China General Plastics Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

CHINA GENERAL PLASTICS CORPORATION

By

YI-GUI WU
Chairman

March 12, 2018

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China General Plastics Corporation

Opinion

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

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

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Occurrence of Specific Revenue

As the transaction volume is huge and customers are diversified, part of the Group sales were conducted by granting customers one-off credit increase, and the reasonableness of the terms in these exceptional sales is significant to the Group's revenue recognized in 2017. Therefore, the occurrence of these specific sales is identified as one of the key audit matters.

For the accounting policy of revenue recognition, refer to Note 4 to the accompanying consolidated financial statements.

Below are our main audit procedures performed for the occurrence of specific revenue:

1. Obtained an understanding of and tested the internal control design and operating effectiveness over the credit line setting, modification and approval process;

2. Sampled the transaction documents supporting specific revenue recognized, including shipping, customs and receipt documents;

3. Sampled sales returns, provisions and cash collections occurred subsequent to the balance sheet date to verify the reasonableness of revenue recognition.

Recognition of Defined Benefit Liabilities

As of December 31, 2017, the carrying amount of the defined benefit liabilities was NT$1,039,875 thousand, which accounted for 23% of the total liabilities on the consolidated balance sheet. The carrying amount of defined benefit liabilities was determined and recognized based on independent actuaries' report. The underlying assumptions utilized in the actuarial report were dependent on management's judgment and estimates with which there is a high degree of uncertainty. Thus, the recognition of defined benefit liabilities, in our professional judgment, is identified as one of the key audit matters.

For the estimates and judgments related to the recognition of defined benefit liabilities, refer to Notes 4, 5 and 24 to the consolidated financial statements.

Below are the main audit procedures performed for recognition of defined benefit liabilities:

1. Assessed the professionalism, competency, objectivity and qualification of independent actuaries engaged by management;

2. Obtained an understanding of and tested the rationality of the supporting data provided by management in the actuarial report;

3. For the methodology and major underlying assumptions utilized in the actuarial report, including discount rate and expected wage growth rate, we compared the data used with data used by peers as well as historical ones, and evaluated the appropriateness of management's judgments.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission 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, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2018

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

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 663,145	5	$ 1,408,954	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,395,898	11	2,087,088	16
Available-for-sale financial assets - current (Notes 4 and 8)	-	-	3,072	-
Debt investments with no active market - current (Notes 4, 10 and 33)	268,805	2	268,656	2
Notes receivable (Notes 4 and 11)	179,929	1	152,341	1
Trade receivables (Notes 4 and 11)	1,498,990	12	1,280,151	10
Other receivables (Notes 4 and 11)	70,802	1	66,877	-
Other receivables from related parties (Notes 4, 11 and 32)	5,472	-	139,999	1
Current tax assets (Notes 4 and 27)	42	-	1,085	-
Inventories (Notes 4 and 12)	1,856,456	15	1,722,932	13
Prepayments (Notes 4 and 19)	53,598	-	67,192	-
Other current assets	494	-	1,709	-
Total current assets	5,993,631	47	7,200,056	54
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	2,194	-	2,102	-
Financial assets measured at cost - non-current (Notes 4 and 9)	91,000	1	103,251	1
Investments accounted for using the equity method (Notes 4 and 15)	298,744	3	271,354	2
Property, plant and equipment (Notes 4, 16, 20, 32 and 33)	5,729,861	45	5,227,157	39
Investment properties (Notes 4, 17 and 29)	140,260	1	27,715	-
Intangible assets (Notes 4 and 18)	10,238	-	19,589	-
Deferred tax assets (Notes 4 and 27)	270,525	2	316,467	3
Long-term prepayments for leases (Notes 4 and 19)	100,318	1	105,920	1
Other non-current assets (Note 33)	36,450	-	35,376	-
Total non-current assets	6,679,590	53	6,108,931	46
TOTAL	$ 12,673,221	100	$ 13,308,987	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ -	-	$ 160,000	1
Short-term bills payable (Note 20)	-	-	299,929	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,701	-	3,116	-
Notes payable (Note 21)	183	-	351	-
Trade payables (Note 21)	620,443	5	789,053	6
Trade payables to related parties (Notes 21 and 32)	232,011	2	234,127	2
Other payables (Note 22)	681,231	5	667,972	5
Other payables to related parties (Note 32)	22,605	-	28,425	-
Current tax liabilities (Notes 4 and 27)	141,996	1	215,670	2
Provisions - current (Notes 4 and 23)	25,127	-	16,039	-
Other current liabilities	60,650	1	65,451	1
Total current liabilities	1,785,947	14	2,480,133	19
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 20 and 33)	1,050,000	8	1,050,000	8
Deferred tax liabilities (Notes 4 and 27)	594,162	5	596,167	4
Net defined benefit liabilities - non-current (Notes 4 and 24)	1,039,875	8	1,420,641	11
Other non-current liabilities (Note 32)	2,389	-	6,226	-
Total non-current liabilities	2,686,426	21	3,073,034	23
Total liabilities	4,472,373	35	5,553,167	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 15, 24 and 25)				
Share capital				
Ordinary shares	4,919,996	39	4,776,695	36
Capital surplus	8,236	-	8,220	-
Retained earnings				
Legal reserve	385,973	3	241,661	2
Special reserve	408,223	3	408,223	3
Unappropriated earnings	2,063,146	17	1,899,548	14
Total retained earnings	2,857,342	23	2,549,432	19
Other equity	20,767	-	41,138	-
Total equity attributable to owners of the Company	7,806,341	62	7,375,485	55
NON-CONTROLLING INTERESTS	394,507	3	380,335	3
Total equity	8,200,848	65	7,755,820	58
TOTAL	$ 12,673,221	100	$ 13,308,987	100

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017		2016	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Note 4)	$ 14,701,741	100	$ 14,157,389	100
COST OF REVENUE (Notes 4, 12, 24, 26 and 32)	11,924,810	81	11,217,020	79
GROSS PROFIT	2,776,931	19	2,940,369	21
OPERATING EXPENSES (Notes 4, 24, 26 and 32)				
Selling and marketing expenses	803,107	6	747,081	5
General and administrative expenses	274,619	2	269,387	2
Research and development expenses	48,417	-	49,431	1
Total operating expenses	1,126,143	8	1,065,899	8
PROFIT FROM OPERATIONS	1,650,788	11	1,874,470	13
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 8, 9, 15, 26 and 32)				
Other income	47,402	-	30,881	-
Other gains and losses	(84,917)	-	(78,238)	-
Interests expense	(13,028)	-	(22,142)	-
Share of profit or loss of associates	15,898	-	(3,817)	-
Total non-operating income and expenses	(34,645)	-	(73,316)	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,616,143	11	1,801,154	13
INCOME TAX EXPENSE (Notes 4 and 27)	274,672	2	279,847	2
NET PROFIT FROM CONTINUING OPERATIONS (Note 26)	1,341,471	9	1,521,307	11
NET (LOSS) PROFIT FROM DISCONTINUED OPERATIONS (Notes 4 and 13)	(2,197)	-	21,777	-
NET PROFIT FOR THE YEAR	1,339,274	9	1,543,084	11

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 8, 15, 24, 25 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (7,496)	-	$ (71,133)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method - remeasurement of defined benefit plans	(161)	-	(2,196)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	561	-	9,470	-
	(7,096)	-	(63,859)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(38,607)	-	(29,784)	-
Unrealized gain on available-for-sale financial assets	33	-	616	-
Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating foreign operations	(151)	-	(1,693)	-
Share of the other comprehensive income of associates accounted for using the equity method - unrealized gain on available-for-sale financial assets	11,804	-	12,368	-
Income tax relating to items that may be reclassified subsequently to profit or loss	6,563	-	5,064	-
	(20,358)	-	(13,429)	-
Other comprehensive loss for the year, net of income tax	(27,454)	-	(77,288)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,311,820	9	$ 1,465,796	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,269,808	9	$ 1,443,125	10
Non-controlling interests	69,466	-	99,959	1
	$ 1,339,274	9	$ 1,543,084	11

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017		2016	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,242,878	8	$ 1,367,779	9
Non-controlling interests	68,942	1	98,017	1
	$ 1,311,820	9	$ 1,465,796	10
EARNINGS PER SHARE (Note 28)				
From continuing and discontinued operations				
Basic	$ 2.58		$ 2.93	
Diluted	$ 2.58		$ 2.93	
From continuing operations				
Basic	$ 2.59		$ 2.89	
Diluted	$ 2.58		$ 2.89	

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Notes 4, 8, 15, 24 and 25)													
		Capital Surplus			Retained Earnings				Other Equity					
	Share Capital	Unpaid Dividends	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total	Non-controlling Interests (Note 25)	Total Equity
BALANCE AT JANUARY 1, 2016	$ 4,683,034	$ 7,914	$ 307	$ 8,221	$ 164,904	$ 408,223	$ 1,157,031	$ 1,730,158	$ 39,025	$ 15,572	$ 54,597	$ 6,476,010	$ 309,166	$ 6,785,176
Appropriation of 2015 earnings														
Legal reserve	-	-	-	-	76,757	-	(76,757)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(468,303)	(468,303)	-	-	-	(468,303)	-	(468,303)
Share dividends distributed by the Company	93,661	-	-	-	-	-	(93,661)	(93,661)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(26,848)	(26,848)
Other changes in capital surplus	-	(1)	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	1,443,125	1,443,125	-	-	-	1,443,125	99,959	1,543,084
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(61,887)	(61,887)	(26,413)	12,954	(13,459)	(75,346)	(1,942)	(77,288)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	1,381,238	1,381,238	(26,413)	12,954	(13,459)	1,367,779	98,017	1,465,796
BALANCE AT DECEMBER 31, 2016	4,776,695	7,913	307	8,220	241,661	408,223	1,899,548	2,549,432	12,612	28,526	41,138	7,375,485	380,335	7,755,820
Appropriation of 2016 earnings														
Legal reserve	-	-	-	-	144,312	-	(144,312)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(812,038)	(812,038)	-	-	-	(812,038)	-	(812,038)
Share dividends distributed by the Company	143,301	-	-	-	-	-	(143,301)	(143,301)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(54,770)	(54,770)
Other changes in capital surplus	-	16	-	16	-	-	-	-	-	-	-	16	-	16
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,269,808	1,269,808	-	-	-	1,269,808	69,466	1,339,274
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(6,559)	(6,559)	(32,195)	11,824	(20,371)	(26,930)	(524)	(27,454)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,263,249	1,263,249	(32,195)	11,824	(20,371)	1,242,878	68,942	1,311,820
BALANCE AT DECEMBER 31, 2017	$ 4,919,996	$ 7,929	$ 307	$ 8,236	$ 385,973	$ 408,223	$ 2,063,146	$ 2,857,342	$ (19,583)	$ 40,350	$ 20,767	$ 7,806,341	$ 394,507	$ 8,200,848

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 1,616,143	$ 1,801,154
Income before income tax from discontinued operations	(2,197)	21,777
Income before income tax	1,613,946	1,822,931
Adjustments for:		
Depreciation expenses	430,606	382,244
Amortization expenses	24,755	31,459
Impairment loss (reversed) recognized on trade receivables	(2,045)	580
Net loss on fair value change on financial assets carried at fair value through profit or loss	33,565	9,510
Interest expense	13,028	22,142
Interest income	(13,710)	(11,962)
Dividend income	(79)	(65)
Share of (profit) loss of associates	(15,898)	3,817
Gain on disposal of property, plant and equipment	(2,906)	(20,673)
Net (gain) loss on disposal of available-for-sale financial assets	(2,936)	20
Impairment loss recognized on financial assets measured at cost	3,035	-
Write-down of inventories	4,490	-
Reversal of write-down of inventories	-	(3,364)
Reversal of impairment loss recognized on property, plant and equipment	(951)	-
Amortization of long-term prepayments for leases	3,413	3,362
Changes in operating assets and liabilities		
Financial assets held for trading	656,210	(177,861)
Notes receivable	(27,588)	(6,090)
Trade receivables	(226,301)	(74,402)
Other receivables	(5,888)	(9,294)
Other receivables from related parties	133,357	(103,079)
Inventories	(153,044)	128,360
Prepayments	13,594	(5,920)
Other current assets	1,215	986
Notes payable	1,497	90
Trade payables	(168,239)	120,737
Trade payables to related parties	(2,116)	124,385
Other payables	(15,875)	103,418
Other payables to related parties	(5,538)	3,911
Provisions	9,088	1,859
Other current liabilities	(4,801)	1,637
Net defined benefit liabilities	(388,261)	(21,089)
Cash generated from operations	1,905,623	2,327,649
Interest received	14,233	11,834
Interest paid	(12,801)	(22,566)
Income tax paid	(295,566)	(131,904)
Net cash generated from operating activities	1,611,489	2,185,013

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	$ -	$ (151)
Proceeds from sale of available-for-sale financial assets	5,948	165
Purchase of debt investments with no active market	(626,264)	(60,412)
Proceeds from sale of debt investments with no active market	626,115	111,000
Refunds of financial assets measured at cost by capital reduction	9,000	-
Payments for property, plant and equipment	(1,022,063)	(566,789)
Proceeds from disposal of property, plant and equipment	6,857	57,662
Increase in refundable deposits	(13,025)	(682)
Decrease in refundable deposits	12,606	91
Payments for intangible assets	(235)	(515)
Dividends received	79	65
Increase in long-term prepayments	(15,563)	(21,147)
Net cash used in investing activities	(1,016,545)	(480,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(160,000)	(190,000)
Repayment of short-term bills payable	(300,000)	(200,000)
Proceeds from long-term borrowings	-	608,000
Repayments of long-term borrowings	-	(791,288)
Proceeds from guarantee deposits received	733	2,397
Refunds of guarantee deposits received	(2,326)	(3,031)
Decrease in other non-current liabilities	(2,243)	(2,809)
Dividends paid to owners of the Company	(812,014)	(468,595)
Dividends paid to non-controlling interests	(54,770)	(26,848)
Net cash used in financing activities	(1,330,620)	(1,072,174)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(10,133)	(5,736)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(745,809)	626,390
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,408,954	782,564
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 663,145	$ 1,408,954

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

1. GENERAL INFORMATION

China General Plastics Corporation (the "Company") was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company's ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 32 for related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

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

- IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

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

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

1) For debt instruments held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method; and

2) For debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other

gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

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

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

1) Listed shares and emerging market shares classified as available-for-sale will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be measured at fair value instead; and

2) Debt investments classified as debt investments with no active market and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows.

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

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

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

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

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

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Impact on assets and equity			
Debt investments with no active market - current	$ 268,805	$ (268,805)	$ -
Financial assets measured at amortized cost - current	-	268,805	268,805
Available-for-sale financial assets - non-current	2,194	(2,194)	-
Financial assets measured at cost - non-current	91,000	(91,000)	-
Financial assets at fair value through other comprehensive income - non-current	-	109,756	109,756
Total effect on assets	$ 361,999	$ 16,562	$ 378,561
Unappropriated earnings	$ 2,063,146	$ 33,207	$ 2,096,353
Other equity	20,767	(16,645)	4,122
Total effect on equity	$ 2,083,913	$ 16,562	$ 2,100,475

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.

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

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

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

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

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

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

- IFRS 16 “Leases”

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

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

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

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.

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

See Note 14 and Tables 8 and 9 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.

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 from 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 purpose of presenting consolidated financial statements, the functional currencies of the group entities (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

f. Inventories

Inventories consist of raw materials, 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 that is not a subsidiary.

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.

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

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

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

Depreciation on property, plant and equipment is recognized using the straight-line method and unit of production method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. 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 are initially measured at cost, including transaction cost. 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

1) Intangible assets acquired separately

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.

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

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. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Provisions

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

n. Revenue recognition

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

1) Sale of goods

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

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

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

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

o. Discontinued operations

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

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

r. 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 expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses 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.

s. Taxation

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

1) Current tax

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

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Recognition and Measurement of Defined Benefit Plans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand and petty cash	$ 439	$ 507
Checking accounts and demand deposits	188,034	146,696
Cash equivalents		
Time deposits	474,672	798,930
Reverse repurchase agreements collateralized by bonds	-	462,821
	$ 663,145	$ 1,408,954

The market rate intervals of cash in banks and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31	
	2017	2016
Cash in banks	0.001%-2.10%	0.001%-1.76%
Repurchase agreements collateralized by bonds	-	0.32%-0.50%

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

	December 31	
	2017	2016
Financial assets at FVTPL		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 2,297	$ 3,324
Non-derivative financial assets		
Open-end fund beneficiary certificates	1,203,395	1,868,686
Closed-end fund beneficiary certificates	190,206	215,078
	$ 1,395,898	$ 2,087,088
Financial liabilities at FVTPL		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 1,701	$ 3,116

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

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2017			
Buy	NTD/USD	2018.01.02-2018.01.26	NTD233,877/USD7,810
Sell	USD/NTD	2018.01.03-2018.03.30	USD18,110/NTD540,848
Sell	JPY/USD	2018.01.19-2018.01.26	JPY40,000/USD354
Sell	EUR/USD	2018.01.26-2018.02.26	EUR340/USD405
Sell	AUD/USD	2018.01.26-2018.03.23	AUD600/USD461
December 31, 2016			
Sell	EUR/USD	2017.01.13-2017.01.20	EUR650/USD684
Buy	NTD/JPY	2017.02.15	NTD35,128/JPY126,816
Buy	NTD/USD	2017.01.13-2017.02.10	NTD325,780/USD10,205
Sell	USD/NTD	2017.01.09-2017.03.06	USD5,346/NTD169,246

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Domestic listed shares	$ 2,194	$ 5,174
Current	$ -	$ 3,072
Non-current	2,194	2,102
	$ 2,194	$ 5,174

The Group deposed of certain available-for-sale financial assets during 2017 and 2016, and generated a disposal gain of $2,936 thousand and a disposal loss of $20 thousand, respectively.

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2017	2016
Overseas unlisted ordinary shares		
Teratech Corporation ("Teratech")	$ -	$ 3,251
Overseas unlisted preference shares		
Sohoware, Inc. ("Sohoware")	-	-
Domestic unlisted ordinary shares		
KHL IB Venture Capital Co., Ltd. ("KHL")	91,000	100,000
	$ 91,000	$ 103,251

Management believes that the above unlisted equity investments held by the Group have fair values which cannot be reliably measured, because the range of reasonable fair value estimates are so significant. Therefore, they are measured at cost less impairment at the end of each reporting period.

In order to adjust its capital structure, KHL returned part of its capital to shareholders pursuant to the resolution made in the shareholders meeting in June 2017. The return was made by reducing 9% capital, in aggregation to 15,120 thousand shares (proportionately reducing 90 shares per 1,000 shares) and refunding to shareholders at $900 per 1,000 shares. The capital reduction was officially registered on August 15, 2017, and the Company received the capital refund of $9,000 thousand in September 2017.

The Group has assessed the impairment on its investments in Sohoware's preference shares and Teratech's ordinary shares and has recognized a full impairment loss on these investments over the years.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2017	**2016**
Pledged time deposits	$ 268,805	$ 268,656

The market interest rate intervals of pledged time deposits were as follows:

	December 31	
	2017	**2016**
Pledged time deposits	0.09%-1.02%	0.09%-1.16%

Refer to Note 33 for information related to debt investments with no active market pledged as security.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2017	**2016**
Notes receivable and trade receivables		
Notes receivable	$ 179,929	$ 152,341
Trade receivables	$ 1,511,309	$ 1,296,825
Less: Allowance for impairment loss	(12,319)	(16,674)
	$ 1,498,990	$ 1,280,151
Other receivables		
Tax refund receivables	$ 64,525	$ 53,606
Interest receivables	561	1,084
Compensation receivables	-	4,274
Others	5,974	12,450
Less: Allowance for impairment loss	(258)	(4,537)
	$ 70,802	$ 66,877
Other receivables from related parties (Note 32)	$ 5,472	$ 139,999

a. Trade receivables

The Group's credit period of sales of goods ranges from 10 days to 60 days. In determining the recoverability of trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. The impairment assessment of receivables was to first confirm whether objective evidence which revealed an impairment on a significant individual receivable existing. Those receivables with impairment evidence existed should be individually assessed, and then the remaining individually non-significant receivables with objective evidence of impairment and receivables without objective evidence of impairment were collectively assessed by groups categorizing with similar credit risk characteristics.

Before accepting a new customer, the Group surveys the customers' credit history and measures the potential customer's credit quality to grant a credit term. A customer's credit term and rating are reviewed annually. Therefore, the trade receivable balances which were not past due not impaired were mainly due from customers with good credit and financial condition and who had no records of default.

The aging of notes receivable and trade receivables was as follows:

	December 31	
	2017	**2016**
Not past due	$ 1,655,860	$ 1,426,223
Less than 60 days	28,488	16,645
Over 60 days	6,890	6,298
	$ 1,691,238	$ 1,449,166

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

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

	December 31	
	2017	**2016**
Less than 60 days	$ 28,488	$ 16,645
Over 60 days	6,673	276
	$ 35,161	$ 16,921

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

For the balance of trade receivables that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was no significant change in credit quality and the Group's management still considered such receivables to be recoverable. The Group did not hold any collateral or other credit enhancements for these balances. In addition, the Group did not have the legal right to offset any amounts owed by the Group against those payable to the respective counterparties.

The movements of the allowance for doubtful notes receivable and trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	$ 6,785	$ 10,652	$ 17,437
Add: Impairment losses recognized	387	-	387
Less: Amounts written off during the year	(1,010)	-	(1,010)
Foreign exchange translation gains or losses	(140)	-	(140)
Balance at December 31, 2016	$ 6,022	$ 10,652	$ 16,674
Balance at January 1, 2017	$ 6,022	$ 10,652	$ 16,674
Add: Impairment losses recognized	-	1,467	1,467
Less: Impairment losses reversed	(3,512)	-	(3,512)
Amounts written off during the year	(1,903)	-	(1,903)
Foreign exchange translation gains or losses	(390)	(17)	(407)
Balance at December 31, 2017	$ 217	$ 12,102	$ 12,319

b. Other receivables

As of December 31, 2017 and 2016, there were no other receivables which were past due and for which there was an unrecognized allowance for the respective doubtful accounts.

12. INVENTORIES

	December 31	
	2017	2016
Finished goods	$ 1,118,114	$ 1,157,093
Work in progress	39,207	49,619
Raw materials	699,135	516,220
	$ 1,86,456	$ 1,722,932

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $11,924,810 thousand and $11,217,020 thousand, respectively.

The cost of goods sold for the years ended December 31, 2017 and 2016 included inventory write-downs of $4,490 thousand and reversals of inventory write-downs of $3,364 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

13. DISCONTINUED OPERATIONS

On October 24, 2011, the Company's board of directors approved to dispose of Continental General Plastics (Zhong Shan) Co., Ltd. and CGPC Consumer Products Corporation. The details of profit (loss) from discontinued operations and the related cash flows information were as follows:

The operating performance of the discontinued operations included in the consolidated comprehensive income statement were as follows:

	For the Year Ended December 31	
	2017	**2016**
Administrative costs	$ -	$ (316)
Administrative gross loss	-	(316)
Administrative expenses	(29,543)	(3,721)
Loss from operations	(29,543)	(4,037)
Non-operating income	27,346	25,814
Net (loss) profit from discontinued operations	$ (2,197)	$ 21,777

For the years ended December 31, 2017 and 2016, the cash flows from the discontinued operations were as follows:

	For the Year Ended December 31	
	2017	**2016**
Net cash generated from operating activities	$ 28,308	$ 19,825
Net cash generated from investing activities	3,005	42,903
Net cash used in financing activities	-	(69,749)
Effect of exchange rate changes	(301)	(3,047)
Net cash inflow (outflow)	$ 31,012	$ (10,068)

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership (%) December 31		
Investor	**Subsidiary**	**Nature of Activities**	**2017**	**2016**	**Remark**
The Company	CGPC Polymer Corporation (“CGPCPOL”)	Manufacturing and marketing of PVC resins	100.00	100.00	a
	Taiwan VCM Corporation (“TVCM”)	Manufacturing and marketing of VCM	87.22	87.22	b
	CGPC (BVI) Holding Co., Ltd. (“CGPC (BVI)”)	Reinvestment	100.00	100.00	
	CGPC America Corporation (“CGPC America”)	Marketing for PVC film and leather products	100.00	100.00	
	Krystal Star International Corporation (“Krystal Star”)	Marketing for PVC film and consumer products	100.00	100.00	
	China General Plastics (Hong Kong) Co., Ltd. (“CGPC (Hong Kong)”)	Marketing for PVC film products	-	100.00	c
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. (“CGPC (ZS)”)	Manufacturing & marketing for PVC film and consumer products	100.00	100.00	d
	CGPC Consumer Products Corporation (“CGPC (CP)”)	Manufacturing & marketing for PVC consumer products	100.00	100.00	d

a. The board of directors of CGPCPOL, on behalf of the shareholders, resolved to increase its capital by declaring a share dividend of $243,465 thousand and $45,318 thousand, representing 24,347 thousand and 4,532 thousand shares, on May 22, 2017 and May 19, 2016, respectively. The record date of the capital increases was July 7, 2017 and July 8, 2016, respectively.

b. The TVCM shareholders in their meeting passed a resolution to increase TVCM’s capital by declaring a share dividend of $107,120 thousand and $42,008 thousand, representing 10,712 thousand and 4,201 thousand shares, on May 4, 2017 and May 5, 2016, respectively. The record date of the capital increases was July 7, 2017 and July 8, 2016, respectively.

c. The board of directors of the Company resolved to dissolve CGPC (Hong Kong) in June 2013. The Company retrieved the residual assets in April 2016. The dissolution procedures were completed on March 17, 2017.

d. The board of directors of the Company resolved to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of December 31, 2017, the dissolution procedures have not yet been completed.

Except for CGPC (Hong Kong)'s financial statements for the period prior to the completion of its dissolution procedures, all other amounts for subsidiaries included in the consolidated financial statements were calculated based on financial statements that have been audited. The management believes that an audit of the aforementioned financial statements of CGPC (Hong Kong) would not result in a significant impact on the Group’s consolidated financial statements.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

a. Associates that are not individually material

	December 31	
	2017	**2016**
Listed company		
Acme Electronics Corporation (“ACME”)	$ 23,731	$ 25,717
Unlisted company		
China General Terminal & Distribution Corporation (“CGTD”)	272,509	243,046
Thintec Materials Corporation (“TMC”)	2,504	2,591
	$ 298,744	$ 271,354

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	**2016**
The Group’s share of:		
Gain (loss) from continuing operations	$ 15,898	$ (3,817)
Other comprehensive income	11,492	8,479
Total comprehensive income for the year	$ 27,390	$ 4,662

At the end of the reporting periods, the percentage of ownership and voting rights held by the Group in the associates were as follows:

	December 31	
Name of Associates	**2017**	**2016**
ACME	1.74%	1.74%
CGTD	33.33%	33.33%
TMC	10.00%	10.00%

The Group with its affiliates jointly held more than 20% of the shareholdings of ACME and TMC and had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
Name of Associate	**2017**	**2016**
ACME	$ 58,439	$ 38,747

All associates are accounted for using the equity method.

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

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
Cost							
Balance at January 1, 2016	$ 2,090,707	$ 1,863,952	$ 9,253,934	$ 55,798	$ 321,557	$ 283,587	$ 13,869,535
Additions	-		723	-	325	590,393	591,441
Disposals	-	(6,538)	(552,284)	(4,490)	(9,527)	(741)	(573,580)
Reclassification	-	15,125	382,431	6,049	7,615	(411,220)	-
Effect of foreign currency exchange differences	-	(29,274)	(22,575)	(308)	(10)	(747)	(52,914)
Balance at December 31, 2016	$ 2,090,707	$ 1,843,265	$ 9,062,229	$ 57,049	$ 319,960	$ 461,272	$ 13,834,482
Accumulated depreciation and impairment							
Balance at January 1, 2016	$ -	$ 985,660	$ 7,506,935	$ 41,589	$ 257,196	$ 10,073	$ 8,801,453
Depreciation expenses	-	59,209	302,444	4,607	15,984	-	382,244
Disposals	-	(6,538)	(516,216)	(4,414)	(8,682)	(741)	(536,591)
Effect of foreign currency exchange differences	-	(16,450)	(22,374)	(277)	67	(747)	(39,781)
Balance at December 31, 2016	$ -	$ 1,021,881	$ 7,270,789	$ 41,505	$ 264,565	$ 8,585	$ 8,607,325
Carrying amounts at December 31, 2016	$ 2,090,707	$ 821,384	$ 1,791,440	$ 15,544	$ 55,395	$ 452,687	$ 5,227,157
Cost							
Balance at January 1, 2017	$ 2,090,707	$ 1,843,265	$ 9,062,229	$ 57,049	$ 319,960	$ 461,272	$ 13,834,482
Additions	-	-	41	-	891	1,051,255	1,052,187
Disposals	-	(2,203)	(195,454)	(3,045)	(7,665)	(198)	(208,565)
Reclassification	14,511	217,927	643,542	6,752	18,108	(1,016,368)	(115,528)
Effect of foreign currency exchange differences	-	(6,406)	(1,823)	(101)	(412)	(157)	(8,899)
Balance at December 31, 2017	$ 2,105,218	$ 2,052,583	$ 9,508,535	$ 60,655	$ 330,882	$ 495,804	$ 14,553,677
Accumulated depreciation and impairment							
Balance at January 1, 2017	$ -	$ 1,021,881	$ 7,270,789	$ 41,505	$ 264,565	$ 8,585	$ 8,607,325
Depreciation expenses	-	66.069	341,997	5,020	15,029	-	428,115
Disposals	-	(2,103)	(192,258)	(2,721)	(7,532)	-	(204,614)
Impairment losses reversed	-	-	(951)	-	-	-	(951)
Effect of foreign currency exchange differences	-	(3,815)	(1,662)	(81)	(327)	(174)	(6,059)
Balance at December 31, 2017	$ -	$ 1,082,032	$ 7,417,915	$ 43,723	$ 271,735	$ 8,411	$ 8,823,816
Carrying amounts at December 31, 2017	$ 2,105,218	$ 970,551	$ 2,090,620	$ 16,932	$ 59,147	$ 487,393	$ 5,729,861

In order to expand storage capacity, the board of directors of the Company passed a resolution on February 22, 2017 to acquire the plant and electricity equipment attached to the plant located in Toufen at $290,000 thousand from its land lessee, USI Optronics Corporation ("USIO"). The title of the plant purchased by the Company was transferred in June 2017. Some of the facilities were then leased to USIO, with the rest used as storage.

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

Buildings and improvements	
Dormitories, restaurants and office buildings	26 to 60 years
Cell room and improvements	5 to 21 years
General plants and improvements	3 to 45 years
Machinery and equipment	
Chemical industry equipment	5 to 8 years
Machinery manufacturing equipment	5 to 8 years
Electrical equipment and tanks	10 to 26 years
Other equipment	2 to 15 years
Transportation equipment	
Cars	2 to 7 years
Forklifts	5 to 8 years
Other vehicles	2 to 15 years
Other equipment	2 to 10 years
Miscellaneous equipment	
General office computers	2 to 5 years
Industrial computers	3 to 15 years
Other miscellaneous equipment	3 to 21 years

The Group set out the property, plant and equipment pledged as collateral for bank borrowings in Note 33.

17. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2017	2016
Cost		
Balance at January 1	$ 27,715	$ 27,715
Transferred from property, plant and equipment	142,751	-
Transferred to property, plant and equipment	(27,715)	-
Balance at December 31	$ 142,751	$ 27,715
Accumulated depreciation		
Balance at January 1	$ -	$ -
Depreciation expenses	2,491	-
Balance at December 31	$ 2,491	$ -
Carrying amounts at December 31	$ 140,260	$ 27,715

The Group's investment properties are located in Toufen Industrial District. Due to the characteristics of the district, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of its investment properties is not reliably measurable.

As the Company leased portion of the facilities acquired from USIO, the leased facilities were reclassified as investment property in proportion to the acres leased.

The lease on the land in Toufen factory between the Group and USIO, refer to Note 29 for related disclosures.

18. INTANGIBLE ASSETS

	Computer Software	Technical Authorization	Total
Cost			
Balance at January 1, 2016	$ 20,894	$ 35,544	$ 56,438
Additions	515	-	515
Balance at December 31, 2016	21,409	35,544	56,953
Accumulated amortization			
Balance at January 1, 2016	6,817	19,888	26,705
Amortization expenses	5,582	5,077	10,659
Balance at December 31, 2016	12,399	24,965	37,364
Carrying amounts at December 31, 2016	$ 9,010	$ 10,579	$ 19,589
Cost			
Balance at January 1, 2017	$ 21,409	$ 35,544	$ 56,953
Additions	235	-	235
Balance at December 31, 2017	21,644	35,544	57,188
Accumulated amortization			
Balance at January 1, 2017	12,399	24,965	37,364
Amortization expenses	4,508	5,078	9,586
Balance at December 31, 2017	16,907	30,043	46,950
Carrying amounts at December 31, 2017	$ 4,737	$ 5,501	$ 10,238

Intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Technical authorization	7 years

19. PREPAYMENTS FOR LEASES

	December 31	
	2017	2016
Current (included in prepayments)	$ 3,449	$ 3,521
Non-current	100,318	105,920
	$ 103,767	$ 109,441

Prepaid lease payments are land use rights located in mainland China.

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Secured borrowings		
Revolving bank loan	$ -	$ 160,000

As of December 31, 2016, the interest rate of the revolving bank loan was 0.91% (as of December 31, 2017: None).

b. Short-term bills payable

	December 31	
	2017	2016
Commercial paper	$ -	$ 300,000
Less: Unamortized discount on bills payable	-	(71)
	$ -	$ 299,929
Interval of interest rates	-	0.49%-0.80%

c. Long-term borrowings

	December 31	
	2017	2016
Secured borrowings		
KGI Bank	$ 1,050,000	$ 1,050,000

In order to enrich medium-term working capital, CGPCPOL entered into a 3-year credit contract with KGI Bank (formerly China Development Industrial Bank) in March 2015 with a revolving credit limit of $500,000 thousand. The credit limit has been fully utilized. In September 2016, CGPCPOL entered into a new credit contract with KGI Bank with the same credit provisions as the previous contract. The previous credit contract would be cancelled upon CGPCPOL uses loan facilities under the new contract. As of December 31, 2017 and 2016, the effective interest rate was 1.04% and 0.99%, respectively. In addition, CGPCPOL entered into another 5-year credit contract with KGI Bank in November 2016 with a credit limit of $1,000,000 thousand. Upon the second anniversary of first drawdown on the credit contract, the credit limit would be reduced by 5% every 6 months, and would be totally cancelled after 36 months. As of December 31, 2017, the utilized credit amounted to $550,000 thousand. CGPCPOL pledged its land, plants, machinery and equipment in Kaohsiung Linyuan Petrochemical District as collateral and revolved its credit limit within the effective period. As of December 31, 2017 and 2016, the effective interest rate was 1.04% and 1.06%, respectively.

21. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2017	2016
Notes payable		
Operating	$ 183	$ 351
Trade payables (including from related parties)		
Operating	$ 852,454	$ 1,023,180

The average payment period of trade payables was 2 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER PAYABLES - CURRENT

	December 31	
	2017	2016
Payables for salaries or bonuses	$ 299,736	$ 304,393
Payables for freight	78,922	58,992
Payables for purchases of equipment	64,489	34,365
Payables for utilities	57,518	71,733
Payables for fuel fees	19,192	19,479
Payables for dividends	4,092	2,401
Others	157,282	176,609
	$ 681,231	$ 667,972

23. PROVISIONS - CURRENT

	December 31	
	2017	2016
Customer returns and rebates	$ 25,127	$ 16,039

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

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiaries, CGPCPOL and TVCM, 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.

The employees of CGPC America, CGPC (ZS) and CGPC (CP) are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of these entities with respect to the retirement benefit plan is to make the specified contributions.

The total amount of expenses recognized by the Group in accordance with the specified proportion of the defined contribution plan in the consolidated statements of comprehensive income in 2017 and 2016 were $25,610 thousand and $28,692 thousand, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Company and its subsidiary, TVCM, 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 a specific period before retirement. The Company and TVCM contribute amounts equal to 9% (the percentage increased to 10% since February and March 2017, respectively) 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2017	**2016**
Present value of defined benefit obligation	$ 1,643,363	$ 1,699,540
Fair value of plan assets	(603,488)	(248,899)
Net defined benefit liabilities	$ 1,039,875	$ 1,420,641

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2016	$ 1,632,158	$ (261,561)	$ 1,370,597
Service cost			
Current service cost	21,261	-	21,261
Net interest expense (income)	22,074	(3,604)	18,470
Recognized in profit or loss	43,335	(3,604)	39,731
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,834	1,834
Actuarial loss - changes in demographic assumptions	2,640	-	2,640
Actuarial loss - changes in financial assumptions	38,859	-	38,859
Actuarial loss - experience adjustments	27,800	-	27,800
Recognized in other comprehensive income	69,299	1,834	71,133

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	$ -	$ (60,820)	$ (60,820)
Benefits paid	(75,252)	75,252	-
Balance at December 31, 2016	1,669,540	(248,899)	1,420,641
Service cost			
Current service cost	18,699	-	18,699
Net interest expense (income)	18,508	(2,895)	15,613
Recognized in profit or loss	37,207	(2,895)	34,312
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(985)	(985)
Actuarial loss - changes in demographic assumptions	1,195	-	1,195
Actuarial loss - changes in financial assumptions	35,315	-	35,315
Actuarial gain - experience adjustments	(28,029)	-	(28,029)
Recognized in other comprehensive income	8,481	(985)	7,496
Contributions from the employer	-	(422,574)	(422,574)
Benefits paid	(71,865)	71,865	-
Balance at December 31, 2017	$ 1,643,363	$ (603,488)	$ 1,039,875

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 28,106	$ 32,524
Selling and marketing expenses	2,694	3,083
General and administrative expenses	2,511	2,994
Research and development expenses	1,001	1,131
	$ 34,312	$ 39,732

The Group accumulated net losses after taxes of the remeasurement of the defined benefit plans in other comprehensive loss, which were $160,243 thousand and $153,308 thousand as of December 31, 2017 and 2016, respectively.

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: A decrease in government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2017	**2016**
Discount rates	1.125%	1.125%
Expected rates of salary increase	2.500%	2.250%

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

	December 31	
	2017	**2016**
Discount rates		
0.25% increase	$ (36,261)	$ (38,873)
0.25% decrease	$ 37,508	$ 40,257
Expected rates of salary increase		
0.25% increase	$ 36,342	$ 39,101
0.25% decrease	$ (35,322)	$ (37,955)

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.

The Group expects to make contributions of $390,726 thousand to the defined benefit plans in the next year starting from January 1, 2018. The weighted average duration of defined benefit obligation is 9-10 years.

25. EQUITY

a. Ordinary shares

	December 31	
	2017	**2016**
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	492,000	477,699
Shares issued	$ 4,919,996	$ 4,776,695

The holders of issued ordinary shares with a par value of $10 are entitled to the right to vote and to receive dividends.

b. Capital surplus

The capital surplus generated from donations and the excess of the issuance price over the par value of share capital (including the shares issued from new capital) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

The capital surplus arising from investments accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 13, 2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividends distribution and the addition of the policy on the distribution of employees' compensation.

Under the dividends policy as set forth in the amended Articles, where the Company made a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as 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. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than $0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to "Employees' compensation and remuneration of directors" in Note 26-f.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 8, 2017 and June 13, 2016, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 144,312	$ 76,757		
Cash dividends	812,038	468,303	$1.7	$1.0
Share dividends	143,301	93,661	0.3	0.2

The capital increase for share dividends were approved by the Securities and Futures Bureau, Financial Supervisory Commission on June 23, 2017, and the board of directors passed a resolution to set August 4, 2017 as the record date.

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

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 126,981	
Cash dividends	737,999	$1.5
Share dividends	147,600	0.3

The appropriation of earnings for 2017 are subject to resolution in the shareholders' meeting to be held on June 22, 2018.

d. Special reserve

The Company's unrealized revaluation increments and cumulative translation adjustments for retained earnings were respectively $653,026 thousand and $64,820 thousand, totaling $717,846 thousand. The increase in retained earnings arising from the initial adoption of IFRSs was not enough for a special reserve appropriation; thus, the Company appropriated a special reserve in the amount of $408,223 thousand after offsetting a deficit of $428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of December 31, 2017, there was no change.

e. Other equity items

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 12,612	$ 39,025
Exchange differences on translating foreign operations	(38,607)	(29,753)
Related income tax	6,563	5,059
Loss reclassified to profit or loss on disposal of foreign operations	-	(31)
Related income tax	-	5
Share of exchange differences of associates accounted for using the equity method	(151)	(1,693)
Balance at December 31	$ (19,583)	$ 12,612

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 28,526	$ 15,572
Unrealized gain on revaluation of available-for-sale financial assets	912	606

(Continued)

	For the Year Ended December 31	
	2017	2016
Cumulative loss reclassified to profit or loss on sale of available-for-sale financial assets	$ (892)	$ (20)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	11,804	12,368
Balance at December 31	$ 40,350	$ 28,526

(Concluded)

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 380,335	$ 309,166
Attributable to non-controlling interests:		
Share of profit for the year	69,466	99,959
Unrealized gains on available-for-sale financial assets	13	30
Distribution of cash dividends	(54,770)	(26,848)
Remeasurement on defined benefit plans	(537)	(1,972)
Balance at December 31	$ 394,507	$ 380,335

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	For the Year Ended December 31	
	2017	2016
Owners of the Company	$ 1,272,005	$ 1,421,348
Non-controlling interests	69,466	99,959
	$ 1,341,471	$ 1,521,307

a. Other income

	For the Year Ended December 31	
	2017	2016
Interest income		
Bank deposits	$ 7,223	$ 5,170
Financial assets classified as held for trading	5,941	6,462
Others	436	236
	13,600	11,868
Rental income	10,489	7,880
Others	23,313	11,133
	$ 47,402	$ 30,881

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Loss on disposal of property, plant and equipment	$ (579)	$ (22,989)
Gross foreign exchange gains	78,931	120,780
Gross foreign exchange losses	(131,633)	(149,539)
Gain on financial assets held for trading (see Note 7)	183	9,219
Loss on financial liabilities held for trading (see Note 7)	(25,489)	(18,991)
Others	(6,330)	(16,718)
	$ (84,917)	$ (78,238)

c. Interest expense

	For the Year Ended December 31	
	2017	2016
Interest on bank loans	$ 13,101	$ 22,255
Less: Capitalized interest (included in construction in progress)	(73)	(113)
	$ 13,028	$ 22,142

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2017	2016
Capitalized interest	$ 73	$ 113
Capitalization rate	0.95%	1.27%

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 416,383	$ 369,665
Investment properties	2,491	-
Intangible assets	9,586	10,659
Others	15,169	20,800
	$ 443,629	$ 401,124
An analysis of depreciation by function		
Operating costs	$ 407,782	$ 359,025
Operating expenses	8,601	10,640
Non-operating expenses	2,491	-
	$ 418,874	$ 369,665
An analysis of amortization by function		
Operating costs	$ 20,247	$ 25,877
General and administrative expenses	4,508	5,582
	$ 24,755	$ 31,459

e. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits (see Note 24)		
Defined contribution plans	$ 25,610	$ 28,576
Defined benefit plans	34,312	39,732
	59,922	68,308
Other employee benefits	1,211,510	1,194,427
Total employee benefits expense	$ 1,271,432	$ 1,262,735
An analysis of employee benefits expense by function		
Operating costs	$ 997,961	$ 991,610
Operating expenses	273,471	271,125
	$ 1,271,432	$ 1,262,735

f. 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, 2017 and 2016, which have been approved by the Company's board of directors on March 12, 2018 and March 14, 2017, respectively, were as follows:

Accrual rate

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

Amount

	For the Year Ended December 31	
	2017	2016
Employees' compensation	$ 14,300	$ 15,795
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 was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAX RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 179,090	$ 257,702
Income tax on unappropriated earnings	43,437	14,726
Adjustments for prior years	1,084	(2,052)
	223,611	270,376
Deferred tax		
In respect of the current year	52,205	8,868
Adjustments for prior years	(825)	2,240
Others	(319)	(1,637)
	51,061	9,471
Income tax expense recognized in profit or loss	$ 274,672	$ 279,847

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

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	$ 1,616,143	$ 1,801,154
Income tax expense calculated at the statutory rate	$ 397,786	$ 426,317
Domestic investment gains accounted for using the equity method	(126,094)	(157,126)
Others	(11,176)	442
Additional income tax under the Alternative Minimum Tax Act	10,389	-
Income tax on unappropriated earnings	43,437	14,726
Unrecognized deductible temporary differences	(40,837)	(4,153)
Effect of different tax rates	910	(547)
Adjustments for prior years' tax	257	188
Income tax expense recognized in profit or loss	$ 274,672	$ 279,847

The applicable corporate income tax rate used by the Company, TVCM and CGPCPOL is 17%, while the applicable tax rate used by CGPC (ZS) and CGPC (CP) in China is 25%, and the applicable tax rate used by CGPC America is a state tax rate of 9% and a federal tax rate of 30%.

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by $47,740 thousand and $367 thousand, respectively, in 2018.

As the status of the 2017 appropriation of earnings is uncertain, the potential income tax consequences on the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 6,563	$ 5,059
Remeasurement on defined benefit plans	561	9,470
	7,124	14,529
Arising on income and expenses reclassified from equity to profit or loss:		
Disposal of subsidiaries accounted for using the equity method	-	5
	$ 7,124	$ 14,534

c. Current tax assets and liabilities

	December 31	
	2017	2016
Current tax assets		
Tax refund receivable	$ 42	$ 1,085
Current tax liabilities		
Income tax payable	$ 141,996	$ 215,670

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 11,767	$ 2,526	$ -	$ 14,293
Share of profit of subsidiaries and associates accounted for using the equity method	71,480	308	6,563	78,351
Unrealized losses on property, plant and equipment	510	(332)	-	188
Deferred revenue	17,679	(2,101)	-	15,578
FVTPL financial assets	453	(265)	-	188
Provisions	2,990	2,023	-	5,013

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Defined benefit plans	$ 205,208	$ (60,612)	$ 561	$ 145,157
Payables for annual leave	4,616	1,316	-	5,932
Differences on depreciation period between finance and tax	1,199	(252)	-	947
Others	565	4,313	-	4,878
	$ 316,467	$ (53,066)	$ 7,124	$ 270,525
Deferred tax liabilities				
Temporary differences				
FVTPL financial assets	$ 545	$ (256)	$ -	$ 289
Unrealized foreign exchange gains	1,230	(958)	-	272
Differences on depreciation period between finance and tax	2,308	(791)	-	1,517
Revaluation increments of land	592,084	-	-	592,084
	$ 596,167	$ (2,005)	$ -	$ 594,162

(Concluded)

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory valuation	$ 12,824	$ (1,057)	$ -	$ 11,767
Share of profit of subsidiaries and associates accounted for using the equity method	73,299	(6,883)	5,064	71,480
Unrealized losses on property, plant and equipment	876	(366)	-	510
Deferred revenue	16,416	1,263	-	17,679
FVTPL financial assets	-	453	-	453
Provisions	3,405	(415)	-	2,990
Defined benefit plans	198,741	(3,003)	9,470	205,208
Payables for annual leave	4,677	(61)	-	4,616

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Differences on depreciation period between finance and tax	$ 1,957	$ (758)	$ -	$ 1,199
Others	544	21	-	565
	$ 312,739	$ (10,806)	$ 14,534	$ 316,467
Deferred tax liabilities				
Temporary differences				
FVTPL financial assets	$ -	$ 545	$ -	$ 545
Unrealized foreign exchange gains	1,298	(68)	-	1,230
Differences on depreciation period between finance and tax	4,120	(1,812)	-	2,308
Revaluation increments of land	592,084	-	-	592,084
	$ 597,502	$ (1,335)	$ -	$ 596,167

(Concluded)

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2017	2016
Loss carryforwards	$ 418,982	$ 676,948
Deductible temporary differences		
Share of loss of subsidiaries and associates accounted for using the equity method	$ 218,931	$ 226,159
Defined benefit plans	133,918	165,638
Allowance for inventory valuation	2,768	16,323
Differences on depreciation period between finance and tax	27,724	33,510
Others	13,157	12,987
	$ 396,498	$ 454,617

As of December 31, 2017, the Group's unused loss carryforwards are $418,982 thousand which will expire in succession before 2030.

f. Integrated income tax

	December 31	
	2017	2016
Shareholder-imputed credits account		
The Company	$ 131,758 (Note)	$ 120,585

There are no unappropriated earnings generated before January 1, 1998 as of December 31, 2017 and 2016.

	For the Year Ended December 31	
	2017	**2016**
Creditable ratio for distribution of earnings	(Note)	16.21%

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

g. Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2015 have been assessed by the tax authorities.

h. Income tax related to subsidiaries

CGPC (BVI) and Krystal Star had no income tax expense for the years ended December 31, 2017 and 2016 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established.

28. EARNINGS (LOSSES) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2017	**2016**
Basic earnings (losses) per share		
From continuing operations and discontinued operations	$ 2.58	$ 2.93
From discontinued operations	0.01	(0.04)
From continuing operations	$ 2.59	$ 2.89
Diluted earnings (losses) per share		
From continuing operations and discontinued operations	$ 2.58	$ 2.93
From discontinued operations	-	(0.04)
From continuing operations	$ 2.58	$ 2.89

The weighted average number of shares outstanding used for the earnings (losses) per share computation was adjusted retroactively for the issuance of bonus shares on August 4, 2017. The basic and diluted earnings (losses) per share adjusted retrospectively for the year ended December 31, 2016 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic and diluted earnings (losses) per share		
From continuing and discontinued operations	$ 3.02	$ 2.93
From discontinued operations	(0.05)	(0.04)
From continuing operations	$ 2.97	$ 2.89

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2017	**2016**
Profit for the period attributable to owners of the Company (earnings used in computation of basic and diluted earnings per share)	$ 1,269,808	$ 1,443,125
Add: Profit (loss) for the period from discontinued operations	2,197	(21,777)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 1,272,005	$ 1,421,348

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

	For the Year Ended December 31	
	2017	**2016**
Weighted average number of ordinary shares used in computation of basic earnings per share	492,000	492,000
Effect of potentially dilutive ordinary shares:		
Employees' compensation	568	993
Weighted average number of ordinary shares used in the computation of diluted earnings per share	492,568	492,993

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. OPERATING LEASE AGREEMENTS

The Company's board of directors passed a resolution to pledge the right of superficies for the land leased to USIO as collateral in order to assist USIO to make borrowings from Chang Hwa Commercial Bank, Nankang Science Industrial Park Branch ("CHCB") in March 2012. The Company also promised CHCB that the Company shall not transfer or concede the land nor set the land as a trust asset to others. Additionally, the Company shall not provide a creation of mortgage, a lien or other rights of securities to other creditors, and the Company shall not terminate the lease contract. The Company leased the land in Toufen to USIO with a lease term from October 1, 2010 to June 30, 2027. USIO does not have a bargain purchase option to acquire the leased land at the expiry of the lease period.

The Group acquired the plant and some electricity equipment located on the leased land from USIO in June 2017, and also agreed to terminate the lease contract. In the meantime, USIO canceled the right of superficies and the creation of mortgage mentioned above. The two parties entered into a new lease wherein the Company leased part of the plant to USIO with a lease term from June 16, 2017 to June 15, 2018. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

31. FINANCIAL INSTRUMENTS

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

The management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair value or their fair value cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,297	$ -	$ 2,297
Non-derivative financial assets held for trading	1,393,601	-	-	1,393,601
	$ 1,393,601	$ 2,297	$ -	$ 1,395,898
Available-for-sale financial assets				
Securities listed in the ROC	$ 2,194	$ -	$ -	$ 2,194
Financial liabilities at FVTPL				
Derivatives financial liabilities	$ -	$ 1,701	$ -	$ 1,701

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,324	$ -	$ 3,324
Non-derivative financial assets held for trading	2,083,764	-	-	2,083,764
	$ 2,083,764	$ 3,324	$ -	$ 2,087,088

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC	$ 5,174	$ -	$ -	$ 5,174
Financial liabilities at FVTPL				
Derivatives financial liabilities	$ -	$ 3,116	$ -	$ 3,116

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2017 and 2016.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Held for trading	$ 1,395,898	$ 2,087,088
Loans and receivables		
Cash and cash equivalents	663,145	1,408,954
Debt investments with no active market	268,805	268,656
Notes receivable	179,929	152,341
Trade receivables (including related parties)	1,498,990	1,280,151
Other receivables (including related parties and excluded tax refund receivable)	11,749	153,270
Refundable deposits	16,440	16,851
Available-for-sale financial assets (including financial assets measured at cost)	93,194	108,425
Financial liabilities		
Financial liabilities at fair value through profit or loss (FVTPL)		
Held for trading	1,701	3,116
Financial liabilities measured at amortized cost		
Short-term borrowings	-	160,000
Short-term bills payable	-	299,929

(Continued)

	December 31	
	2017	2016
Notes payable	$ 183	$ 351
Trade payables (including related parties)	852,454	1,023,180
Other payables (including related parties)	703,836	696,397
Long-term borrowings (including current portion)	1,050,000	1,050,000
Long-term payables to related parties	-	2,183
Guarantee deposits	2,041	3,635

(Concluded)

d. Financial risk management objectives and policies

The Group's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion.

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 operating activities exposed itself primarily to the market 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 conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. The Group also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts is regulated by the policies passed by the Group's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The foreign exchange forward contracts that the Group engaged in were not for speculation purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 35.

<u>Sensitivity analysis</u>

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended December 31, 2017 and 2016 would have decreased/increased by $29,107 thousand and $22,492 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency 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 the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 756,397	$ 1,543,198
Financial liabilities	-	459,929
Cash flow interest rate risk		
Financial assets	148,864	124,344
Financial liabilities	1,050,000	1,050,000

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared assuming that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 point fluctuation in interest rate 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 points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2017 and 2016 would have decreased/increased by $4,506 thousand and $4,628 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic listed shares, mutual fund beneficiary certificates and other equity securities investments. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices fluctuates by 5%, the pre-tax profit for the years ended December 31, 2017 and 2016 would have increased/decreased by $69,680 thousand and $104,188 thousand, respectively, as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the years ended December 31, 2017 and 2016 would have increased/decreased by $110 thousand and $259 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas, and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. At the end of the reporting period, the Group's largest exposure on credit risk approximates to the carrying amounts of its financial assets.

3) Liquidity risk

The Group managers mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2017

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,267,618	$ 22,281	$ -
Floating interest rate liabilities	1.04%	-	1,050,000	-
		$ 1,267,618	$ 1,072,281	$ -

December 31, 2016

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,403,152	$ 25,190	$ -
Floating interest rate liabilities	1.02%	-	1,050,000	-
Fixed interest rate liabilities	0.75%	460,000	-	-
		$ 1,863,152	$ 1,075,190	$ -

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of December 31, 2017 and 2016, the unused amounts of bank loan facilities were as follows:

	December 31	
	2017	2016
Bank loan facilities		
Amount unused	$ 6,718,178	$ 6,193,929

32. TRANSACTIONS WITH RELATED PARTIES

As of December 31, 2017 and 2016, USI Corporation held directly and indirectly through its subsidiary, Union Polymer Int'l Investment Corporation 24.97% of the Company's outstanding ordinary shares.

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 other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Category
USI Corporation ("USI")	Parent company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
Thintec Materials Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation ("SPC")	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary

(Continued)

Related Party Name	Related Party Category
Dynamic Ever Investments Limited	Fellow subsidiary
USIFE Investment Co., Ltd.	Fellow subsidiary
INOMA Corporation ("INOMA")	Fellow subsidiary
Taita Chemical (Zhong Shan) Co., Ltd. ("TTC (ZS)")	Subsidiary of investor with significant influence
APC Investment Corporation	Subsidiary of investor with significant influence

(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31 2017	2016
Investor with significant influence	$ 5,168	$ 3,586
Parent company	2,134	-
Fellow subsidiary	501	484
	$ 7,803	$ 4,070

Sales of goods to related parties had no material differences from those of general sales transactions.

c. Trade receivables from related parties

Related Party Category	December 31 2017	2016
Investor with significant influence		
TTC	$ 493	$ 476
Fellow subsidiary		
SPC	101	-
	$ 594	$ 476

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2017 and 2016, no impairment loss was recognized for trade receivables from related parties.

d. Purchases of goods

Related Party Category	For the Year Ended December 31 2017	2016
Fellow subsidiary	$ 5,310	$ 5,315
Investor with significant influence	-	25
	$ 5,310	$ 5,340

Purchases from related parties had no material differences from those of general purchase transactions.

e. Trade payables to related parties

Related Party Category/Name	December 31 2017	December 31 2016
Parent company		
USI	$ 231,305	$ 232,976
Fellow subsidiary	706	1,137
Investor with significant influence	-	14
	$ 232,011	$ 234,127

TVCM appointed USI to import ethylene, and the trade payables to USI are to be paid off when USI makes a payment.

The outstanding trade payables to related parties were unsecured.

f. Other receivables from related parties

Related Party Category/Name	December 31 2017	December 31 2016
Subsidiary of investor with significant influence		
TTC (ZS)	$ 4,180	$ 19,087
Others	1	1
Investor with significant influence	662	1,488
Parent company		
USI	560	119,389
Associate	18	5
Fellow subsidiary	51	29
	$ 5,472	$ 139,999

g. Other payables to related parties

Related Party Category/Name	December 31 2017	December 31 2016
Associate		
CGTD	$ 13,171	$ 7,286
Parent company		
USI	1,991	8,788
Subsidiary of investor with significant influence		
TTC (ZS)	2,381	4,062
Investor with significant influence		
APC	3,389	378
Others	834	835
	4,223	1,213
Fellow subsidiary		
UM	181	7,048
Others	658	28
	839	7,076
	$ 22,605	$ 28,425

h. Long-term payables to related parties (including other non-current liabilities)

Related Party Category/Name	December 31 2017	December 31 2016
Investor with significant influence		
APC	$ -	$ 2,183

i. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2017	Purchase Price For the Year Ended December 31 2016
Fellow subsidiary		
USIO	$ 290,000	$ -
Others	600	-
	$ 290,600	$ -

j. Storage tank operating expenses

Related Party Category/Name	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Associate		
CGTD	$ 93,186	$ 81,609

The Company's subsidiaries appointed CGTD to handle the storage tank used to transport, store and load vinyl chloride monomer, ethylene and dichloromethane. The storage tank operating expenses are due by the end of next month.

k. Rental expenses

Related Party Category/Name	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Investor with significant influence		
APC	$ 18,987	$ 16,861
TTC	9,426	9,360
Associate		
CGTD	8,453	7,323
Parent company		
USI	7,083	7,295
	$ 43,949	$ 40,839

The Company leases offices in Neihu from USI and APC. The leases will expire in April 2019 and December 2018, respectively, and the rentals are paid on a monthly basis.

The factory belonging to the Company's subsidiaries located on the land in Linyuan was rented from APC. The original lease term expired in December 2011. However, if neither counterparties argued, the lease term would automatically extend one more year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and renewed at both parties' discretion.

The Company's subsidiary leased land for their warehouses from APC. The lease term will expire in May 2026. The lease contract is renewable, and the rental is paid on a monthly basis.

l. Management service expenses

	For the Year Ended December 31	
Related Party Category/Name	**2017**	**2016**
Fellow subsidiary		
UM	$ 61,599	$ 49,249
Others	114	114
	61,713	49,363
Parent company		
USI	6,204	6,297
	$ 67,917	$ 55,660

Contracts stating that UM and USI should provide labor support, equipment and other related services to the Company were effective since July 1, 2001 and July 1, 2002, respectively. Contracts stating that the fellow subsidiaries should provide labor support, equipment and other related services to the subsidiaries of the Company were effective since July 1, 2009. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter.

m. Rental income

	For the Year Ended December 31	
Related Party Category/Name	**2017**	**2016**
Fellow subsidiary		
USIO	$ 9,841	$ 7,297
Others	78	26
	9,919	7,323
Investor with significant influence	116	102
Parent company		
USI	78	78
	$ 10,113	$ 7,503

USIO leased the land and facility located in Toufen from the Company, the detailed lease term can be referred to Note 29.

k. Compensation of key management personnel

The compensation of directors and key executives for the years ended December 31, 2017 and 2016 were as follows:

	For the Year Ended December 31	
	2017	**2016**
Salaries and others	$ 24,704	$ 20,390
Post-employment benefits	301	135
	$ 25,005	$ 20,525

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, endorsement guarantees and the tariffs of imported raw materials:

	December 31	
	2017	**2016**
Pledge deposits (classified as debt investments with no active market or other non-current assets)	$ 281,725	$ 281,447
Property, plant and equipment		
Land	1,650,957	1,758,202
Buildings and improvements	547,692	584,308
Machinery and equipment	710,245	810,485
	$ 3,190,619	$ 3,434,442

The Company signed a long-term secured loan contract with a revolving credit limit of $1,000,000 thousand for 5 years with Chang Hwa Commercial Bank on March 6, 2012 to enrich working capital. The Company extended its contract expiration date to July 31, 2022. The Company set the land and plants located at the north side of its Toufen factory, which is owned by the Company, as collateral. As of December 31, 2017 and 2016, the Company has not used its revolving credit.

The Company pledged its land and plant located at the south side of its Toufen factory to Taishin International Bank as collateral for its revolving credit limit. The financing contract with Taishin International Bank expired, and the fixed assets which were pledged as collateral were released in July 2017.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

a. As of December 31, 2017 and 2016, the Group’s unused letters of credit amounted to $538,554 thousand and $683,604 thousand, respectively.

b. The Company endorsed bank loans for CGPCPOL. As of December 31, 2017 and 2016, the amount endorsed by the Company was $3,297,600 thousand and $31,000,000 thousand, respectively, and CGPCPOL had drawn the amount of $514,880 thousand and $969,675 thousand, respectively. The information of the Company’s endorsement guarantees for others are set out in Note 36 and Table 2.

c. Description of Kaohsiung explosions:

   Regarding the associate, China General Terminal & Distribution Corporation (hereinafter “CGTD”), who had been commissioned to operate LCY Chemical Corp.’s propene pipeline, resulting in a gas explosion on July 31, 2014, the Kaohsiung District Prosecutor Office instituted a public prosecution against the related personnel of the Kaohsiung Government, LCY Chemical Corp. and CGTD employees on December 18, 2014. As of the reporting date, the attribution of responsibility for the gas explosion and the subsequent impact is still pending the conclusion of the in-progress trial of the Kaohsiung District Court.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $226,983 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied for provisional attachment against CGTD’s property on August 27 and November 26, 2015. Taiwan Water Corporation also applied for provisional attachment against CGTD’s property on February 3 and March 2, 2017. At the end of February 2018, the provisionally attached property was worth $151,229 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the compensation was $384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims’ families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims’ families and signing the settlement agreement on behalf of the three parties.

Up to February 2018, victims and victims’ families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. Along with the formerly mentioned compensation, the accumulated amount of compensation is $4,038,198 thousand, and the actual payment of CGTD depends on the verdict of the civil procedures. The date of the criminal procedures is estimated to be on May 11, 2018 and part of the civil procedures will be held on June 22, 2018.

d. TVCM signed a dichloromethane purchase contract with Formosa Plastics Corporation, Sabic Asia Pacific Pte. Ltd., Mitsubishi Corp., Mitsui Corp., Tricon Energy Ltd. and Marubeni Corp. The purchase price was negotiated by both parties according to a pricing formula.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities’ significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: Foreign and Functional Currencies in Thousands

December 31, 2017

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT$
Financial assets				
Monetary items				
USD	$ 45,956	29.760 (USD:NTD)	$ 1,367,651	$ 1,367,651
EUR	663	35.570 (EUR:NTD)	23,583	23,583
AUD	754	23.185 (AUD:NTD)	17,481	17,481
JPY	86,195	0.264 (JPY:NTD)	22,755	22,755

(Continued)

	Foreign Currencies	Exchange Rate (In Single Dollars)		Functional Currencies	NT$
USD	$ 296	6.534	(USD:CNY)	$ 1,934	$ 8,809
GBP	41	40.110	(GBP:NTD)	1,645	1,645
Financial liabilities					
Monetary items					
USD	13,649	29.760	(USD:NTD)	406,194	406,194
EUR	58	35.570	(EUR:NTD)	2,063	2,063
JPY	7,270	0.264	(JPY:NTD)	1,919	1,919

(Concluded)

December 31, 2016

	Foreign Currencies	Exchange Rate (In Single Dollars)		Functional Currencies	NT$
Financial assets					
Monetary items					
USD	$ 37,349	32.250	(USD:NTD)	$ 1,204,505	$ 1,204,505
EUR	783	33.900	(EUR:NTD)	26,544	26,544
AUD	923	23.285	(AUD:NTD)	21,492	21,492
JPY	44,392	0.276	(JPY:NTD)	12,252	12,252
Non-monetary items					
Financial assets measured at cost - non-current					
USD	101	32.250	(USD:NTD)	3,257	3,257
Financial liabilities					
Monetary items					
USD	13,636	32.250	(USD:NTD)	439,761	439,761

For the years ended December 31, 2017 and 2016, net foreign exchange losses were $52,702 thousand and $28,759 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.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others: See Table 1 attached;

2) Endorsements/guarantees provided: See Note 34 and Table 2 attached;

3) Marketable securities held: See Table 3 attached;

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: See Table 4 attached;

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: See Table 5 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 6 attached;

9) Trading in derivative instruments: See Note 7;

10) Intercompany relationships and significant intercompany transactions: See Table 7 attached; and

11) Information on investees: See Table 8 attached.

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: See Table 9 attached; and

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: See Table 1 attached.

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.

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

For the year ended December 31, 2017

	VCM Products	PVC Products	Total
Revenue from external customers	$ 1,005,595	$ 13,696,146	$ 14,701,741
Inter-segment revenue	8,250,397	439,771	8,690,168
Segment revenue	$ 9,255,992	$ 14,135,917	23,391,909
Eliminations			(8,690,168)
Consolidated revenue			$ 14,701,741
Segment income	$ 69,046	$ 1,581,742	$ 1,650,788
Share of profit of associates accounted for using the equity method			15,898
Interest income			13,600
Rental income			10,489
Loss on disposal of property, plant and equipment			(579)
Foreign exchange losses			(52,702)
Loss on financial instruments held for trading			(25,306)
Interest expense			(13,028)
Others			16,983
Profit before tax from continuing operations			$ 1,616,143

For the year ended December 31, 2016

	VCM Products	PVC Products	Total
Revenue from external customers	$ 1,346,542	$ 12,810,847	$ 14,157,389
Inter-segment revenue	7,285,969	483,958	7,769,927
Segment revenue	$ 8,632,511	$ 13,294,805	21,927,316
Eliminations			(7,769,927)
Consolidated revenues			$ 14,157,389
Segment income	$ 145,885	$ 1,728,585	$ 1,874,470
Share of loss of associates accounted for using the equity method			(3,817)
Interest income			11,868
Rental income			7,880

(Continued)

	VCM Products	PVC Products	Total
Loss on disposal of property, plant and equipment			$ (22,989)
Foreign exchange losses			(28,759)
Loss on financial instruments held for trading			(9,772)
Interest expense			(22,142)
Others			(5,585)
Profit before tax from continuing operations			$ 1,801,154

(Concluded)

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, loss on disposal of property, plant and equipment, foreign exchange losses, loss arising on financial instruments held for trading, and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. However, the measure of segment assets and liabilities was not provided to the chief operating decision maker.

b. Product information

The Company and its subsidiaries are mainly engaged in the manufacturing and marketing of petrochemical products, which is a single product category. As a result, there is no need to disclosure product information.

c. Geographical information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Asia	$ 11,283,238	$ 11,765,770	$ 5,996,781	$ 5,147,466
America	1,720,058	1,321,391	3,112	2,754
Oceania	320,664	254,881	-	-
Europe	145,870	154,404	-	-
Middle East	1,076,708	557,461	-	-
Africa	155,203	103,482	-	-
	$ 14,701,741	$ 14,157,389	$ 5,999,893	$ 5,150,220

Non-current assets exclude those which were classified as financial instruments, deferred tax assets, and guarantee deposits.

d. Information about major customers

Included in revenue arising from direct sales of VCM products of $1,005,595 thousand and $1,346,542 thousand in the years ended December 31, 2017 and 2016, respectively, is revenue of approximately $936,489 thousand and $868,923 thousand arising from sales to the Group’s largest customer.

TABLE 1

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 4)	Aggregate Financing Limits (Notes 2 and 4)
													Item	Value		
1	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Continental General Plastics (Zhong Shan) Co., Ltd.	Other receivables from related parties	Yes	$ 119,040 (US$ 4,000 thousand)	$ 119,040	$ -	-	b	$ -	Operating capital needed	$ -	-	-	$ 347,575	$ 347,575

Note 1: The total amount of financing by the Company to others shall not exceed 40% of the net worth of the Company. The Company has no financing provided to others as of December 31, 2017.

Note 2: The total amount of financing by the CGPC (BVI) to others collectively and to any individual entity shall not exceed 40% of its net worth. However, the total amount of financing provided to any subsidiary wholly-owned by the Company shall not exceed 100% of the net worth of the Company according to the most recent audit.

Note 3: The alphabetic indications for the nature of financing are described as follows:

a. Existing transactions.
b. Needed short-term operating capital.

Note 4: The amount is calculated using the spot exchange rate as on December 31, 2017.

Note 5: The above transactions were written off when preparing the consolidated financial statements.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	$ 11,709,512	$ 3,297,600	$ 3,297,600	$ 514,880	None	42.24	$ 11,709,512	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of December 31, 2017.

Note 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The maximum amount of endorsement/guarantee was calculated based on the equity of the Company as of December 31, 2017.

Note 3: The amount is calculated using the spot exchange rate as on December 31, 2017.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Maximum Shares/Units Held During the Year	Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value		
China General Plastics Corporation	Closed-end fund beneficiary certificates								
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	5,000,000	$ 56,850	-	$ 56,850	5,000,000	1
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	56,551	-	56,551	4,268,000	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	43,530	-	43,530	3,000,000	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	33,275	-	33,275	2,500,000	1
	Open-end fund beneficiary certificates								
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,518,158	144,744	-	144,744	9,725,859	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,991,775	111,032	-	111,032	14,575,209	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,249,509	84,037	-	84,037	10,428,170	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,194,133	50,220	-	50,220	3,194,133	1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,710,217	50,179	-	50,179	3,710,217	1
	Shin Kong Chi-Shin Money-market Fund	-	Financial assets at fair value through profit or loss - current	3,247,534	50,030	-	50,030	3,247,534	1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,805,646	45,515	-	45,515	3,087,201	1
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	248,133	44,013	-	44,013	1,019,529	1
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,188,217	43,027	-	43,027	4,201,266	1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,431,581	39,002	-	39,002	3,122,502	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,106,999	35,009	-	35,009	3,013,955	1
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,101,771	23,026	-	23,026	7,219,104	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Maximum Shares/Units Held During the Year	Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value		
China General Plastics Corporation	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,378,417	$ 21,502	-	$ 21,502	5,141,781	1
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,615,339	20,004	-	20,004	1,615,339	1
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	877,683	11,002	-	11,002	877,683	1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	430,108	5,001	-	5,001	1,121,821	1
	Ordinary shares								
	KHL IB Venture Capital Co., Ltd.	-	Financial assets measured at cost - non-current	9,100,000	91,000	5.95	-	10,000,000	1
Taiwan VCM Corporation	Open-end fund beneficiary certificates								
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,205,806	50,008	-	50,008	3,215,434	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,540,976	50,008	-	50,008	3,990,828	1
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,352,443	50,008	-	50,008	4,367,804	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,180,641	50,008	-	50,008	3,180,641	1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,085,429	50,008	-	50,008	3,093,887	1
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,200,022	50,007	-	50,007	6,561,826	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,805,815	30,004	-	30,004	3,021,349	1
	Ordinary shares								
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Available-for-sale financial assets - non-current	113,656	2,194	0.02	2,194	113,656	1
CGPC Polymer Corporation	Open-end fund beneficiary certificates								
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,199,457	50,001	-	50,001	4,206,170	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,969,885	30,000	-	30,000	15,183,823	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,132,944	16,000	-	16,000	3,541,628	1
CGPC (BVI) Holding Co., Ltd.	Ordinary shares								
	Teratech Corporation	-	Financial assets measured at cost - non-current	112,000	-	0.67	-	112,000	1 and 3
	Sohoware, Inc. - preference shares	-	Financial assets measured at cost - non-current	100,000	-	-	-	100,000	1, 2 and 3

(Continued)

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

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

Note 3: The carrying amount has been fully recognized as accumulated impairment loss.

(Concluded)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
China General Plastics Corporation	Beneficiary certificates													
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	203,859	$ 36,000	3,385,939	$ 599,500	3,341,665	$ 591,717	$ 591,500	$ 217	248,133	$ 44,000
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,495,273	87,000	33,848,684	454,500	34,094,448	457,603	457,500	103	6,249,509	84,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	9,763,872	142,937	39,158,039	575,500	48,921,911	719,337	718,437	900	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	68,459,581	690,500	57,467,806	579,579	579,500	79	10,991,775	111,000
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	19,995,988	246,958	8,042,918	100,000	28,038,906	348,425	346,958	1,467	-	-
Taiwan VCM Corporation	Beneficiary certificates													
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	20,275,936	250,000	20,110,824	250,000	40,386,760	501,958	500,000	1,958	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	192,475	34,000	2,847,354	504,000	3,039,829	538,280	538,000	280	-	-
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	29,953,256	356,000	25,753,234	306,048	306,000	48	4,200,022	50,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	13,051,361	191,001	19,594,354	288,000	32,645,715	479,769	479,001	768	-	-
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,968,796	50,000	47,817,505	482,000	52,786,301	532,174	532,000	174	-	-
CGPC Polymer Corporation	Beneficiary certificates													
	TCB Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	62,363,316	628,900	59,393,431	598,967	598,900	67	2,969,885	30,000
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,066,041	412,746	28,066,041	412,787	412,746	41	-	-

Note: The amount as of December 31, 2017 was accounted for as the original cost.

TABLE 5

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		
			Purchase/ Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance (Note)		% of Total
China General Plastics Corporation	Taiwan VCM Corporation	Subsidiary	Purchase	$ 3,970,741	72	45 days	No major difference	No major difference	Trade payables to related parties	$ (710,651)	(77)
	CGPC America Corporation	Subsidiary	Sale	(437,174)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties	118,018	12
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(3,970,741)	(43)	45 days	No major difference	No major difference	Trade receivables from related parties	710,651	47
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(4,279,656)	(46)	45 days	No major difference	No major difference	Trade receivables from related parties	724,061	48
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	4,279,656	96	45 days	No major difference	No major difference	Trade payables to related parties	(724,061)	(97)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	437,174	86	90 days	No major difference	No major difference	Trade payables to related parties	(118,018)	(99)

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance (Note 3)		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
						Amount	Actions Taken		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables from related parties	$ 118,018	3.66	$ -	-	$ 49,397	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties	$ 710,651	7.51	-	-	710,651	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties	$ 724,061	8.27	-	-	724,061	Note 1

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

Note 2: The subsequent period is between January 1 and February 26, 2018.

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	**Amount**	**Transaction Terms**	**% of Total Sales or Assets (Note 3)**
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables to related parties	$ 710,651	No major difference	6
			1	Purchases	3,970,741	No major difference	27
		CGPC America Corporation	1	Trade receivables from related parties	118,018	No major difference	1
			1	Sales revenue	437,174	No major difference	3
			1	Provisions	3,541	No major difference	-
		CGPC Polymer Corporation	1	Other receivables from related parties	1,410	No major difference	-
			1	Purchases	2,584	No major difference	-
			1	Other revenue	1,351	No major difference	-
			1	Trade payables to related parties	1,988	No major difference	-
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	724,061	No major difference	6
			3	Other payables to related parties	23,323	No major difference	-
			3	Purchases	4,279,656	No major difference	29

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

a. The parent company: 0.
b. The subsidiaries: 1 onward.

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

a. The parent company to its subsidiary: 1.
b. The subsidiary to the parent company: 2.
c. Between subsidiaries: 3.

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows:

a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and
b. Income or loss: The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing & marketing for VCM	$ 2,930,994	$ 2,930,994	196,198,860	87.22	$ 2,642,545	$ 543,460	$ 477,156	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing for PVC resins	800,000	800,000	56,478,291	100.00	845,548	248,678	248,678	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100.00	347,575	(4,427)	(4,427)	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehouse & transportation of petrochemical raw materials	41,106	41,106	17,079,108	33.33	272,509	53,358	17,786	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S.A.	Marketing for PVC film and leather products	648,931	648,931	100	100.00	198,483	9,101	9,101	Subsidiary
	Krystal Star International Corporation	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Marketing for PVC film and consumer products	283,502	283,502	5,780,000	100.00	72,489	744	744	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing for Mn-Zn ferrite cores, Ni-Zn ferrite cores.	33,995	33,995	3,176,019	1.74	23,731	(103,454)	(1,801)	Associate accounted for using the equity method
	Thintec Materials Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing for reinforced plastic products	15,000	15,000	600,000	10.00	2,504	(866)	(87)	Associate accounted for using the equity method

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 5 and 6)	Carrying Amount as of December 31, 2017 (Notes 1 and 6)	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing & marketing for PVC film and consumer products	$ 595,200 (US$20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 595,200 (US$20,000 thousand)	$ -	$ -	$ 595,200 (US$20,000 thousand)	$ (4,449) (US$ 148 thousand)	100.00	$ (4,449) (US$ 148 thousand)	$ 261,767 (US$ 8,796 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing & marketing for PVC consumer products	44,640 (US$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	44,640 (US$ 1,500 thousand)	-	-	44,640 (US$ 1,500 thousand)	2,252 (US$ 74 thousand)	100.00	2,252 (US$ 74 thousand)	14,167 (US$ 476 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
$805,960 (US$27,082 thousand)	$1,020,619 (US$34,295 thousand)	$4,683,805

Note 1: The calculation was based on the spot exchange rate as on December 31, 2017.

Note 2: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, the amount is determined as 60% of the equity attributable to owners of the Company as of December 31, 2017.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. ("CGPC (SH)") were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of $20,356 thousand (US$684 thousand), the investment amount of Union (ZS) of $26,724 thousand (US$898 thousand) and the investment amount of CGPC (SH) of $119,040 thousand (US$4,000 thousand).

Note 4: The board of directors of the Company passed a resolution to dissolve CGPC (ZS) and CGPC (CP) in October 2011. As of December 31, 2017, the dissolution procedures have not yet been completed.

Note 5: The investment income (loss) recognition in 2017 is based on the financial statements audited by the parent company's R.O.C. - based CPA.

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