payable

	December 31	
	2018	**2017**
Commercial paper	$ 600,000	$ 700,000
Less: Unamortized discount on bills payable	(86)	(166)
	$ 599,914	$ 699,834
Range of interest rates	0.49%-0.80%	0.40%-0.75%

c. Long-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Bank loans	$ 3,100,000	$ 2,900,000
Less: Current portions	-	(450,000)
Long-term borrowings	$ 3,100,000	$ 2,450,000
Range of interest rates	0.988%-1.175%	1.036%-1.307%

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with TS Bank. A credit line of $300,000 thousand was granted to the Company. Under the credit agreement, the Company should maintain financial ratios in which the current ratio is not below 100%, the debt ratio does not exceed 100% and the amount of equity is not below $7,000,000 thousand.

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with SK Bank. A credit line of $450,000 thousand was granted to the Company, with a revolving credit line within the terms of the agreement. Under the credit agreement, the Company 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.

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

To maintain medium- and long-term working capital, the Company signed a three-year medium- and long-term credit agreement with KGI Bank. A credit line of $600,000 thousand was granted to the Company, 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 Company 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, 2018, the Company did not violate these financial ratios and terms.

18. ACCOUNTS PAYABLE

	December 31	
	2018	2017
Accounts payable		
Operating (including related parties)	$ 280,846	$ 137,852

The average credit period was 1 month. The Company 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	
	2018	2017
Payables for utilities	$ 35,321	$ 33,087
Payables for salaries or bonuses	29,684	57,505
Payables for annual leave	14,664	13,045
Payables for freight fees	13,123	10,363
Payables for equipment	13,073	1,742
Payables for dividends	8,018	9,331
Payables for insurance	1,994	2,099
Others	22,659	23,710
	$ 138,536	$ 150,882

20. PROVISIONS - CURRENT

	December 31	
	2018	2017
Customer returns and rebates	$ -	$ 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.

Starting from January 1, 2018, the Company applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit 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 balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31 2018	December 31 2017
Present value of defined benefit obligation	$ 418,170	$ 431,266
Fair value of plan assets	(209,500)	(219,057)
Net defined benefit liabilities	$ 208,670	$ 212,209

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, 2017	$ 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
Balance at January 1, 2018	$ 431,266	$ (219,057)	$ 212,209
Service cost			
Current service cost	4,506	-	4,506
Net interest expense (income)	4,217	(2,200)	2,017
Recognized in profit or loss	8,723	(2,200)	6,523
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,242)	(6,242)
Actuarial loss - changes in financial assumptions	3,794	-	3,794
Actuarial loss - changes in demographic assumptions	8	-	8
Actuarial loss - experience adjustments	2,775	-	2,775
Recognized in other comprehensive income	6,577	(6,242)	335
Contributions from the employer	-	(10,397)	(10,397)
Benefits paid	(28,396)	28,396	-
Balance at December 31, 2018	$ 418,170	$ (209,500)	$ 208,670

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

1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: A decrease in corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	**2017**
Discount rate	0.88%	1.00%
Expected rate of salary increase	2.25%	2.25%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	**2017**
Discount rate		
0.25% increase	$ (7,533)	$ (8,177)
0.25% decrease	$ 7,755	$ 8,426
Expected rate of salary increase		
0.25% increase	$ 7,514	$ 8,171
0.25% decrease	$ (7,338)	$ (7,972)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	**2017**
Expected contributions to the plan for the next year	$ 10,000	$ 21,000
Average duration of the defined benefit obligation	7.5 years	7.9 years

22. EQUITY

a. Ordinary shares

	December 31	
	2018	2017
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)	554,382	518,114
Shares issued	$ 5,543,827	$ 5,181,147

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, 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.

The shareholders held their regular meeting on June 5, 2018 and, in that meeting, resolved to issue 36,268 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 $5,543,827 thousand. On July 2, 2018, the transaction was approved by the FSC, and the subscription base date was determined as at August 3, 2018 by the board of directors.

b. Capital surplus

	December 31	
	2018	2017
Unpaid dividends	$ 18,325	$ 15,252
Share of changes in capital surplus of associates	1,294	1,182
	$ 19,619	$ 16,434

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

Capital surplus which arises from unclaimed dividends may be used to offset a deficit only, and the share of changes in capital surplus of associates may not be used for any purpose.

c. Retained earnings and dividends policy

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 24-e.

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

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 56,535	$ 66,582		
Cash dividends	103,623	301,814	$0.2	$0.6
Share dividends	362,680	150,907	0.7	0.3

The appropriation of earnings for 2018 were proposed by the Company's board of directors on March 6, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 28,683	$ -
Cash dividends	166,315	0.3
Share dividends	-	-

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 24, 2019.

d. Other equity items

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

	For the Year Ended December 31	
	2018	**2017**
Balance at January 1	$ (56,751)	$ (5,656)
Effect of change in tax rate	1,075	-
Recognized for the year		
Exchange differences on translating foreign operations	90	(44,287)

(Continued)

	For the Year Ended December 31	
	2018	2017
Share of exchange differences of subsidiaries and associates accounted for using the equity method	$ (3,688)	$ (14,337)
Related income tax	(18)	7,529
Other comprehensive income recognized for the year	(2,541)	(51,095)
Balance at December 31	$ (59,292)	$ (56,751)

(Concluded)

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

	For the Year Ended December 31, 2017
Balance at January 1, 2017	$ 305,553
Recognized for the year	
Unrealized gain on revaluation of available-for-sale financial assets	91,368
Share from subsidiaries and associates accounted for using the equity method	17,775
Related income tax	(1,147)
Reclassification adjustment	
Disposal of available-for-sale financial assets	7,739
Other comprehensive income recognized for the year	115,735
Balance at December 31, 2017 per IAS 39	421,288
Adjustment on initial application of IFRS 9	(421,288)
Balance at January 1, 2018 per IFRS 9	$ -

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	448,780
Balance at January 1 per IFRS 9	448,780
Effect of change in tax rate	(85)
Recognized for the year	
Unrealized loss on equity instruments	(411,077)
Share from subsidiaries and associates accounted for using the equity method	(32,305)
Related income tax	(2,334)
Other comprehensive income recognized for the year	(445,801)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(4,044)
Balance at December 31	$ (1,065)

23. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,099,879	$ 6,241,496

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	$ 8,065	$ 7,597
Financial assets at FVTPL	5,834	5,879
Reverse repurchase agreements collateralized by bonds	376	345
	14,275	13,821
Rental income	42,436	44,076
Dividends		
Financial assets at FVTPL	2,950	4,497
Available-for-sale financial assets	-	91,811
Investments in equity instruments at FVTOCI	95,172	-
	98,122	96,308
Others	8,182	9,723
	$ 163,015	$ 163,928

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of available-for-sale financial assets	$ -	$ 7,739
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	8,463	(13,540)
Financial liabilities held for trading	(3,419)	(10,572)
Net foreign exchange gains (losses)	14,763	(24,176)
Gain on disposal of property, plant and equipment	-	186
Loss on disposal of investment properties	-	(497)
Others	5,220	(9,933)
	$ 25,027	$ (50,793)

c. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 287,285	$ 284,557
Investment properties	2,183	2,591
Intangible assets	336	954
	$ 289,804	$ 288,102
An analysis of depreciation by function		
Operating costs	$ 287,129	$ 284,342
Operating expenses	156	215
Other gains and losses	2,183	2,591
	$ 289,468	$ 287,148
An analysis of amortization by function		
Operating expenses	$ 336	$ 954

d. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Post-employment benefits (see Note 21)		
Defined contribution plans	$ 7,346	$ 7,318
Defined benefit plans	6,523	6,859
	13,869	14,177
Other employee benefits	304,194	330,750
Total employee benefits expense	$ 318,063	$ 344,927
An analysis of employee benefits expense by function		
Operating costs	$ 258,492	$ 275,560
Operating expenses	59,571	69,367
	$ 318,063	$ 344,927

e. 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, 2018 and 2017, which were approved by the Company's board of directors on March 6, 2019 and March 12, 2018, respectively, were as follows:

Accrual rate

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

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 3,180	$ 6,593
Remuneration of directors	-	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	2017
Foreign exchange gains	$ 42,549	$ 25,280
Foreign exchange losses	(27,786)	(49,456)
	$ 14,763	$ (24,176)

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 16,201	$ 73,020
Income tax on unappropriated earnings	3,121	11,771
Adjustments for prior years	68	-
	19,390	84,791
Deferred tax		
In respect of the current year	12,995	2,607
Adjustments to deferred tax attributable to changes in tax rates and laws	(4,347)	-
Adjustments for prior years	-	(73)
	8,648	2,534
Income tax expense recognized in profit or loss	$ 28,038	$ 87,325

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

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	$ 314,864	$ 652,679
Income tax expense calculated at the statutory rate	$ 62,973	$ 110,955
Nondeductible expenses in determining taxable income	(13,017)	(16,163)
Tax-exempt income	(20,760)	(19,238)
Income tax on unappropriated earnings	3,121	11,771
Effect of tax rate changes	(4,347)	-
Adjustments for prior years' tax	68	-
Income tax expense recognized in profit or loss	$ 28,038	$ 87,325

In 2017, the applicable corporate income tax rate used by the Company in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	**2017**
Deferred tax		
Effect of change in tax rate	$ 2,383	$ -
In respect of current year		
Translation of foreign operations	(18)	7,529
Fair value changes of available-for-sale financial assets	-	(1,147)
Fair value changes of financial assets at FVTOCI	(2,334)	-
Remeasurement on defined benefit plans	67	2,067
Total income tax recognized in other comprehensive income	$ 98	$ 8,449

c. Current tax liabilities

	December 31	
	2018	**2017**
Current tax liabilities		
Income tax payable	$ 10,184	$ 40,690

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 1,816	$ (901)	$ -	$ 915
Allowance for office supplies impairment losses	7,882	(944)	-	6,938
Customer rebates	1,003	177	-	1,180
Allowance for production supplies losses	1,115	201	-	1,316
FVTPL financial liabilities	114	301	-	415
Payables for annual leave	1,926	702	-	2,628
Defined benefit obligation	35,890	4,165	1,460	41,515
Inventory tax differences	519	(462)	-	57
Exchange differences on foreign operations	6,093	-	1,057	7,150
Foreign exchange losses	216	(216)	-	-
	$ 56,574	$ 3,023	$ 2,517	$ 62,114
Deferred tax liabilities				
Land value increment tax reserve	$ (21,469)	$ -	$ -	$ (21,469)
Allowance for impaired receivables	(227)	(40)	-	(267)
Foreign exchange gains	-	(548)	-	(548)
Depreciation tax differences	(377)	(58)	-	(435)
Share of profit of associates	(17,347)	(11,025)	-	(28,372)
FVTPL financial assets	(482)	-	(2,419)	(2,901)
	$ (39,902)	$ (11,671)	$ (2,419)	$ (53,992)

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
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)
	$ (43,240)	$ 2,384	$ 954	$ (39,902)

e. Income tax assessments

The Company’s income tax returns through 2016 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	**2017**
Basic earnings per share	$ 0.52	$ 1.02
Diluted earnings per share	$ 0.52	$ 1.02

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 3, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 1.09	$ 1.02
Diluted earnings per share	$ 1.09	$ 1.02

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	
	2018	**2017**
Earnings used in the computation of basic and diluted earnings per share	$ 286,826	$ 565,354

Weighted average number of ordinary shares outstanding (in Thousand Shares)

	For the Year Ended December 31	
	2018	**2017**
Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	554,382	554,382
Effect of potentially dilutive ordinary shares:		
Employees' compensation	340	486
Weighted average number of ordinary shares used in the computation of diluted earnings per share	554,722	554,868

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.

27. OPERATING LEASE AGREEMENTS

a. The Company as lessee

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

As of December 31, 2018 and 2017, the Company'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	
	2018	**2017**
Not later than 1 year	$ 1,030	$ 1,751
Later than 1 year and not later than 5 years	285	1,156
	$ 1,315	$ 2,907

b. The Company 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, 2018 and 2017, the Company's guaranteed deposits received under operating lease agreements amounted to $3,346 thousand.

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

	December 31	
	2018	**2017**
Not later than 1 year	$ 26,883	$ 26,978
Later than 1 year and not later than 5 years	28,756	23,063
	$ 55,639	$ 50,041

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company 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 Company's overall management strategy remains unchanged from 2013.

The capital structure of the Company 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).

29. FINANCIAL INSTRUMENTS

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

The Company's management believes that the carrying amounts of financial assets and financial liabilities which are recognized in the 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, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 47,954	$ -	$ -	$ 47,954
Mutual funds	1,500,502	-	-	1,500,502
	$ 1,548,456	$ -	$ -	$ 1,548,456
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 2,035,668	$ -	$ -	$ 2,035,668
Unlisted shares	-	-	247,559	247,559
	$ 2,035,668	$ -	$ 247,559	$ 2,283,227
Financial liabilities at FVTPL				
Derivatives	$ -	$ 2,074	$ -	$ 2,074

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 1,379,447	$ -	$ -	$ 1,379,447
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	$ 2,489,345	$ -	$ -	$ 2,489,345
Financial liabilities at FVTPL				
Derivatives	$ -	$ 666	$ -	$ 666

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Financial Assets at FVTOCI
	Equity Instruments
Financial assets	
Balance at January 1, 2018	$ 227,993
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	40,643
Return of capital	(21,077)
Balance at December 31, 2018	$ 247,559

3) 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.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Company's financial department used valuation techniques in measuring Level 3 fair value of financial instruments. The assumptions of and the inputs to the measurement are based on information from independent resources. The results of the measurement are evaluated against the market state and reviewed periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of an observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of investees increases/decreases by 1%, the fair value will increase/decrease by $2,476 thousand.

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at FVTPL		
Held for trading	$ -	$ 1,379,447
Mandatorily classified as at FVTPL	1,548,456	-
Loans and receivables (1)	-	2,457,604
Available-for-sale financial assets (2)	-	2,683,120
Financial assets at amortized cost (3)	1,729,521	-
Financial assets at FVTOCI		
Equity instruments	2,283,227	-

(Continued)

	December 31	
	2018	2017
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	$ 2,074	$ 666
Financial liabilities at amortized cost (4)	5,598,734	4,691,195

(Concluded)

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties) and other receivables (including related parties).

2) The balances include the carrying amount of available-for-sale financial assets measured at cost.

3) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties) and other receivables (including related parties).

4) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, accounts payable (including related parties) and other payables (including related parties).

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company 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 Company used the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Company 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 Company's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities is set out in Note 32 and of the derivatives exposing the Company to foreign currency risk at the end of the reporting period are set out in Note 7.

Sensitivity analysis

The Company 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 Company's functional currency against the USD, there would be a decrease/an increase of $7,284 thousand and $11,230 thousand in pre-tax profit for the years ended December 31, 2018 and 2017, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company'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 Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management personnel monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by changing market rates.

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

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 807,744	$ 1,744,565
Financial liabilities	1,949,914	1,199,834
Cash flow interest rate risk		
Financial assets	24,628	58,700
Financial liabilities	3,100,000	2,900,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax profit for the years ended December 31, 2018 and 2017 would have decreased/increased by $15,377 thousand and $14,207 thousand, respectively.

c) Other price risk

The Company was exposed to securities price risk through its investments in securities listed in the ROC or other countries. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period.

If securities prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $77,423 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $114,161 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If securities prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2017 would have increased/decreased by $68,972 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by $124,467 thousand as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company 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 Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company 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 Company's credit risk is limited.

3) Liquidity risk

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

As such cash and cash equivalents are sufficient to finance the Company'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 Company'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 Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 486,276	$ 32,860	$ -
Fixed interest rate liabilities	0.91%	1,950,000	-	-
Floating interest rate liabilities	1.06%	-	3,100,000	-
		$ 2,436,276	$ 3,132,860	$ -

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		$ 513,498	$ 26,950	$ -
Fixed interest rate liabilities	0.71%	1,200,000	-	-
Floating interest rate liabilities	1.10%	450,000	2,450,000	-
		$ 2,163,498	$ 2,476,950	$ -

b) Financing facilities

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

	December 31	
	2018	2017
Unsecured bank facilities		
Amount used	$ 5,050,000	$ 4,100,000
Amount unused	3,028,943	3,569,493
	$ 8,078,943	$ 7,669,493

30. 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, 2018 and 2017.

Besides the information disclosed elsewhere in the other notes, details of transactions between the Company 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
USI Trading (Shanghai) Co., Ltd. ("USITA")	Subsidiary
APC Investment Co., Ltd.	Subsidiary
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

Related Party Category/Name	For the Year Ended December 31 2018	2017
Ultimate parent entity		
USI Corporation	$ 670,909	$ 596,780
Associate	70,150	155,133
Fellow subsidiary	27,263	25,704
Subsidiary	87,418	66,242
	$ 855,740	$ 843,859

Sales of goods to related parties were made at the Company'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 2018	2017
Ultimate parent entity		
USI Corporation	$ 131,257	$ 135,176
Associate	36,708	38,933
	$ 167,965	$ 174,109

Purchases from related parties were made at market prices which were at the Company'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 2018	For the Year Ended December 31 2017
Ultimate parent entity		
USI Corporation	$ 5,879	$ 6,474
Fellow subsidiary		
UM	33,279	30,190
	$ 39,158	$ 36,664

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

Related Party Category/Name	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Ultimate parent entity		
USI Corporation	$ 2,433	$ 2,240
Subsidiary	-	6
	$ 2,433	$ 2,246

f. Donation expenses (under general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Essential related party		
USI Education Foundation	$ 2,000	$ 2,000

g. Management income (under other income)

Related Party Category/Name	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Associate	$ 1,738	$ 1,745

h. Rental income (under other income)

Related Party Category/Name	For the Year Ended December 31 2018	2017
Ultimate parent entity	$ 2,572	$ 3,110
Parent entity	140	202
Subsidiary	135	135
Associate		
TVCM	12,790	13,679
Others	6,912	7,412
	19,702	21,091
Fellow subsidiary		
TTC	7,049	7,614
Others	1,865	1,817
	8,914	9,431
	$ 31,463	$ 33,969

The previously indicated associates leased pipelines from the Company with lease terms of 1 year. 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/Name	For the Year Ended December 31 2018	2017
Fellow subsidiary		
UM	$ 1,822	$ 1,822

j. Receivables from related parties

Related Party Category/Name	December 31 2018	2017
Ultimate parent entity		
USI Corporation	$ 162,209	$ 99,228
Associate	1,675	12,303
Subsidiary		
USITA	7,371	30,659
Fellow subsidiary	2,472	1,404
	$ 173,727	$ 143,594

k. Other receivables from related parties

Related Party Category/Name	December 31 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 190	$ 240
Associate		
TVCM	56	2,945
CGTD	959	920
Others	304	513
	1,319	4,378
Fellow subsidiary		
TTC	655	1,606
Others	73	72
	728	1,678
	$ 2,237	$ 6,296

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 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 18,496	$ 25,687
Associate		
SPC	4,945	3,881
	$ 23,441	$ 29,568

m. Other payables to related parties

Related Party Category/Name	December 31 2018	December 31 2017
Ultimate parent entity		
USI Corporation	$ 127,843	$ 297,038
Subsidiary	37	96
Associate	938	4,853
Fellow subsidiary	620	640
	$ 129,438	$ 302,627

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	
	2018	2017
Short-term employee benefits	$ 16,663	$ 10,514
Post-employment benefits	108	108
	$ 16,771	$ 10,622

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2018 was $345,358 thousand.

b. Significant contract

1) 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.

   The Company and USI Corporation originally invested US$2,171 thousand (approximately $65,202 thousand) and US$3,131 thousand (approximately $94,221 thousand), respectively, to establish Ever Conquest Global Limited (recognized as investments accounted for using the equity method) in order to invest in the Joint Venture via the third party.

   The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$44,099 thousand (approximately $1,377,923 thousand) and US$74,215 thousand (approximately $2,313,514 thousand) in January and July 2017, respectively.

The Company and USI Corporation increased the investment in Ever Conquest Global Limited by US$56,970 thousand (approximately $1,747,780 thousand) and US$98,922 thousand (approximately $3,034,601 thousand), respectively, in August 2018.

As of December 31, 2018, the Company and USI Corporation invested US$103,240 thousand (approximately $3,190,905 thousand) and US$176,268 thousand (approximately $5,442,336 thousand), respectively, in Ever Conquest Global Limited. Via Ever Conquest Global Limited, the Company and USI Corporation increased the capital in the Joint Venture by US$279,508 thousand. The Joint Venture reinvested in the Hong Kong Company US$82,588 thousand, US$82,689 thousand and US$178,700 thousand in January and July 2017, and August 2018, respectively. The Hong Kong Company invested a total amount of RMB2,304,800 thousand (approximately US$335,901 thousand) in Gulei Company in April and August 2017, and November 2018.

2) The Company 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 Company signed an agreement with Huaku Development Co., Ltd. and received $6,400 thousand as security deposits. The Taipei City Government approved the proposal on November 30, 2017. In addition, the Company, 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. As of December, 31, 2018, the properties were handed over.

c. Contingencies

Regarding China General Terminal & Distribution Corporation (hereinafter “CGTD”), who had been commissioned to operate the LCY Chemical Corp.’s propene pipeline resulting in a gas explosion on July 31, 2014, the first instance judgment of the criminal procedures was reached on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees in appealing against the judgment.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,167 thousand, 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 2019, the provisionally attached property was worth $141,255 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims’ families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims’ families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims’ families.

As of February 28, 2019, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for $23,919 thousand, and the amount of the settlement was $3,899 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,881,291 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately $1,177,192 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about $383,831 thousand, of which CGTD was exempted for $6,194 thousand, but should pay $188,818 thousand, the estimated portion of compensation that CGTD should pay at the moment according to the judgment of the first instance. CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second-instance trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,375 thousand based on its fault liability proportion in the first-instance judgment. The actual liability of CGTD depends on the future judgments of the remaining civil cases.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' 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, 2018

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 10,829	30.715	(USD:NTD)	$ 332,599	$ 332,599
RMB	93,091	4.4753	(RMB:NTD)	416,609	416,609
JPY	5	0.2780	(JPY:NTD)	1	1
					$ 749,209
Non-monetary items					
Investments accounted for using the equity method					
USD	122,916	30.715	(USD:NTD)	3,775,368	$ 3,775,368
Derivative instruments					
USD	2,710	30.715	(USD:NTD)	132	132
					$ 3,775,500
Financial liabilities					
Monetary items					
USD	2,926	30.715	(USD:NTD)	89,881	$ 89,881
Non-monetary items					
Derivative instruments					
RMB	70,200	4.4753	(RMB:NTD)	2,206	$ 2,206

December 31, 2017

	Foreign Currency (In Thousands)	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 13,749	29.760	(USD:NTD)	$ 409,181	$ 409,181
RMB	38,479	4.555	(RMB:NTD)	175,252	175,252
JPY	5	0.264	(JPY:NTD)	1	1
					$ 584,434
Non-monetary items					
Investments accounted for using the equity method					
USD	66,451	29.760	(USD:NTD)	1,977,585	$ 1,977,585
Derivative instruments					
USD	2,300	29.760	(USD:NTD)	449	449
					$ 1,978,034
Financial liabilities					
Monetary items					
USD	1,171	29.760	(USD:NTD)	34,858	$ 34,858
JPY	7,500	0.264	(JPY:NTD)	1,982	1,982
					$ 36,840
Derivative instruments					
RMB	33,600	4.555	(RMB:NTD)	1,115	$ 1,115

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) were $14,763 thousand and $(24,176) 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 Company.

33. 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. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) 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.

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.

Besides Tables 1 to 7 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

34. SEGMENT INFORMATION

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard (IFRS) No. 8 on segment information does not apply to these parent company only financial statements.

TABLE 1

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	Ordinary shares							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	123,600	$ 1,136	1.20	$ 1,136	
	Riselink Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	438,624	4,330	1.67	4,330	
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	16,707,600	242,093	11.90	242,093	
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	101,355,673	1,206,132	8.53	1,206,132	
	CTCI Corporation	-	Financial assets at fair value through other comprehensive income - non-current	14,496,107	643,627	1.90	643,627	
	AU Optronic Corporation	-	Financial assets at fair value through other comprehensive income - non-current	9,618,516	118,308	0.10	118,308	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	2,017,946	67,601	0.39	67,601	
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	229,127	1,794	0.01	1,794	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	1,664,722	19,810	0.04	19,810	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	500,000	26,350	0.01	26,350	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	4,901,000	72,829	-	72,829	
	Cathay No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,500,000	37,575	-	37,575	
	Shin Kong No. 1 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	2,000,000	30,140	-	30,140	
	Fubon No. 2 Real Estate Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	5,000,000	63,000	-	63,000	
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,993,164	50,002	-	50,002	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,165,538	106,003	-	106,003	
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,070,291	50,024	-	50,024	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,183,308	50,277	-	50,277	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,993,389	100,003	-	100,003	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,536,352	169,335	-	169,335	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,403,369	103,476	-	103,476	
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,358,474	33,454	-	33,454	
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	280,711	50,002	-	50,002	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,892,948	90,024	-	90,024	
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,332,917	100,003	-	100,003	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,192,114	50,002	-	50,002	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,364,176	$ 100,003	-	$ 100,003	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,530,557	41,077	-	41,077	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,655,234	25,036	-	25,036	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	3,232,961	50,002	-	50,002	
	TCB Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,639,471	128,235	-	128,235	
APC (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd. - ordinary shares	-	Financial assets at fair value through other comprehensive income - non-current	256,140	5,079	4.45	5,079	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	Financial assets at fair value through other comprehensive income - non-current	1,519,701	71,896	2.95	71,896	
	NeuroSky, Inc. - series D preference shares	-	Financial assets at fair value through other comprehensive income - non-current	2,397,364	3,247	0.37	3,247	
	Solargiga Energy Holdings Ltd.		Financial assets at fair value through other comprehensive income - non-current	15,863,333	6,282	0.49	6,282	
	Teratech Corp. - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	-	0.67	-	Note 1
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	Note 1
	Sohoware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	450,000	-	-	-	Note 1
	Boldworks, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	689,266	-	-	-	Note 1
APC Investment Co., Ltd.	Ordinary shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	533	-	533	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	554,907	6,603	0.01	6,603	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	100,000	5,270	-	5,270	
	Beneficiary securities							
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,784,986	26,999	-	26,999	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,999,525	24,850	-	24,850	
	Ordinary shares							
	United Renewable Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,131,920	8,863	0.04	8,863	

Note 1: The carrying amount was zero as of December 31, 2018 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

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, 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	46,270,000	$ 1,420,944	56,970,000	$ 1,747,780	-	$ -	$ -	$ -	103,240,000	$ 3,167,773 (Note 1)
	Fund													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	3,534,072	52,028	20,867,472	308,000	17,236,006	254,543	254,028	515	7,165,538	106,003 (Note 2)

Note 1: The ending balance includes the original investment amount, the share of profit (loss) of investees and other related adjustments.

Note 2: The ending balance includes the original investment amount of $106,003 thousand and adjustments for fair value changes of $3 thousand.

ASIA POLYMER CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance		% of Total
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sale	$ (670,909)	(11.00)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	$ 162,209	18.28
USI Trading (Shanghai) Co., Ltd	USI Corporation	Ultimate parent company	Sale	(619)	(0.17)	60 days	No significant difference	No significant difference	Accounts receivable - related parties	-	-
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Purchase	131,257	2.87	30 days	No significant difference	No significant difference	Accounts payable - related parties	(18,496)	(6.59)
USI Trading (Shanghai) Co., Ltd	USI Corporation	Ultimate parent company	Purchase	135,188	37.99	30 days	No significant difference	No significant difference	Accounts payable - related parties	(28,604)	(42.06)

TABLE 4

ASIA POLYMER CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Receivables $ 162,209 Other receivables 190	5.12	$ - -	- -	$ 162,209 190	Note 1 Note 1

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

Note 2: The subsequent period is between January 1 and March 6, 2019.

TABLE 5

ASIA POLYMER CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 423,093 (US$ 13,774,806)	$ 423,093 (US$ 13,774,806)	11,342,594	100.00	$ 477,505	$ 31,477	$ 31,477	Subsidiary (Note)
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00	97,433	(4,199)	(4,199)	Subsidiary (Note)
	USI International Corp.	British Virgin Islands	Reinvestment	86,002 (US$ 2,800,000)	86,002 (US$ 2,800,000)	2,800,000	70.00	130,090	7,086	4,960	Subsidiary (Note)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	40,891,494	8.07	675,767	1,276,156	102,976	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	18,667,464	33.33	228,250	(75,720)	(25,240)	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	12,266,779	7.95	196,411	76,311	5,441	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	46,332	56,187	1,865	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	21,860	(4,921)	(410)	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	4,415	(10,525)	(3,201)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20	28,512	(165,012)	(15,185)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	3,171,017 (US$ 103,240,000)	1,421,183 (US$ 46,270,000)	103,240,000	36.94	3,167,773	8,889	3,384	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	161,097 (US$ 5,244,903)	161,097 (US$ 5,244,903)	8,316,450	16.64	213,812	164,621	-	Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	36,858 (US$ 1,200,000)	36,858 (US$ 1,200,000)	1,200,000	30.00	55,753	7,086	-	Investments accounted for using the equity method (Note)
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	14,416	56,187	-	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	(11,869)	(16,486)	-	Investments accounted for using the equity method

Note: All intercompany transactions have been eliminated on consolidation.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018 (Note 3)	Investment Flows: Outflow (Note 3)	Investment Flows: Inflow	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	$ 943,718 (US$ 30,725,000)	(2) ACME Electronics (Cayman) Corp.	$ 128,308 (US$ 4,177,369)	$ -	$ -	$ 128,308 (US$ 4,177,369)	(Note 2,b,2) $ 150,562	16.64	$ 25,057	$ 140,748	$ -
USI Trading (Shanghai) Co., Ltd.	Management of chemical products, equipment, and plastic products; wholesale of electronic materials, commission agency services and related supporting import and export services	76,788 (US$ 2,500,000)	(2) APC (BVI) Holding Co., Ltd.	93,238 (US$ 3,035,601)	-	-	93,238 (US$ 3,035,601)	(Note 2,b,2) 1,982	100.00	1,982	99,982	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	20,629,343 (RMB 4,609,600,000)	(2) Dynamic Ever Investments Ltd.	1,326,145 (US$ 43,175,806)	1,622,390 (US$ 52,820,780)	-	2,948,535 (US$ 95,996,586)	(Note 2,b,1) 64,542	14.31	8,167	2,958,581	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$3,318,132 (Note 4) (US$108,029,692)	$4,956,836 (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, 2018.

Note 4: The accumulated outward remittance includes the investments in Wafer Works Epitaxial Corp., Wafer Works (Shanghai) Corp., Shanghai JingJi Electronic Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., Qinghai Chenguang New Energy Co., Ltd., USI Trading (Shanghai) Co., Ltd. (“USIT”), and Fujian Gulei Petroleum Company.

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 Limited through Solargiga Energy Holdings Limited, which indirectly invested in Solar Energy Silicon Materials Co., Ltd. and then in Shanghai JingJi Electronic Materials Co., Ltd. Risheng Investment Limited indirectly invested in Jinzhou Yangguang Energy Co., Ltd., Jinzhou Youhua Silicon Materials Co., Ltd., Jinzhou Yangguang Energy Co., Ltd., and Qinghai Chenguang New Energy Co., Ltd.

Note 5: As 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.

TABLE 7

ASIA POLYMER CORPORATION

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, 2018
(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
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
USI Trading (Shanghai) Co., Ltd.	Sales revenue	$ 87,418	1.43	No significant difference	T/T 90 days	No significant difference	$ 7,371	0.83	$ -
	Commission expenses	903	-	-	-	-	-	-	-
	Other payables	37	-	-	-	-	-	-	-

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of this report: None.

Chapter 7 Review, analysis, and risks of financial position and performance

I. Financial position

Comparison and analysis of financial position

Unit: NT$ thousands

	End of 2018	End of 2017	Difference	
			Amount	%
Current assets	$4,606,590	$5,136,436	(529,846)	(10.32)
Long-term investment	6,908,541	5,533,512	1,375,029	24.85
Property (including investment), plant and equipment	4,016,532	4,146,976	(130,444)	(3.15)
Other assets	66,080	59,077	7,003	11.85
Total assets	15,597,743	14,876,001	721,742	4.85
Current liabilities	2,603,655	2,338,563	265,092	11.34
Other liabilities	3,389,652	2,720,968	668,684	24.58
Total liabilities	5,993,307	5,059,531	933,776	18.46
Capital	5,543,827	5,181,147	362,680	7.00
Capital surplus	19,619	16,434	3,185	19.38
Retained earnings	4,101,347	4,254,352	(153,005)	(3.60)
Other equity	(60,357)	364,537	(424,894)	(116.56)
Total equity	9,604,436	9,816,470	(212,034)	(2.16)

(I) The main reasons for major changes in assets, liabilities and equity in the most recent two years (variance of 20% and exceeding NT$10 million between periods):

1. Long-term investment: Mainly caused by the decrease in investments accounted for using the equity method.
2. Other liabilities: Mainly caused by the increase in long-term borrowings.
3. Other equity: Mainly caused by the decline in market prices of financial assets measured at fair value through other comprehensive income.

(II) Impact:
No major impact.

(III) Future response plan
Not applicable

II. Financial performance

(I) Comparison and analysis of financial performance

Unit: NT$ thousands

	2018	2017	Increases (decreases)	Percentage of change (%)
Net revenue	$6,375,134	$6,404,467	(29,333)	(0.46)
Operating costs	6,090,668	5,707,391	383,277	6.72
Gross profit	284,466	697,076	(412,610)	(59.19)
Operating expenses	212,484	226,186	(13,702)	(6.06)
Operating margin	71,982	470,890	(398,908)	(84.71)
Non-operating income and expenses	244,881	184,863	60,018	32.47
Net profit before tax	316,863	655,753	(338,890)	(51.68)
Income tax	30,037	90,399	(60,362)	(66.77)
Net profit	$286,826	$565,354	(278,528)	(49.27)
Other comprehensive income for the year	($445,775)	$53,337	(499,112)	(935.77)
Total comprehensive income for the year	($158,949)	$618,691	(777,640)	(125.69)

(I) The main reasons for significant percentage of changes in the most recent two years:

1. Decrease in gross profit, operating margin, and net profit before tax: Mainly caused by the increase in operating costs.
2. Increase in non-operating income: Mainly caused by the increase in net foreign exchange gain and net profit from financial products.
3. Decrease in income tax: Mainly caused by the decrease in net profit before tax.
4. Other comprehensive income for the year: Mainly caused by the unrealized gains and losses on financial assets measured at fair value through other comprehensive profits and losses due to the decline in market prices of equity instruments at fair value through other comprehensive income.
5. Total comprehensive income for the year: Mainly caused by the decrease in net profit and other comprehensive income for the year.

(II) Projected sales volume in the following year and its basis:
The sales target for 2019 is approximately 140,000 tons and sales of niche products shall be prioritized.

(III) Impact on the Company's future financial business: No significant impact.

(IV) Future response plan: Not applicable.

(II) Analysis of changes in gross margin

Unit: NT$ thousands

	Increase (decrease) amount between periods	Cause of variation		
		Price difference	Cost difference	Quantity difference
Sales margin	(412,610)	100,347	(414,922)	(98,035)
Explanation	The 1% decline in sales volume from the previous year and the conversion of the sales portfolio due to market conditions have caused the unfavorable quantity difference. The 1% increase in sales price produced the favorable price difference. However, the cost of main materials increased by 7% and caused unfavorable cost difference. In conclusion, the comprehensive sales margin in the year declined by NT$412,610 thousand.			

III. Cash flow

Unit: NT$ thousands

Year	Initial cash balance	Annual net cash flow from operating activities	Annual net cash flow from investing activities	Annual net cash flow from financing activities	Effect of exchange rate changes	Cash surplus (deficit)	Remedial measures for cash deficit
2018	2,112,375	(108,441)	(1,723,664)	852,068	1,865	1,134,203	Not applicable

1. Analysis of changes in cash flow during the year
   (1) Operating activities: The net cash used in operating activities was NT$108,441 thousand which was mainly caused by the decrease in annual profits.
   (2) Investing activities: The net cash used in investing activities was NT$1,723,664 thousand which was mainly caused by the increase in long-term equity investments accounted for using the equity method.
   (3) Financing activities: The net cash generated from financing activities was NT$852,068 thousand which was mainly caused by the increase in bank loans.
2. Remedy for cash shortage and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the following year:

Unit: NT$ thousands

Initial cash balance	Estimated net cash flow from operating activities in the entire year	Estimated other cash inflows (outflows) during the year	Estimated balance of cash surplus (deficit)	Remedial measures for cash deficit
1,134,203	563,000	(774,000)	923,203	Not applicable

IV. Impact of major capital expenditures on financial operations in the most recent year: None.

V. Investment policy in the most recent year, main reasons for its profit or loss, improvement plans and investment plan for the coming year:

(I) Investment amount exceeded 5% of the paid-in capital as of December 31, 2018:

Explanation / Item	Amount (NT$ thousands)	Policy	Main reasons for profit or loss	Improvement plan	Other future investment plans
USI Corporation	1,206,132	Steady cash dividends	Stable performance	None	-
CTCI Corporation	643,627	Diversification investment	The overall performance has grown steadily, so it remains profitable	None	-
Ever Conquest Global Ltd.	3,167,773	Investment in petrochemicals	Construction period	None	-
China General Plastics Corporation	675,767	Diversification investment	The overall performance has grown steadily, so it remains profitable	None	-

(II) Investment plans for the following year:

1. The Company will invest indirectly in the Gulei Petrochemical project located in Zhangzhou City, Fujian in China via investment by a company established in a third region, in order to produce petrochemical-related products, downstream deep processing equipment and packages for public projects. The amount of investment in this project will not exceed NT$6 billion, which will be invested gradually from year to year upon approval by the competent authority.
2. To ensure sufficient supplies of ethylene materials, the Company plans to invest NT$1.02 billion in the construction of an ethylene storage tank and underground ethylene pipelines.

VI. Risk analysis and evaluation

Risk management organization structure

Key risk assessment items	Execution and responsible units	Supervision unit
(I) Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future response measures	Finance Division	Auditing Department
(II) Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making guarantees and endorsements, as well as derivatives trading, major reasons for profits and losses, as well as future response measures		
(III) Future R&D projects and R&D expenditure to be invested	Linyuan Research and Development Division	
(IV) Changes to local and overseas policies and laws that impact the company's financial operations and response measures	Finance Division/Legal Division/Business Department	
(V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Response Measures	Information Systems Division/Business Department	
(VI) Changes to corporate image that impact the company's risk management and response measures	Human Resource Division	

(VII) Expected benefits and possible risks of mergers and response measures	Finance Division
(VIII) Expected benefits and possible risks of expanding factory buildings and response risks	Linyuan Plant
(IX) Risks resulting from consolidation of purchasing or sales operations and response measures	Procurement and Logistics Division/Business Department
(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures	Finance Division
(XI) Impact, risk, and response measures related to any change in governance rights in the Company	Board of Directors
(XII) For any litigious or non-litigious matters, the Company and its Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report	Legal Division
(XIII) Information security risk management, policy, and management plans	Information Systems Division
(XIV) Climate change risk identification and response measures	CSR Committee

Risk management policy

(I) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and future response measures:

1. Interest rate: To replenish operating funds and hedge risks of rising interest rates, the Company and KGI Bank signed a three-year medium-term loan agreement for NT$200,000 thousand with fixed interest rates in 2016; in 2017, the Company and Bank SinoPac signed a three-year medium-term loan agreement for NT$500,000 thousand with floating interest rates; the Company and O-Bank signed a three-year medium-term loan agreement for NT$250,000 thousand with floating interest rates; the Company and First Bank signed a three-year medium-term loan agreement for NT$500,000 thousand with floating interest rates; in 2018, the Company and Taishin International Bank signed a three-year medium-term loan agreement for NT$300,000 thousand with floating interest rates; the Company and E.SUN Commercial Bank signed a three-year medium-term loan agreement for NT$300,000 thousand with floating interest rates; the Company and Chang Hwa Bank signed a three-year medium-term loan agreement for NT$400,000 thousand with floating interest rates; the Company and Yuanta Bank signed a three-year medium-term loan agreement for NT$500,000 thousand with floating interest rates; the Company

and Shin Kong Bank signed a three-year medium-term loan agreement for NT$450,000 thousand with floating interest rates; the Company and KGI Bank signed a three-year medium-term loan agreement for NT$400,000 thousand with floating interest rates; the Company and Taipei Fubon Commercial Bank signed a three-year medium-term loan agreement for NT$500,000 thousand with floating interest rates. The Company shall select a suitable timing to enter an IRS to to hedge against rising interest rate.

With regard to short-term borrowings, we used the issued commercial papers on the monetary market in the first three quarters to obtain capital at lower costs. As interest rate increased in the commercial paper market in the fourth quarter, we shifted strategy and used short-term bank loans to reduce the overall cost of capital.

The current strategy of the Company is to apply excess funds to the diverse investments below, so that it not only mitigates the risk of interest rate fluctuation, but also contributes to the profitability of the Company:

1.1 Monetary fund beneficiary certificates: The investment amount is approximately NT$1,295,101 thousand, and the investment return rate is about 0.49%.

1.2 REITs (domestic real estate investment trust): The average investment amount is approximately NT$73,949 thousand. It generates a fixed yield of approximately 4.07% which is better than the long-term government bond yield.

1.3 Stocks with better yields: The amount of investment is about NT$299,121 thousand.

2. Exchange rates: The Company adopts an approach to hedge net foreign exchange position in order to hedge the risk of exchange rate changes.

3. Inflation: No significant impact on the Company.

3.1 Some countries (including Taiwan) have not experienced significant inflation. The current inflation level is moderate.

3.2 The main cost of the Company is the cost of raw materials. Product price move in the same direction as the raw material cost.

(II) Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making guarantees and endorsements, as well as derivatives trading, major reasons for profits and losses, as well as future response measures:

1. Engaging in high-risk, highly-leveraged investment and lending funds to other parties:

The Company's "Procedures for Acquisition and Disposition of Assets" stipulates that it does not engage in high-risk, highly-leveraged investments. There is also the "Procedures for Lending Funds to Others". However, this operation has not yet been carried out.

2. Endorsements and guarantees

Proceed in accordance with the Company's "Endorsement and Guarantee Procedures". However, this operation has not yet been carried out.

3. Derivatives trading:

The Company engages in derivatives trading with the purpose of hedging risks.

Trading commodities are chosen primarily to hedge risks arising from the Company's business operations. The counterparties for hedging transactions are reputable financial institutions in response to the Company's operational needs to avoid credit risks.

3.1. Hedging transactions: Forward foreign exchange contracts are used mainly on hedging the foreign currency fluctuation of existing or future transactions. We do not participate in speculative trading.

(III) Future R&D projects and R&D expenditure to be invested:

1. Future R&D Plan: The Linyuan Research and Development Division is in charge of planning and execution.
   - CCD thin film defect system equipment installation project.
   - Japanese-made Modern film blowing machine replacement project.
   - Oxygen analyzer replacement project.
   - Process equipment renewal.
2. Estimated R&D expenses: A total of approximately NT$22,020 thousand.

(IV) Changes to local and overseas policies and laws that impact the company's financial operations and response measures:

1. Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business within the most recent year up to the publication date of this report are not significant.
2. Response measures:

   The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the Accounting Division evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.

(V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Response Measures:

1. We introduced the Business Intelligence (BI) system to provide consistent indicators, data, and management reports for the entire company and integrated the Company's operation and target management reports. Senior managers can access related information at all times and it also improves the Company's overall operational efficiency.
2. We introduced mobile authorization and optimized the user interface (UI) to facilitate use on various mobile devices. The system automatically adjusts page display to provide smoother operations, increase review and approval efficiency, and accelerate processing procedures.
3. We introduced secure trading platforms to allow customers and suppliers to log into the platform to query and download related transaction documents to prevent mail interception and business email compromise frauds derived from altered transaction documents. We improved the companies' security in external transactions and reduced the possibility of frauds against customers and suppliers who have low information security protection.

4. In addition to the introduction of the aforementioned systems, we shall continue to focus on developing artificial intelligence (AI), big data analytics, and Industry 4.0 for use as references in the decisions for the Company's production, quality control, and sales and strengthen the Company's competitiveness.

5. Promote social engineering drills to raise employees' information security awareness, protect data integrity and prevent intrusions.

(VI) Changes to corporate image that impact the company's risk management and response measures:

The Company always upholds the principles of professionalism and integrity. We value corporate governance and fulfill our corporate social responsibility. Therefore, there is no foreseeable risk associated with changes in corporate image.

(VII) Expected benefits and possible risks of mergers and response measures:

The Company does not carry out mergers and acquisitions.

(VIII) Expected benefits and possible risks of expanding factory buildings and response risks:

The Company does not have a plant expansion plan.

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures:

Purchases: The Company purchases more than 50% of the Company's overall ethylene from CPC Corporation, Taiwan. However, we signed a contract with CPC to ensure the supply of ethylene. Shortages may be supplemented by imports of CPC or the Company.

Sales: Most of our customers are SMEs, so there is no concentration risk.

(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures:

There was no major exchange or transfer of shares by directors, supervisors or shareholders with over 10% of shares in the Company as at the date of publication of the report. Thus, there was no impact on the Company's operation.

(XI) Impact, risk, and response measures related to any change in governance rights in the Company:

1. Implementation and responsible unit: Board of Directors.

2. There has not been any changes in management rights within the last year, up to the publication date of this annual report.

(XII) For any litigious or non-litigious matters, the Company and its Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending during the most recent two fiscal years or during the current fiscal year up to the publication date of this annual report, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report:

1. Executive and responsible unit: Legal Division

2. Concluded or pending litigious, non-litigious or administrative litigation event in the most recent year and as of the date of report:

   (1) The Company: None.

   (2) Directors, Supervisors, General Managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.

   (3) Investee companies using equity method:

   With regard to the gas explosions in the evening on July 31, 2014, where the Company's investee company accounted for using the equity method China General Terminal & Distribution Corporation (CGTD) was contracted by LCY Chemical Corp. (LCY) to operate the propene pipelines, the first-instance judgment was announced on May 11, 2018. Three of CGTD's employees were sentenced to four years and six months of fixed-term imprisonment and CGTD has assisted the employees in filing appeals.

   CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT$227,167 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied to the court to execute provisional attachments on the properties of CGTD on August 27 and November 26, 2015, respectively. Taiwan Water Corporation applied to the court to execute provisional attachment on the properties of CGTD on February 3 and March 2, 2017, respectively. Assets under attachment amounted to approximately NT$139,997 thousand as of April 30, 2019.

   For the deceased who were killed in the gas explosion, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims (hereinafter, "family of the deceased"). Each family was entitled to NT$12 million and the total compensation was NT$384 million. The compensation was first paid by LCY who also represented the three parties in the settlement negotiation and the signing of settlement agreements with family of the deceased.

   For the severely injured, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 severely injured victims. The compensation was first paid by CGTD, and the Kaohsiung City Government. CGTD also represented the three parties in negotiating settlements with victims who suffered severe injuries in the incident. It has signed settlement agreements with 64 of the victims.

   As of April 30, 2019, there have been civil (including civil claims on top of criminal claims) claims against LCY, CGTD, and CPC from individuals who suffered damage from the Kaohsiung gas explosions, victims, and their relatives. CGTD has reached settlement on the original claim of NT$23,919 thousand in an effort to reduce litigation expenses.

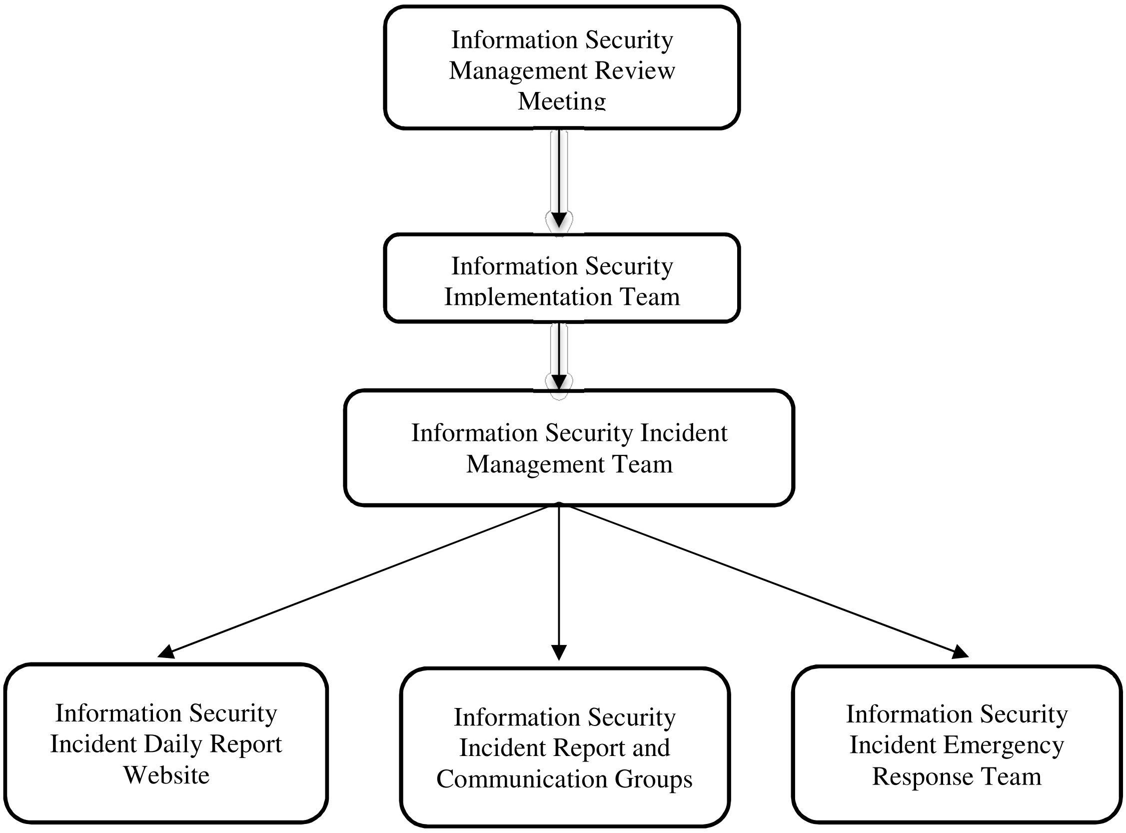
The settlement amount was NT$3,899 thousand. The total amount including the compensation paid to the deceased and severely injured specified in the preceding paragraph is approximately NT$3,879,657 thousand. The first-instance judgments for certain civil cases mentioned above (approximately NT$1,177,192 thousand in claims) have been announced starting from June 22, 2018. Most cases found the negligence liability ratios of Kaohsiung City Government, LCY, and CGTD to be 4:3:3. CGTD, LCY, and other defendants are required to pay compensation amounting to NT$383,831 thousand (among them, the court has ruled that CGTD is not liable for NT$6,194 thousand in compensation). Based on the negligence liability ratios determined in the judgment in the court of first instance, CGTD is expected to be responsible for NT$188,818 thousand. For the civil cases for which judgments have been rendered but no settlement has been reached, CGTD has filed appeals and will proceed with trials in the court of second instance. With regard to the settlement fund for the deceased and severely injured, CGTD's payments based on the negligence liability ratios established in the judgment of the court of first instance was NT$136,375 thousand. The amount has been included in the estimate on the account. For other civil cases for which the judgments have not been rendered, the actual compensation to be paid by CGTD can only be verified after the sharing ratio of liabilities is determined in the civil litigation ruling.

(XIII) Information security risk management, policy, and management plans:

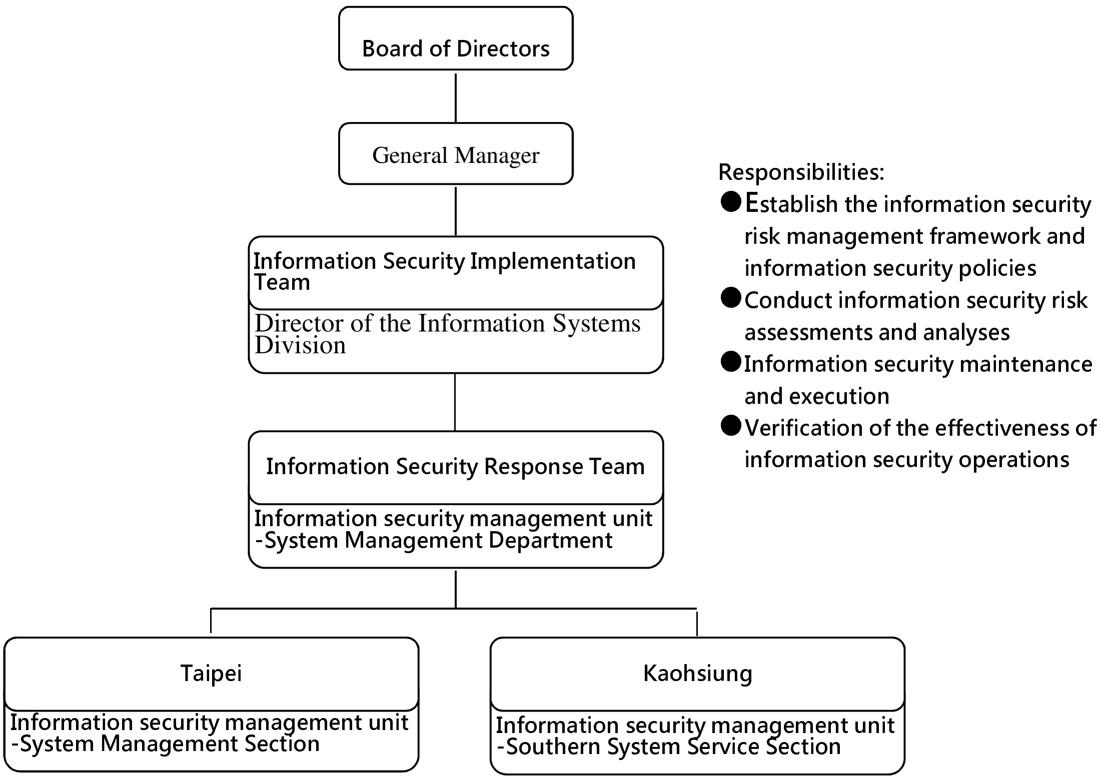
Information security risk management framework

1. Information security management system:

To enhance information security management, the Company introduced ISO 27001 in 2014 and adopted related regulations based on ISO 27001 to improve overall information security of the entire Group. We convene the "Information Security Management Review Meeting" each year to determine the six major input items for the management of the information security system (review of the implementation status of proposals in previous management reviews, changes in related internal and external topics regarding the information security management system, feedback on the performance of information security measures, feedback from parties of concern, risk assessment results and the status of risk mitigation plans, and opportunities for continuous improvement) and discuss and determine the two major output items for the management review of the information security management system (including related decisions on opportunities for continuous improvement and the necessity of any changes to the information security management system) to determine whether the objectives of the information security management system have been achieved. We established the "Information Security Implementation Team" in accordance with the regulations defined in the "Information Security Implementation Organization Regulations" in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the roles and duties of various organizations. The Team convenes one regular meeting each year and meetings can be organized immediately in the event of material information security incidents of the Group. The Director of the Information Systems Division serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the supervision of the Information Systems Division are members of the Team. In the event of a material information security incident, the Director of the Information Systems Division shall report to the General Manager or heads of related departments.



2. Operations of the Information Security Implementation Team:



The Information Systems Division established related policies, plans, governance, supervision, and execution methods in accordance with ISO 27001 regulations to ensure the Group's information security protection capabilities and strengthen employees' information security awareness.

Specific management measures for information security management:

1. The Company's audit unit performs regular internal audits and we appointed British Standards Institution (BSI), a renowned international certification company, for the ISO 27001 certification each year. After obtaining the ISO 27001 certificate from BSI in July 2014, we have passed BSI information security system reviews for four consecutive years. In addition to reviewing the information security risk assessment management framework, we also provide assistance and preventive measures for internal and external issues and conduct information security risk assessments and analyses.
2. To enhance information security management and prevent hacking or information leaks, IT personnel attend four hours of information security training each year. We also appointed professional external information security consulting firms to conduct information security audits and provide suitable protection of information in accordance with related regulations for information protection.
3. We appoint professional external information security consulting firms to conduct social engineering drills at least twice each year to effectively raise employees' information security awareness, ensure data security, and prevent intrusions and unauthorized alteration.
4. For operating systems of equipment such as servers, we appoint professional external information security consulting firms to conduct vulnerability assessments each year to identify potential risks for system corrections or propose remedial measures.
5. To implement protection of personal information, we adopted Dynamic Data Masking (DDM) and Row-Level Security (RLS) on personal information in various information application systems and imposing access restrictions since 2017 to provide appropriate protection. We have also applied related measures in response to requirements in the General Data Protection Regulation (GDPR) of the European Union.
6. We established secure transaction platforms and introduced Secure Sockets Layer (SSL) to allow customers and suppliers to log into the platform to query and download related transaction documents to prevent mail interception and business email compromise frauds derived from altered transaction documents. We improved the companies' security in external transactions and reduced the possibility of frauds against customers and suppliers who have low information security protection. We converted the connection method of the Company's official website from http to https to improve the security of access to our official website by the general public.

Establishment of the information security policy

The establishment of the information security policy takes into account three major factors including information security governance, compliance of related regulations, and applications of technologies and tools:

Information Security Policy		
Information security governance	• Ensure the continuous and robust operations of the information security management system. • Ensure the confidentiality, integrity, and availability of information and operations. • Risk management and prevention. • Optimize the management system. • Establish a network framework the meets the highest information security standards and verify the reliability of network transmissions.	• Organize management review meetings for the information security management system (ISMS) to verify whether the objectives of the information security management system have been achieved. • Improve employees information security awareness and strengthen information security training to ensure that data is sufficiently protected from external intrusion, alteration, and leaks. • Conduct information security risk assessments and analyses on internal and external topics. • Review the design of the basic information security framework.
Compliance of related regulations	• Regularly review the updates and amendments of regulations. • Establish information operation mechanisms that are appropriate for the location, timing, and operations.	Regularly review and establish internal operation procedures and regulations to meet related domestic and foreign information security regulations.
Applications of technologies and tools	• Collection of internal Group data and external data. • Make full use of data analyses. • Predict potential information security threats.	Establish internal firewalls and network traffic monitoring; screen packages with information security concerns; analyze potential threats; prevent illegal intrusions, and prevent the direct exposure of internal network information.

The Company evaluates the amount of insurance policies and the selection of insurance companies (e.g. quotations, insurance underwriting conditions, and status of insurance approval and providing compensation for claims) for the information security insurance based on analyses of crisis management, loss of business revenue, additional fees, third-party liabilities, and fines and penalties. The Company is currently carefully assessing suitable information security insurance policies.

(XIV) Climate change risk identification and response measures:

Continue to focus on global climate change issues and amendments in the "Energy Administration Act" and the "Greenhouse Gases Reduction and Management Act". Establish energy conservation and carbon emissions reduction targets, implement energy conservation and carbon emissions reduction management, participate in voluntary greenhouse gas emissions reduction programs of the Industrial Development Bureau, conduct voluntary greenhouse gas emissions inventory, and establish an ISO 50001 Energy Management System.

The climate change risk identification, response measures, and related actions in 2018 are as follows:

Climate change risk identification	Response measures	Related actions in 2018
● Compliance with government environmental laws and regulations ● Impact of electricity and water shortage on production ● Regulations for reducing electricity consumption by 1% in the "Energy Administration Act" ● Changes in the scope of targets of inventory, registration, and management in the "Greenhouse Gas Reduction and Management Act"	● Regular assessments of compliance with environmental protection laws and regulations ● Establishment of energy conservation and carbon emissions reduction targets ● Voluntary greenhouse gas emissions inventory ● Introduction of the ISO 50001 Energy Management System	● We executed nine energy conservation projects and saved 2,740,322kWh of electricity, and 542 tons of steam. We reduced carbon emissions by 1,636 tons CO2e and achieved an energy saving rate of 1.43% and a carbon emissions reduction rate of 1.45%. ● Based on the results of the inventory of greenhouse gas emissions, total greenhouse gas emissions amounted to 111,461 tons CO2e ● We plan to establish the ISO 50001 Energy Management System in 2019

VII. Other important items: The Company's key performance indicators

(I) Operating hour without accident: The Company’s Linyuan Plant is a high-temperature and high-pressure production environment, so it puts a strong emphasis on occupational safety, health and environmental protection. As of December 31, 2018, the cumulative operating hours without accident was 3,478,590 hours.

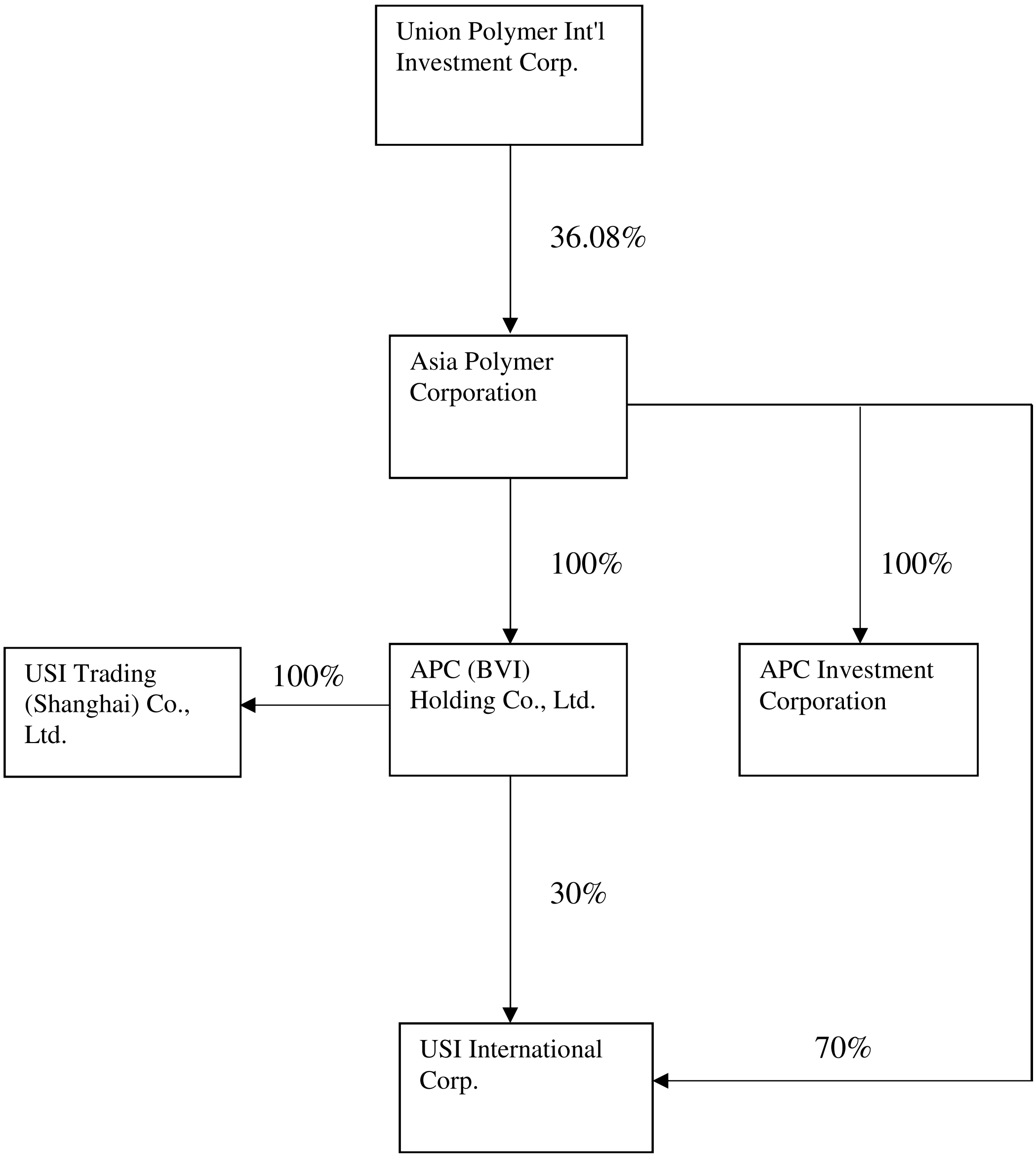
(II) Operating rate of equipment: Except for maintenance and repair or downtime due to power failure of Taipower, the equipment operates normally. The equipment operating rate was 96.80% in 2018.

Chapter 8 Special Notes

I. Affiliated enterprises information

(I) Consolidated Operation Report of Affiliates

1. Organization structure of affiliates



2. Basic information on affiliates

Unit: NT$ thousands

Company name	Date of incorporation	Address	Paid-in capital	Main business or core products
APC (BVI) Holding Co., Ltd.	April 10, 1997	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	348,388	Reinvestment
USI International Corporation	September 20, 2002	TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	122,860	Investment
APC Investment Corporation	December 20, 2007	10F, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investment
USI Trading (Shanghai) Co., Ltd.	March 13, 2006	6A, Yinglong Building, No.1358, Yan'an West Road, Shanghai 200052, P.R.C.	76,788	Sales of chemical products and equipment, etc.

3. Information of shareholders with corporate governance power while working in the Company: None.

4. Business of affiliates and their relationships

Industry code	Name of affiliate	Business relationship with other affiliates
Holding company	APC (BVI) Holding Co., Ltd.	None
Investment	USI International Corporation	None
Investment	APC Investment Corporation	None
Trading	USI Trading (Shanghai) Co., Ltd.	Purchases from APC

5. Information of directors, supervisors, and general managers of affiliates

Unit: NT$ thousands; shares; %

Company name	Title	Name or representative	Number of shares held by the person /shareholding percentage	Number of shares held by juristic persons represented/shareholding percentage
APC (BVI) Holding Co., Ltd.	Director	Quintin Wu	0/0%	—
	Director	Kuo-Hung Li	0/0%	
	Director	I-Shao Ko	0/0%	
	Director	Chen-Tu Liu	0/0%	
USI International Corporation	Director	Quintin Wu	0/0%	—
	Director	Kuo-Hung Li	0/0%	
	Director	Chen-Tu Liu	0/0%	
	Director	Ya-I Huang	0/0%	
APC Investment Corporation	Chairman of the Board	Quintin Wu (representative of Asia Polymer Corporation)	0/0%	20,000,000/100%
	Director	Kuo-Hung Li (representative of Asia Polymer Corporation)	0/0%	
	Director	Ya-I Huang (representative of Asia Polymer Corporation)	0/0%	
	Supervisor	Chen-Tu Liu (representative of Asia Polymer Corporation)	0/0%	

Company name	Title	Name or representative	Number of shares held by the person /shareholding percentage	Number of shares held by juristic persons represented/shareholding percentage
	General Manager	Ya-I Huang	0/0%	—
USI Trading (Shanghai) Co., Ltd.	Chairperson and General Manager	Kuo-Hung Li (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	US$2,500,000/100
	Vice Chairman	Chiao-Feng Wu (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Director	Ko-Shun Wang (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Director	Ming-Tsung Wu (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Supervisor	Yung-Hui Huang (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	

6. Operating status of affiliates:

Unit: NT$ thousands

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating (loss) gain	Net income (loss) (after tax) for the current period	Earnings per share (NT$) (after tax)
APC (BVI) Holding Co., Ltd.	348,388	477,505	0	477,505	0	(99)	31,477	2.78
USI International Corporation	122,860	192,033	6,190	185,843	0	(2,452)	7,086	1.77
APC Investment Corporation	200,000	109,529	12,097	97,433	0	(392)	(4,199)	(0.21)
USI Trading (Shanghai) Co., Ltd.	76,788	186,364	86,382	99,982	363,700	8,271	1,982	-

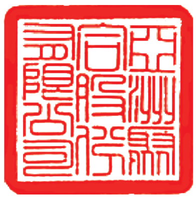
(II) Consolidated Financial Statement of Affiliates

Affiliated Company Consolidated Financial Report Statement

For Fiscal Year 2018 (from January 1 to December 31, 2018), the affiliates of the Company that shall be included in the consolidated financial statements of affiliated companies as per the rules of the "Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prescribed by the International Financial Reporting Standards No. 10. Also, all the information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements. Hence, the consolidated financial statements of affiliated companies are not prepared separately.

As hereby declared

Company name: Asia Polymer Corporation



Person-in-Charge: Quintin Wu

March 6, 2019

(III) Affiliation Report

1. Declaration of affiliation report

The Company's 2018 (from January 1 to December 31, 2018) affiliation report is compiled in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and there was no material inconsistency between the information disclosed in the affiliation report and the one disclosed in the notes to financial statements for the same period.

As hereby declared

Company name: Asia Polymer Corporation

Person-in-Charge: Quintin Wu

March 6, 2019

2. Independent auditor's opinion on affiliation report

Chin Shen 10804104 dated April 30, 2019

Attn: Asia Polymer Corporation

Subject: We express our opinions on Asia Polymer Corporation’s 2018 declaration of affiliation report that it does not contain any material inconsistency.

Note:

1. Your Company has issued a statement on the 2018 Affiliation Report (from January 1 to December 31, 2018) prepared by your Company, on March 6, 2018 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period. The statement is attached in this letter.

2. We have compared the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" and the Notes to Financial Statements in the company's 2018 Financial Statements against the company's Related Company Report, and have not found any material discrepancies in the aforementioned statement.

Deloitte & Touche

CPA Hsiu-Chun Huang 黃秀椿

CPA Shih-Tsung Wu 吳世宗

3. Overview on the relationship between affiliates and holding company

Unit: share; %

Name of controlling company	Reason for control	Shares held by the controlling company and status of pledged shares			Directors, Supervisors or managerial officers appointed by the controlling company	
		Number of shares held	Shareholding ratio	Number of shares pledged	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as the Chairman	0	0	0	None	
USI Corporation	The parent company of the major shareholder (Union Polymer Int'l Investment Corp.) and the same chairman	0	0	0	None	
Union Polymer Int'l Investment Corp.	Major shareholder with more than half of the director seats	200,042,785	36.08%	26,500,000	Chairman of the Board Director Director Director Director	Quintin Wu Kuo-Hung Li Chen-Tu Liu Han-Tai Liu Kuang-Che Huang

4. Purchase and sales transactions

Unit: NT$ thousands; %

Name of controlling Name	Transaction status with the controlling company				Transaction terms with the controlling company		Regular transaction terms		Reason for the difference	Accounts receivable (payable) and notes		Overdue accounts receivable			Remarks
	Purchase (sales)	Amount	Percentage of total purchases (sales)	Sales Gross profit	Unit price (NT$)	Payment terms	Unit price (NT$)	Payment terms		Balance	Percentage to total accounts/notes receivables	Amount	Action taken	Allowance for bad debts	
USI Corporation	Sales	670,909	10.52%	51,154	44~52	60 days	31~68	30-90 days	None	162,209	18.44%	0	None	0	–
	Purchases	131,257	2.72%	–	32~40	30 days	34~41	30 days	None	18,496	5.42%	–	–	–	–

5. Property transactions: None

6. Financing: None.

7. Lease of assets

Unit: NT$ thousands

Name of controlling company	Transaction type	Subject		Lease term	Nature of lease	Basis for rents	Payment method	Comparison with general rent levels	Total rent for the current period	Collection status for the current period	Other agreed terms
		Name	Location								
USI Corporation	Lessor	Office and parking spaces	9th and 10th Floor, No. 37, Jihu Road, Taipei City	2018.1.1-2018.12.31	Operating lease	Market price	Monthly payment	Equivalent	2,640	Normal	None
	Lessee	Office and parking spaces	12th Floor, No. 37, Jihu Road, Taipei City	2018.1.1-2018.12.31	Operating lease	Market price	Monthly payment	Equivalent	2,433	Normal	None
Union Polymer Int'l Investment Corp.	Lessor	Office	10th Floor, No. 37, Jihu Road, Taipei City	2018.1.1-2018.12.31	Operating lease	Market price	Monthly payment	Equivalent	140	Normal	None

8. Endorsements and guarantees: None.

II. Private placement of securities within the most recent year up to the publication date of this report: None.

III. Holding or disposal of the Company's shares by subsidiaries within the most recent year up to the publication date of this report: None.

IV. Other necessary supplementary notes to be included: None.

V. Any event which has a material impact on shareholders' rights and interests or the Company’s securities as prescribed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that has occurred within the most recent year up to the publication date of this report:

The previous General Manager Mr. Kuo-Hung Li retired on March 26, 2019 and the Board of Directors resolved to appoint Mr. Pei-Chi Wu to take over as General Manager.

Asia Polymer Corporation

Person-in-Charge: Quintin Wu