China General Plastics Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2018 and 2017 and Independent Auditors' Review Report

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路 100 號 20 樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel : + 886 (2) 2725 - 9988
Fax: + 886 (2) 4051 - 6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China General Plastics Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China General Plastics Corporation and its subsidiaries (the Group) as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of the significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 16 and 17 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements were not reviewed. As of June 30, 2018 and 2017, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT$1,018,253 thousand and NT$1,024,502 thousand, respectively, collectively representing 8% of the consolidated total assets as of both period-ends, and the combined total liabilities of these non-significant subsidiaries as of June 30, 2018 and 2017 were NT$34,291 thousand NT$38,582 thousand, respectively, collectively representing 1% of the consolidated total liabilities as of both period-ends; for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the amounts of combined comprehensive income (loss) of these non-significant subsidiaries were NT$16,843 thousand, NT$6,744 thousand, NT$13,618 thousand and NT$(17,393) thousand, respectively, representing 4%, 3%, 1% and (3%), respectively, of the consolidated total comprehensive income for the same respective periods, and the Group's share of profit (loss) of these investments accounted for using the equity method for the three months ended June 30, 2018 and 2017 and for the six months ended

June 30, 2018 and 2017 were NT$(38,679) thousand NT$6,845 thousand, NT$(35,458) thousand and NT$12,384 thousand, respectively, representing (9%), 3%, (3%) and 2%, respectively, of the consolidated total comprehensive income for the same respective periods. The additional disclosures of these non-significant subsidiaries and investments accounted for using the equity method were based on financial statements which were not reviewed by auditors.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 2018

Notice to Readers

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

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2018 (Reviewed) Amount	%	December 31, 2017 (Audited) Amount	%	June 30, 2017 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 1,110,865	8	$ 663,145	5	$ 951,757	7
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,855,487	14	1,395,898	11	1,378,397	11
Available-for-sale financial assets - current (Notes 4, 10 and 27)	-	-	-	-	3,904	-
Financial assets at amortized cost - current (Notes 3, 4, 9, 12 and 35)	268,854	2	-	-	-	-
Debt investments with no active market - current (Notes 4, 12 and 35)	-	-	268,805	2	268,705	2
Notes receivable (Notes 4 and 13)	155,053	1	179,929	1	161,419	1
Trade receivables (Notes 4, 13 and 34)	1,430,598	11	1,498,990	12	1,264,126	10
Other receivables (Notes 4 and 13)	73,234	1	70,802	1	82,942	1
Other receivables from related parties (Notes 4, 13 and 34)	6,337	-	5,472	-	19,547	-
Current tax assets (Note 4)	-	-	42	-	186	-
Inventories (Note 14)	1,685,715	13	1,856,456	15	2,351,758	18
Prepayments (Note 21)	35,119	-	53,598	-	68,774	-
Other current assets	1,329	-	494	-	776	-
Total current assets	6,622,591	50	5,993,631	47	6,552,291	50
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4, 8, 10, 11 and 27)	110,558	1	-	-	-	-
Available-for-sale financial assets - non-current (Notes 4 and 10)	-	-	2,194	-	2,025	-
Financial assets measured at cost - non-current (Notes 4 and 11)	-	-	91,000	1	103,066	1
Investments accounted for using the equity method (Notes 5 and 17)	265,327	2	298,744	3	282,425	2
Property, plant and equipment (Notes 18, 22 and 35)	5,733,418	43	5,729,861	45	5,625,393	44
Investment properties (Notes 19 and 31)	137,769	1	140,260	1	-	-
Intangible assets (Note 20)	5,821	-	10,238	-	15,040	-
Deferred tax assets (Note 4)	284,968	2	270,525	2	271,052	2
Long-term prepayments for leases (Note 21)	99,656	1	100,318	1	100,607	1
Other non-current assets	28,427	-	36,450	-	27,070	-
Total non-current assets	6,665,944	50	6,679,590	53	6,426,678	50
TOTAL	$ 13,288,535	100	$ 12,673,221	100	$ 12,978,969	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	$ 10,573	-	$ 1,701	-	$ 5,796	-
Notes payable (Note 23)	353	-	183	-	183	-
Trade payables (Note 23)	623,328	5	620,443	5	827,641	7
Trade payables to related parties (Notes 23 and 34)	89,881	-	232,011	2	272,069	2
Other payables (Note 24)	1,426,421	11	681,231	5	1,447,247	11
Other payables to related parties (Note 34)	12,676	-	22,605	-	22,588	-
Current tax liabilities (Note 4)	204,165	1	141,996	1	105,363	1
Provisions - current (Note 25)	-	-	25,127	-	15,035	-
Other current liabilities (Note 34)	93,423	1	60,650	1	45,305	-
Total current liabilities	2,460,820	18	1,785,947	14	2,741,227	21
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18, 22 and 35)	1,050,000	8	1,050,000	8	1,050,000	8
Deferred tax liabilities (Note 4)	597,237	5	594,162	5	594,748	5
Net defined benefit liabilities - non-current (Note 4)	721,488	5	1,039,875	8	1,048,980	8
Other non-current liabilities (Note 34)	3,326	-	2,389	-	4,188	-
Total non-current liabilities	2,372,051	18	2,686,426	21	2,697,916	21
Total liabilities	4,832,871	36	4,472,373	35	5,439,143	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 8, 10, 17 and 27)						
Share capital						
Ordinary shares	4,919,996	37	4,919,996	39	4,776,695	37
Share dividends to be distributed	147,600	1	-	-	143,301	1
Total share capital	5,067,596	38	4,919,996	39	4,919,996	38
Capital surplus	8,234	-	8,236	-	8,219	-
Retained earnings						
Legal reserve	512,954	4	385,973	3	385,973	3
Special reserve	408,223	3	408,223	3	408,223	3
Unappropriated earnings	1,983,304	15	2,063,146	17	1,430,050	11
Total retained earnings	2,904,481	22	2,857,342	23	2,224,246	17
Other equity	40,509	1	20,767	-	13,995	-
Total equity attributable to owners of the Company	8,020,820	61	7,806,341	62	7,166,456	55
NON-CONTROLLING INTERESTS	434,844	3	394,507	3	373,370	3
Total equity	8,455,664	64	8,200,848	65	7,539,826	58
TOTAL	$ 13,288,535	100	$ 12,673,221	100	$ 12,978,969	100

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

(With Deloitte & Touche auditors' review report dated August 9, 2018)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 4 and 34)	$ 3,678,358	100	$ 3,623,331	100	$ 7,822,558	100	$ 7,314,601	100
COST OF REVENUE (Notes 14, 28 and 34)	2,878,690	78	3,021,155	83	6,052,776	77	5,859,545	80
GROSS PROFIT	799,668	22	602,176	17	1,769,782	23	1,455,056	20
OPERATING EXPENSES (Notes 28 and 34)								
Selling and marketing expenses	197,466	5	213,120	6	411,904	5	402,952	6
General and administrative expenses	65,319	2	66,092	2	150,620	2	138,002	2
Research and development expenses	13,774	1	11,389	-	27,841	1	23,968	-
Total operating expenses	276,559	8	290,601	8	590,365	8	564,922	8
PROFIT FROM OPERATIONS	523,109	14	311,575	9	1,179,417	15	890,134	12
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 17, 28 and 34)								
Other income	20,783	-	12,132	-	44,840	1	22,639	-
Other gains and losses	28,079	1	(2,393)	-	25,373	-	(80,083)	(1)
Interest expense	(2,530)	-	(3,537)	-	(5,234)	-	(7,498)	-
Share of profit (loss) of associates accounted for using the equity method	(35,032)	(1)	8,975	-	(28,046)	-	11,000	-
Total non-operating income and expenses	11,300	-	15,177	-	36,933	1	(53,942)	(1)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	534,409	14	326,752	9	1,216,350	16	836,192	11
INCOME TAX EXPENSE (Notes 4 and 29)	120,302	3	66,153	2	218,463	3	157,187	2
NET PROFIT FROM CONTINUING OPERATIONS (Note 28)	414,107	11	260,599	7	997,887	13	679,005	9
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 15)	4,199	-	(2,715)	-	4,057	-	(1,038)	-
NET PROFIT FOR THE PERIOD	418,306	11	257,884	7	1,001,944	13	677,967	9

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 10, 17 and 29)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at FVTOCI	$ 5,875	-	$ -	-	$ 802	-	$ -	-
Share of the other comprehensive loss of associates accounted for using the equity method - unrealized loss on investments in equity instruments at FVTOCI	(1,383)	-	-	-	(5,613)	-	-	-
Share of the other comprehensive income of associates accounted for using the equity method - remeasurement of defined benefit plans	-	-	-	-	16	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	8,520	-	-	-
	4,492	-	-	-	3,725	-	-	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	16,396	1	6,963	-	12,198	-	(33,711)	-
Unrealized gain (loss) on available-for-sale financial assets	-	-	(704)	-	-	-	755	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating foreign operations	(168)	-	482	-	228	-	(575)	-

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain on available-for-sale financial assets	$ -	-	$ (1,601)	-	$ -	-	$ 647	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(3,280)	-	(1,183)	-	(4,460)	-	5,732	-
	12,948	1	3,957	-	7,966	-	(27,152)	-
Other comprehensive income (loss) for the period, net of income tax	17,440	1	3,957	-	11,691	-	(27,152)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 435,746	12	$ 261,841	7	$ 1,013,635	13	$ 650,815	9
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 382,700	10	$ 252,044	7	$ 924,202	12	$ 630,153	8
Non-controlling interests	35,606	1	5,840	-	77,742	1	47,814	1
	$ 418,306	11	$ 257,884	7	$ 1,001,944	13	$ 677,967	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 400,145	11	$ 256,002	7	$ 935,918	12	$ 603,010	8
Non-controlling interests	35,601	1	5,839	-	77,717	1	47,805	1
	$ 435,746	12	$ 261,841	7	$ 1,013,635	13	$ 650,815	9
EARNINGS PER SHARE (Note 30)								
From continuing and discontinued operations								
Basic	$ 0.76		$ 0.50		$ 1.82		$ 1.24	
Diluted	$ 0.75		$ 0.50		$ 1.82		$ 1.24	
From continuing operations								
Basic	$ 0.75		$ 0.50		$ 1.82		$ 1.24	
Diluted	$ 0.75		$ 0.50		$ 1.82		$ 1.24	

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

(With Deloitte & Touche auditors' review report dated August 9, 2018) (Concluded)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company (Notes 8, 10, 17 and 27)															
	Share Capital		Capital Surplus			Retained Earnings				Other Equity						
	Ordinary Shares	Share Dividends to Be Distributed	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	Unrealized Gain (Loss) on Investments in Equity Instruments at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 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	-	-	(1)	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	-	-	630,153	630,153	-	-	-	-	630,153	47,814	677,967
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	-	-	(28,554)	1,411	-	(27,143)	(27,143)	(9)	(27,152)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	-	-	630,153	630,153	(28,554)	1,411	-	(27,143)	603,010	47,805	650,815
BALANCE AT JUNE 30, 2017	$ 4,776,695	$ 143,301	$ 7,912	$ 307	$ 8,219	$ 385,973	$ 408,223	$ 1,430,050	$ 2,224,246	$ (15,942)	$ 29,937	$ -	$ 13,995	$ 7,166,456	$ 373,370	$ 7,539,826
BALANCE AT JANUARY 1, 2018	$ 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
Effect of retrospective restatement	-	-	-	-	-	-	-	-	-	-	(40,350)	56,912	16,562	16,562	-	16,562
BALANCE AT JANUARY 1, 2018, AS RESTATED	4,919,996	-	7,929	307	8,236	385,973	408,223	2,063,146	2,857,342	(19,583)	-	56,912	37,329	7,822,903	394,507	8,217,410
Appropriation of 2017 earnings																
Legal reserve	-	-	-	-	-	126,981	-	(126,981)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(737,999)	(737,999)	-	-	-	-	(737,999)	-	(737,999)
Share dividends distributed by the Company	-	147,600	-	-	-	-	-	(147,600)	(147,600)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,380)	(37,380)
Other changes in capital surplus	-	-	(2)	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Net profit for the six months ended June 30, 2018	-	-	-	-	-	-	-	924,202	924,202	-	-	-	-	924,202	77,742	1,001,944
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	8,536	8,536	7,966	-	(4,786)	3,180	11,716	(25)	11,691
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	-	932,738	932,738	7,966	-	(4,786)	3,180	935,918	77,717	1,013,635
BALANCE AT JUNE 30, 2018	$ 4,919,996	$ 147,600	$ 7,927	$ 307	$ 8,234	$ 512,954	$ 408,223	$ 1,983,304	$ 2,904,481	$ (11,617)	$ -	$ 52,126	$ 40,509	$ 8,020,820	$ 434,844	$ 8,455,664

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

(With Deloitte & Touche auditors' review report dated August 9, 2018)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 1,216,350	$ 836,192
Income (loss) before income tax from discontinued operations	4,057	(1,038)
Income before income tax	1,220,407	835,154
Adjustments for:		
Depreciation expenses	247,547	208,308
Amortization expenses	12,427	12,539
Impairment loss recognized on trade receivables	358	-
Net (gain) loss on fair value changes of financial assets at FVTPL	(3,922)	14,178
Interest expense	5,234	7,498
Interest income	(8,570)	(9,199)
Dividend income	(23)	(66)
Share of loss (profit) of associates	28,046	(11,000)
Loss (gain) on disposal of property, plant and equipment	1,041	(3,201)
Write-down of inventories	3,445	1,353
Amortization of long-term prepayments for leases	1,757	1,178
Changes in operating assets and liabilities		
Financial assets held for trading	-	697,193
Financial assets mandatorily classified as at FVTPL	(446,795)	-
Notes receivable	24,876	(9,078)
Trade receivables	70,083	9,500
Other receivables	(2,238)	(17,610)
Other receivables from related parties	(770)	119,365
Inventories	172,283	(641,262)
Prepayments	18,479	(1,582)
Other current assets	(835)	933
Notes payable	170	(168)
Trade payables	2,789	38,884
Trade payables to related parties	(142,130)	37,942
Other payables	(21,973)	(98,396)
Other payables to related parties	(9,955)	(5,603)
Provisions	-	(1,004)
Other current liabilities	7,646	(20,146)
Net defined benefit liabilities	(318,387)	(371,661)
Cash generated from operations	860,990	794,049
Interest received	8,365	9,694
Interest paid	(5,228)	(7,184)
Income tax paid	(163,514)	(216,416)
Net cash generated from operating activities	700,613	580,143

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	$ -	$ (49)
Purchase of financial assets at amortized cost	(268,854)	-
Proceeds from sale of financial assets at amortized cost	268,805	-
Payments for property, plant and equipment	(259,122)	(572,139)
Proceeds from disposal of property, plant and equipment	2,221	3,577
Increase in refundable deposits	(3)	(383)
Decrease in refundable deposits	353	439
Payments for intangible assets	-	(235)
Dividends received	23	66
Decrease in other current assets	-	1,482
Net cash used in investing activities	(256,577)	(567,242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(160,000)
Repayments of short-term bills payable	-	(300,000)
Proceeds from guarantee deposits received	1,752	437
Refunds of guarantee deposits received	(819)	(1,608)
Increase (decrease) in other non-current liabilities	3	(866)
Dividends paid to owners of the Company	(109)	(22)
Net cash generated from (used in) financing activities	827	(462,059)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	2,857	(8,039)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	447,720	(457,197)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	663,145	1,408,954
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,110,865	$ 951,757

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

(With Deloitte & Touche auditors' review report dated August 9, 2018) (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 August 9, 2018.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendments

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

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

      <u>Classification, measurement and impairment of financial assets</u>

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

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

	Measurement Category		Carrying Amount		
Financial Asset	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 663,145	$ 663,145	a)
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	2,297	2,297	
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	93,194	109,756	b)
	Available-for-sale	Mandatorily at FVTPL	-	-	b)
Fund beneficiary certificates	Held-for-trading	Mandatorily at FVTPL	1,393,601	1,393,601	
Pledged time deposits	Loans and receivables	Amortized cost	268,805	268,805	c)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	1,690,668	1,690,668	a)
Refundable deposits	Loans and receivables	Amortized cost	16,440	16,440	a)

Financial Asset	**IAS 39 Carrying Amount as of January 1, 2018**	**Reclassifi-cation**	**Remeasure-ment**	**IFRS 9 Carrying Amount as of January 1, 2018**	**Other Equity Effect on January 1, 2018**	**Remark**
FVTOCI						
Equity instruments	$ -	$ -	$ -			
Add: Reclassification from available-for-sale (IAS 39)	-	93,194	16,562			b)
	-	93,194	16,562	$ 109,756	$ 16,562	
Amortized cost						
Add: Reclassification from loans and receivables (IAS 39)	-	2,639,058	-			a) and c)
	-	2,639,058	-	2,639,058	-	
Total	$ -	$ 2,732,252	$ 16,562	$ 2,748,814	$ 16,562	

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

b) As equity securities previously classified as available-for-sale financial assets under IAS 39 were not held for trading, the Group elected to designate these securities as at FVTOCI and FVTPL under IFRS 9. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $40,350 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $16,562 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

c) Pledged time deposits previously classified as debt investments with no active market and measured at amortized cost under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9, because as of January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct and the promise to transfer it is distinct within the context of the contract. The application of IFRS 15 is not expected to have a material impact on the Group.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and to reclassify the advances received of $39,953 thousand to contract liabilities and the provision for customer returns and rebates of $25,127 thousand to refund liabilities.

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

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

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

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

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

- IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

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

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

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

The Group expects to apply the following practical expedients:

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

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

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

The Group as lessor

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

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 consolidated 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)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which 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. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 16, Table 8 and Table 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the accounting policies of financial instruments and revenue recognition, the accounting policies applied in these interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017, which can be referenced in the consolidated financial statements for the year ended December 31, 2017.

1) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at 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.

a) Financial assets

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

i. Measurement categories

2018

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 33.

ii) Financial assets at amortized cost

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

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

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

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

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

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

- Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

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

iii) Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 33.

ii) Available-for-sale financial assets

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

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured 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 reverse repurchase agreements collateralized by bonds which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, as well as contract assets.

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

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

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

2017

Financial assets, other than those at 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 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 with collecting payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

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

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

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

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

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

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

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of notes 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.

iii. Derecognition of financial assets

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

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

b) Financial liabilities

i. Subsequent measurement

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

ii. Derecognition of financial liabilities

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

c) Derivative financial instruments

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

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

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

2) Revenue recognition

2018

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

- Revenue from the sale of goods

  Revenue from the sale of goods comes from the sale of PVC resins, PVC compounds and other related products. The sale of PVC resins, PVC compounds and other related products is recognized as revenue when the goods are delivered to a customer's specific location because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2017

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

a) Sale of goods

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

i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

iii. The amount of revenue can be measured reliably;

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

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

b) 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.

3) Defined benefit plan

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements or other significant one-off events.

4) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following paragraph, the same critical accounting judgments and key sources of estimation uncertainty as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017 have been followed in these consolidated financial statements.

<u>Associate's estimated damage compensation for Kaohsiung gas explosions</u>

The Group's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), should recognize a provision once the amount of compensation for civil damages and loss caused by the Kaohsiung gas explosion can be measured reliably and once payment is probable.

6. CASH AND CASH EQUIVALENTS

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand and petty cash	$ 442	$ 439	$ 427
Checking accounts and demand deposits	185,884	188,034	256,397
Cash equivalents			
Time deposits	434,969	474,672	694,933
Reverse repurchase agreements collateralized by bonds	489,570	-	-
	$ 1,110,865	$ 663,145	$ 951,757

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

	June 30, 2018	December 31, 2017	June 30, 2017
Cash in banks	0.001%-2.60%	0.001%-2.10%	0.001%-1.53%
Reverse repurchase agreements collateralized by bonds	0.40%-0.45%	-	-

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

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ -	$ 2,297	$ 3,867
Non-derivative financial assets			
Open-end fund beneficiary certificates	-	1,203,395	1,170,417
Closed-end fund beneficiary certificates	-	190,206	204,113
	-	1,395,898	1,378,397
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	1,579	-	-
Non-derivative financial assets			
Open-end fund beneficiary certificates	1,650,257	-	-
Closed-end fund beneficiary certificates	203,651	-	-
Overseas unlisted equity investments	-	-	-
	1,855,487	-	-
	$ 1,855,487	$ 1,395,898	$ 1,378,397
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 10,573	$ 1,701	$ 5,796

As of 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)
June 30, 2018			
Buy	NTD/USD	2018.07.24-2018.08.06	NTD157,726/USD5,230
Sell	USD/NTD	2018.07.02-2018.10.03	USD22,310/NTD669,411
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
June 30, 2017			
Buy	NTD/USD	2017.07.18-2017.08.04	NTD390,477/USD12,969
Sell	JPY/USD	2017.07.27	JPY10,000/USD89
Sell	AUD/USD	2017.07.20-2017.09.20	AUD530/USD399
Sell	EUR/USD	2017.07.27	EUR130/USD148
Sell	USD/NTD	2017.07.03-2017.09.20	USD20,096/NTD605,534

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

Investments in Equity Instruments at FVTOCI

	June 30, 2018
Non-current	
Domestic equity investments	
Listed ordinary shares	
Asia Polymer Corporation	$ 1,995
Unlisted ordinary shares	
KHL IB Venture Capital Co., Ltd.	108,563
	$ 110,558

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at cost under IAS 39. Refer to Notes 3, 10 and 11 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	June 30, 2018
Current	
Domestic investments	
Pledged time deposits	$ 268,854

As of June 30, 2018, the interest rates for pledged time deposits ranged from 0.090% to 1.015%. Pledged time deposits were classified as debt investments with no active market under IAS 39. Refer to Notes 3 and 12 for information relating to their reclassification and comparative information for 2017.

Refer to Note 35 for information related to financial assets at amortized cost pledged as security.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	June 30, 2017
Domestic listed equity investments	$ 2,194	$ 5,929
Current	$ -	$ 3,904
Non-current	2,194	2,025
	$ 2,194	$ 5,929

11. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	June 30, 2017
Non-current		
Overseas unlisted equity investments - ordinary shares		
Teratech Corporation ("Teratech")	$ -	$ 3,066
Overseas unlisted equity investments - preference shares		
Sohoware, Inc. ("Sohoware")	-	-
Domestic unlisted equity investments - ordinary shares		
KHL IB Venture Capital Co., Ltd. ("KHL")	91,000	100,000
	$ 91,000	$ 103,066

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% of the capital, in aggregation of 15,120 thousand shares (proportionately reducing 90 shares per 1,000 shares) and refunding $900 per 1,000 shares to shareholders. 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.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017	June 30, 2017
Current		
Pledged time deposits	$ 268,805	$ 268,705

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

	December 31, 2017	June 30, 2017
Pledged time deposits	0.090%-1.015%	0.090%-1.185%

Refer to Note 35 for information related to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable			
Notes receivable - operating	$ 155,053	$ 179,929	$ 161,419
Trade receivables			
At amortized cost			
Gross carrying amount	$ 1,443,211	$ 1,511,309	$ 1,280,424
Less: Allowance for impairment loss	(12,613)	(12,319)	(16,298)
	$ 1,430,598	$ 1,498,990	$ 1,264,126
Other receivables			
Tax refund receivables	$ 64,959	$ 64,525	$ 76,722
Interest receivables	766	561	589
Compensation receivables	-	-	4,274
Others	7,770	5,974	5,885
Less: Allowance for impairment loss	(261)	(258)	(4,528)
	$ 73,234	$ 70,802	$ 82,942
Other receivables from related parties (Note 34)	$ 6,337	$ 5,472	$ 19,547

a. Trade receivables

For the six months ended June 30, 2018

The Group’s credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Group surveys the customers’ credit history and measures the potential customer’s credit quality to set a credit limit. A customer’s credit limit and rating are reviewed annually. In addition, the Group reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to the recognition of allowances for expected credit losses during the reporting as prescribed by IFRS 9, which permits the use of a lifetime expected losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

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

June 30, 2018

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 137,684	$ 368,807	$ 236,053	$ 700,667	$ 1,443,211
Loss allowance (lifetime ECLs)	-	(5,530)	(2,978)	(4,105)	(12,613)
Amortized cost	$ 137,684	$ 363,277	$ 233,075	$ 696,562	$ 1,430,598

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

	June 30, 2018
Not past due	$ 1,569,683
Less than and including 60 days	25,377
Over 60 days	3,204
	$ 1,598,264

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

The movements of the loss allowance of trade receivables were as follows:

	For the Six Months Ended June 30, 2018
Balance at January 1, 2018 per IAS 39	$ 12,319
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	12,319
Add: Net remeasurement of loss allowance	358
Less: Amounts written off	(106)
Foreign exchange gains and losses	42
Balance at June 30, 2018	$ 12,613

For the six months ended June 30, 2017

The Group applied the same credit policy in 2018 and 2017.

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. For part of the trade receivables, the Group entered into credit insurance contracts to enhance its guarantee. Therefore, the Group considered the recoverable amount of the insurance contracts when determining the amount of allowance for impairment loss. In addition, the Group did not have the legal right to offset any amounts owed by the Group against those payables to the respective counterparties.

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

	December 31, 2017	June 30, 2017
Not past due	$ 1,655,860	$ 1,413,316
Less than and including 60 days	28,488	23,814
Over 60 days	6,890	4,713
	$ 1,691,238	$ 1,441,843

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

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

	December 31, 2017	June 30, 2017
Less than and including 60 days	$ 28,488	$ 23,814
Over 60 days	6,673	499
	$ 35,161	$ 24,313

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

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, 2017	$ 6,022	$ 10,652	$ 16,674
Less: Amounts written off during the period	(36)	-	(36)
Foreign exchange translation gains or losses	(340)	-	(340)
Balance at June 30, 2017	$ 5,646	$ 10,652	$ 16,298

b. Other receivables

As of June 30, 2018, the Group assessed the impairment loss of other receivables using expected credit losses. There were no other receivables which were past due and for which there was an unrecognized allowance for the respective doubtful accounts as of December 31, 2017 and June 30, 2017.

14. INVENTORIES

	June 30, 2018	December 31, 2017	June 30, 2017
Finished goods	$ 1,134,879	$ 1,118,114	$ 1,443,320
Work in progress	46,041	39,207	45,324
Raw materials	504,795	699,135	863,114
	$ 1,685,715	$ 1,856,456	$ 2,351,758

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2018 and 2017 was $2,878,690 thousand and $3,021,155 thousand, respectively, and for the six months ended June 30, 2018 and 2017 was $6,052,776 thousand and $5,859,545 thousand respectively.

The cost of goods sold included inventory write-downs of $1,847 thousand and $1,492 thousand for the three months ended June 30, 2018 and 2017, respectively, and $3,445 thousand and $1,353 thousand for the six months ended June 30, 2018 and 2017, respectively.

15. 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Administrative expenses	$ (6,527)	$ (8,235)	$ (16,084)	$ (15,113)
Loss from operations	(6,527)	(8,235)	(16,084)	(15,113)
Non-operating income	10,726	5,520	20,141	14,075
Net profit (loss) from discontinued operations	$ 4,199	$ (2,715)	$ 4,057	$ (1,038)

For the six months ended June 30, 2018 and 2017, the cash flows from the discontinued operations were as follows:

	For the Six Months Ended June 30	
	2018	2017
Net cash generated from operating activities	$ 5,082	$ 3,466
Net cash generated from investing activities	1,007	2,022
Effect of exchange rate changes	629	(1,046)
Net cash inflow	$ 6,718	$ 4,442

16. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership (%)			
Investor	**Subsidiary**	**Nature of Activities**	**June 30, 2018**	**December 31, 2017**	**June 30, 2017**	**Note**
The Company	CGPC Polymer Corporation (“CGPCPOL”)	Manufacturing and marketing of PVC resins	100.00	100.00	100.00	Subsidiary, a
	Taiwan VCM Corporation (“TVCM”)	Manufacturing and marketing of VCM	87.22	87.22	87.22	Subsidiary, b
	CGPC (BVI) Holding Co., Ltd. (“CGPC (BVI)”)	Reinvestment	100.00	100.00	100.00	Subsidiary
	CGPC America Corporation (“CGPC America”)	Marketing of PVC film and leather products	100.00	100.00	100.00	Subsidiary
	Krystal Star International Corporation (“Krystal Star”)	Marketing of PVC film and consumer products	100.00	100.00	100.00	Subsidiary
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. (“CGPC (ZS)”)	Manufacturing and marketing of PVC film and consumer products	100.00	100.00	100.00	Subsidiary of CGPC (BVI), c
	CGPC Consumer Products Corporation (“CGPC (CP)”)	Manufacturing and marketing of PVC consumer products	100.00	100.00	100.00	Subsidiary of CGPC (BVI), c

a. On May 23, 2018 and May 22, 2017, the board of directors of CGPCPOL, on behalf of the shareholders, resolved to increase its capital by declaring a share dividend of $223,810 thousand and $243,465 thousand, representing 22,381 thousand shares and 24,347 thousand shares, respectively. The record date of the capital increase was July 6, 2018 and July 7, 2017, respectively.

b. On April 23, 2018 and May 4, 2017, the TVCM shareholders in their meeting passed a resolution to increase TVCM’s capital by declaring a share dividend of $112,476 thousand and $107,120 thousand, representing 11,248 thousand shares and 10,712 thousand shares, respectively. The record date of the capital increase was July 6, 2018 and July 7, 2017, respectively.

c. In October 2011, the board of directors of the Company resolved to dissolve CGPC (ZS) and CGPC (CP). As of June 30, 2018, the dissolution procedures have not yet been completed.

Except for the financial statements of TVCM and CGPCPOL, the financial statements of other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

a. Associates that are not individually material

	June 30, 2018	December 31, 2017	June 30, 2017
Listed companies			
Acme Electronics Corporation (“ACME”)	$ 25,771	$ 23,731	$ 24,404
Unlisted companies			
China General Terminal & Distribution Corporation (“CGTD”)	237,493	272,509	255,417
Thintec Materials Corporation (“TMC”)	2,063	2,504	2,604
	$ 265,327	$ 298,744	$ 282,425

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
The Group's share of:				
Gain (loss) from continuing operations	$ (35,032)	$ 8,975	$ (28,046)	$ 11,000
Other comprehensive income (loss)	(1,535)	(1,120)	(5,369)	71
Total comprehensive income (loss) for the period	$ (36,567)	$ 7,855	$ (33,415)	$ 11,071

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

Name of Associates	June 30, 2018	December 31, 2017	June 30, 2017
ACME	1.74%	1.74%	1.74%
CGTD	33.33%	33.33%	33.33%
TMC	10.00%	10.00%	10.00%

The Group in conjunction with its affiliates jointly held more than 20% of each 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:

Name of Associates	June 30, 2018	December 31, 2017	June 30, 2017
ACME	$ 71,937	$ 58,439	$ 31,760

All associates are accounted for using the equity method.

Except for those of ACME, the Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss as of and for the six months ended June 30, 2018 and 2017 were not reviewed by auditors for the same periods.

18. 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, 2017	$ 2,090,707	$ 1,843,265	$ 9,062,229	$ 57,049	$ 319,960	$ 461,272	$ 13,834,482
Additions	-	441	41	-	805	588,463	589,750
Disposals	-	(2,028)	(47,047)	(2,680)	(5,372)	-	(57,127)
Reclassification	27,715	337,313	293,709	2,602	3,649	(645,511)	19,477
Effect of foreign currency exchange differences	-	(11,456)	(7,725)	(128)	(332)	(283)	(19,924)
Balance at June 30, 2017	$ 2,118,422	$ 2,167,535	$ 9,301,207	$ 56,843	$ 318,710	$ 403,941	$ 14,366,658
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	-	31,354	166,513	2,475	7,966	-	208,308
Disposals	-	(1,943)	(47,375)	(2,352)	(5,081)	-	(56,751)
Reclassification	-	-	(2,773)	-	-	-	(2,773)
Effect of foreign currency exchange differences	-	(6,566)	(7,609)	(111)	(265)	(293)	(14,844)
Balance at June 30, 2017	$ -	$ 1,044,726	$ 7,379,545	$ 41,517	$ 267,185	$ 8,292	$ 8,741,265
Carrying amounts at June 30, 2017	$ 2,118,422	$ 1,122,809	$ 1,921,662	$ 15,326	$ 51,525	$ 395,649	$ 5,625,393
Cost							
Balance at January 1, 2018	$ 2,105,218	$ 2,052,583	$ 9,508,535	$ 60,655	$ 330,882	$ 495,804	$ 14,553,677
Additions	-	-	-	-	254	250,126	250,380
Disposals	-	-	(32,047)	(874)	(849)	-	(33,770)
Reclassification	-	11,009	327,813	770	4,353	(343,945)	-
Effect of foreign currency exchange differences	-	3,547	477	20	168	94	4,306
Balance at June 30, 2018	$ 2,105,218	$ 2,067,139	$ 9,804,778	$ 60,571	$ 334,808	$ 402,079	$ 14,774,593
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 1,082,032	$ 7,417,915	$ 43,723	$ 271,735	$ 8,411	$ 8,823,816
Depreciation expenses	-	35,213	199,527	2,641	7,675	-	245,056
Disposals	-	-	(28,804)	(874)	(830)	-	(30,508)
Effect of foreign currency exchange differences	-	2,123	443	20	136	89	2,811
Balance at June 30, 2018	$ -	$ 1,119,368	$ 7,589,081	$ 45,510	$ 278,716	$ 8,500	$ 9,041,175
Carrying amounts at January 1, 2018	$ 2,105,218	$ 970,551	$ 2,090,620	$ 16,932	$ 59,147	$ 487,393	$ 5,729,861
Carrying amounts at June 30, 2018	$ 2,105,218	$ 947,771	$ 2,215,697	$ 15,061	$ 56,092	$ 393,579	$ 5,733,418

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

(Continued)

Miscellaneous equipment	
General office computers	2 to 5 years
Industrial computers	3 to 15 years
Other miscellaneous equipment	3 to 21 years
	(Concluded)

The Group set out the property, plant and equipment pledged as collateral for bank borrowings in Notes 22 and 35.

19. INVESTMENT PROPERTIES

	June 30, 2018	December 31, 2017	June 30, 2017
Freehold land	$ 13,203	$ 13,203	$ -
Buildings and improvements	124,566	127,057	-
	$ 137,769	$ 140,260	$ -

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. The Group entered into a mutual lease agreement with USIO after the Group acquired the plant located at Toufen and its attached equipment in June 2017.

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

Regarding the lease on the land in Toufen Industrial District between the Group and USIO, refer to Note 31 for the related disclosures.

20. INTANGIBLE ASSETS

	June 30, 2018	December 31, 2017	June 30, 2017
Computer software	$ 2,859	$ 4,737	$ 7,000
Technical authorization	2,962	5,501	8,040
	$ 5,821	$ 10,238	$ 15,040

Except for the recognition of the amortization expense, there were no material additions, disposals and impairments happening for the Group's intangible assets for the six months ended June 30, 2018 and 2017.

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

Computer software	3 years
Technical authorization	7 years

21. PREPAYMENTS FOR LEASES

	June 30, 2018	December 31, 2017	June 30, 2017
Current (included in prepayments)	$ 3,487	$ 3,449	$ 3,401
Non-current	99,656	100,318	100,607
	$ 103,143	$ 103,767	$ 104,008

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

22. LONG-TERM BORROWINGS

	June 30, 2018	December 31, 2017	June 30, 2017
Secured borrowings			
KGI Bank	$ 1,050,000	$ 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 using the loan facilities under the new contract. 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 the 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 June 30, 2018, 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 June 30, 2018, December 31, 2017 and June 30, 2017, the effective interest rate of the long-term borrowings was 0.99%, 1.04% and 0.99%-1.04%, respectively.

23. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2018	December 31, 2017	June 30, 2017
Notes payable			
Operating	$ 353	$ 183	$ 183
Trade payables (including from related parties)			
Operating	$ 713,209	$ 852,454	$1,099,710

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.

24. OTHER PAYABLES - CURRENT

	June 30, 2018	December 31, 2017	June 30, 2017
Payables for dividends	$ 779,364	$ 4,092	$ 869,188
Payables for salaries or bonuses	259,142	299,736	209,162
Payables for freight	79,863	78,922	82,214
Payables for utilities	71,634	57,518	69,744
Payables for purchases of equipment	55,747	64,489	47,010
Payables for fuel fees	16,786	19,192	17,992
Others	163,885	157,282	151,937
	$ 1,426,421	$ 681,231	$ 1,447,247

The payables for dividends, which were for dividends that were approved in the shareholders' meetings, were not yet paid as of June 30, 2018 and 2017; refer to Note 27 for the related disclosures.

25. PROVISIONS - CURRENT

	June 30, 2018	December 31, 2017	June 30, 2017
Provision for customer returns and rebates	$ -	$ 25,127	$ 15,035

For contracts with customers in 2017, the provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the sales of the related goods. Starting from January 1, 2018, the Group applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities (presented in other current liabilities).

26. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost rate at the end of the prior financial year which was stated in the respective 2017 and 2016 actuarial report; the employee benefits expense for the three months ended June 30, 2018 and 2017 was $6,445 thousand and $8,578 thousand, respectively, and for the six months ended June 30, 2018 and 2017 was $13,115 thousand and $17,156 thousand, respectively. Under the defined benefit plans adopted by the Company and its subsidiary, TVCM, the Company and TVCM contribute amounts equal to 9% (the percentage increased to 10% starting from February and March 2017, respectively) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee.

The Group contributed $331,502 thousand and $388,817 thousand for the six months ended June 30, 2018 and 2017, respectively, to the pension fund which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

27. EQUITY

a. Ordinary shares

	June 30, 2018	December 31, 2017	June 30, 2017
Number of shares authorized (in thousands)	650,000	500,000	500,000
Shares authorized	$ 6,500,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	492,000	492,000	477,669
Shares issued	$ 4,919,996	$ 4,919,996	$ 4,776,695
Number of share dividends to be distributed (in thousands)	14,760	-	14,330
Share dividends to be distributed	$ 147,600	$ -	$ 143,301

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

Under the dividends policy as set forth in the Company's Articles of Incorporation, 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 28-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 2017 and 2016 as approved in the shareholders' meeting on June 22, 2018 and June 8, 2017, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 126,981	$ 144,312		
Cash dividends	737,999	812,038	$ 1.5	$ 1.7
Share dividends	147,600	143,301	0.3	0.3

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 June 30, 2018, there was no change.

e. Other equity items

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

	For the Six Months Ended June 30	
	2018	**2017**
Balance at January 1	$ (19,583)	$ 12,612
Effect of change in tax rate	(2,020)	-
Recognized during the period		
Exchange differences on translating foreign operations	12,198	(33,711)
Related income tax	(2,440)	5,732
Share of exchange differences of associates accounted for using the equity method	228	(575)
Balance at June 30	$ (11,617)	$ (15,942)

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

Balance at January 1, 2017	$ 28,526
Recognized during the period	
Unrealized gain on revaluation of available-for-sale financial assets	764
Share of profit of associates accounted for using the equity method	647
Balance at June 30, 2017	$ 29,937
Balance at January 1, 2018 per IAS 39	$ 40,350
Adjustment on initial application of IFRS 9	(40,350)
Balance at January 1, 2018 per IFRS 9	$ -

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

	For the Six Months Ended June 30, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	56,912
Balance at January 1 per IFRS 9	56,912
Recognized during the period	
Unrealized gain on equity instruments	827
Share of loss of associates accounted for using the equity method	(5,613)
Balance at June 30	$ 52,126

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Owners of the Company	$ 378,501	$ 254,759	$ 920,145	$ 631,191
Non-controlling interests	35,606	5,840	77,742	47,814
	$ 414,107	$ 260,599	$ 997,887	$ 679,005

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest income				
Bank deposits	$ 2,067	$ 2,569	$ 3,378	$ 4,258
Financial assets at FVTPL	4,501	4,455	4,501	4,455
Financial assets at amortized cost	122	-	242	-
Others	319	56	364	434
	7,009	7,080	8,485	9,147
Rental income	3,139	1,977	6,287	3,951
Others	10,635	3,075	30,068	9,541
	$ 20,783	$ 12,132	$ 44,840	$ 22,639

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Gain (loss) on disposal of property, plant and equipment	$ (2,474)	$ 268	$ (2,047)	$ 956
Gross foreign exchange gains	59,111	35,507	84,147	60,277
Gross foreign exchange losses	(12,197)	(27,482)	(55,989)	(104,564)
Gain on financial assets held for trading (see Note 7)	-	3,916	-	2,360
Loss on financial liabilities held for trading (see Note 7)	(21,182)	(6,890)	(25,431)	(24,436)
Gain on financial assets mandatorily classified as at FVTPL (see Note 7)	8,612	-	32,146	-
Others	(3,791)	(7,712)	(7,453)	(14,676)
	$ 28,079	$ (2,393)	$ 25,373	$ (80,083)

c. Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest on bank loans	$ 2,601	$ 3,545	$ 5,368	$ 7,511
Less: Capitalized interest (included in construction in progress)	(71)	(8)	(134)	(13)
	$ 2,530	$ 3,537	$ 5,234	$ 7,498

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Capitalized interest	$ 71	$ 8	$ 134	$ 13
Capitalization rate	0.81%	0.94%	0.87%	0.96%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Property, plant and equipment	$ 122,087	$ 104,382	$ 238,991	$ 202,513
Investment properties	1,245	-	2,491	-
Intangible assets	2,035	2,400	4,417	4,784
Others	4,005	3,495	8,010	7,755
	$ 129,372	$ 110,277	$ 253,909	$ 215,052
An analysis of depreciation by function				
Operating costs	$ 120,123	$ 102,133	$ 235,204	$ 197,576
Operating expenses	1,964	2,249	3,787	4,937
Non-operating expenses	1,245	-	2,491	-
	$ 123,332	$ 104,382	$ 241,482	$ 202,513
An analysis of amortization by function				
Operating costs	$ 5,275	$ 4,764	$ 10,549	$ 10,294
General and administrative expenses	765	1,131	1,878	2,245
	$ 6,040	$ 5,895	$ 12,427	$ 12,539

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Post-employment benefits				
Defined contribution plans	$ 6,424	$ 6,461	$ 12,717	$ 12,634
Defined benefit plans (see Note 26)	6,445	8,578	13,115	17,156
	12,869	15,039	25,832	29,790
Other employee benefits	321,874	288,046	664,728	603,689
Total employee benefits expense	$ 334,743	$ 303,085	$ 690,560	$ 633,479
An analysis of employee benefits expense by function				
Operating costs	$ 267,688	$ 240,066	$ 542,522	$ 503,916
Operating expenses	67,055	63,019	148,038	129,563
	$ 334,743	$ 303,085	$ 690,560	$ 633,479

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. For the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Employees' compensation	1%	1%	1%	1%
Remuneration of directors	-	-	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Employees' compensation	$ 4,292	$ 3,116	$ 9,796	$ 7,173
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.

The employees' compensation and remuneration of directors for 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:

Amount

	2017	**2016**
Employees' compensation	$ 14,300	$ 15,795

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 year ended 2017 and 2016.

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

29. INCOME TAX RELATING TO CONTINUING OPERATIONS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Current tax				
In respect of the current period	$ 84,942	$ (20,966)	$ 180,096	$ 78,364
Income tax on unappropriated earnings	25,067	28,159	25,067	28,159
Adjustments for prior periods	20,708	936	20,708	936
	130,717	8,129	225,871	107,459
Deferred tax				
In respect of the current period	(10,002)	58,024	32,894	49,728
Adjustments for prior periods	571	-	571	-
Adjustments to deferred tax attributable to changes in tax rates and laws	(984)	-	(40,873)	-
	(10,415)	58,024	(7,408)	49,728
Income tax expense recognized in profit or loss	$ 120,302	$ 66,153	$ 218,463	$ 157,187

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The effect of the change in the tax rate on deferred tax income (to be recognized in profit or loss) is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates and law	$ -	$ -	$ 6,500	$ -
In respect of the current period				
Translation of foreign operations	(3,280)	(1,183)	(2,440)	5,732
	$ (3,280)	$ (1,183)	$ 4,060	$ 5,732

c. Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2016 have been assessed by the tax authorities.

d. Income tax related to subsidiaries

CGPC (BVI) and Krystal Star had no income tax expense for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017 due to relevant tax exemptions in compliance with the regulations of the locations where the entities were established.

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Basic earnings per share				
From continuing operations and discontinued operations	$ 0.76	$ 0.49	$ 1.82	$ 1.24
From discontinued operations	(0.01)	0.01	-	-
From continuing operations	$ 0.75	$ 0.50	$ 1.82	$ 1.24
Diluted earnings per share				
From continuing operations and discontinued operations	$ 0.75	$ 0.50	$ 1.82	$ 1.24
From discontinued operations	-	-	-	-
From continuing operations	$ 0.75	$ 0.50	$ 1.82	$ 1.24

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 3, 2018. The basic and diluted earnings per share adjusted retrospectively for the three months and the six months ended June 30, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2017	**For the Six Months Ended June 30, 2017**	**For the Three Months Ended June 30, 2017**	**For the Six Months Ended June 30, 2017**
Basic and diluted earnings per share				
From continuing and discontinued operations	$ 0.51	$ 1.28	$ 0.49	$ 1.24
From discontinued operations	0.01	-	0.01	-
From continuing operations	$ 0.52	$ 1.28	$ 0.50	$ 1.24

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

Net Profit (Loss) for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Profit for the period attributable to owners of the Company (earnings used in computation of basic and diluted earnings per share)	$ 382,700	$ 252,044	$ 924,202	$ 630,153
Add: Profit (loss) for the period from discontinued operations	(4,199)	2,715	(4,057)	1,038
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 378,501	$ 254,759	$ 920,145	$ 631,191

Ordinary Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Weighted average number of ordinary shares used the in computation of basic earnings per share	506,760	506,760	506,760	506,760
Effect of potentially dilutive ordinary shares:				
Employees’ compensation	350	304	529	584
Weighted average number of ordinary shares used in the computation of diluted earnings per share	507,110	507,064	507,289	507,344

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.

31. 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 for borrowings of USIO 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 Company 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 contract wherein the Company leased part of the plant to USIO with a lease term from June 16, 2017 to June 15, 2018. After the lease contract expired, it was re-signed with a new lease term from June 16, 2018 to June 15, 2020. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

32. 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.

33. 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.

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

1) Fair value hierarchy

June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 1,579	$ -	$ 1,579
Fund beneficiary certificates	1,853,908	-	-	1,853,908
Investments in equity instruments				
Overseas unlisted equity investments	-	-	-	-
	$ 1,853,908	$ 1,579	$ -	$ 1,855,487

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed equity investments	$ 1,995	$ -	$ -	$ 1,995
Domestic unlisted equity investments	-	-	108,563	108,563
	$ 1,995	$ -	$ 108,563	$ 110,558
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 10,573	$ -	$ 10,573

(Concluded)

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,297	$ -	$ 2,297
Fund beneficiary certificates	1,393,601	-	-	1,393,601
	$ 1,393,601	$ 2,297	$ -	$ 1,395,898
Available-for-sale financial assets				
Investments in equity instruments				
Domestic listed equity investments	$ 2,194	$ -	$ -	$ 2,194
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 1,701	$ -	$ 1,701

June 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,867	$ -	$ 3,867
Fund beneficiary certificates	1,374,530	-	-	1,374,530
	$ 1,374,530	$ 3,867	$ -	$ 1,378,397
Available-for-sale financial assets				
Investments in equity instruments				
Domestic listed equity investments	$ 5,929	$ -	$ -	$ 5,929
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 5,796	$ -	$ 5,796

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2018 and 2017.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2018

Financial Assets	Financial Assets at FVTOCI
Balance at January 1, 2018	$ 107,562
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	1,001
Balance at June 30, 2018	$ 108,563

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

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

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on June 30, 2018. When other inputs remain unchanged, the fair value will decrease by $1,277 thousand if the discount for lack of marketability increases by 1%.

c. Categories of financial instruments

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	$ 1,855,487	$ -	$ -
Held for trading	-	1,395,898	1,378,397
Loans and receivables			
Cash and cash equivalents	-	663,145	951,757
Debt investments with no active market	-	268,805	268,705
Notes receivable	-	179,929	161,419
Trade receivables (including related parties)	-	1,498,990	1,264,126
Other receivables (including related parties and excluding tax refund receivable)	-	11,749	25,767
Refundable deposits	-	16,440	16,342
Available-for-sale financial assets (including financial assets measured at cost)	-	93,194	108,995
Financial assets at amortized cost			
Cash and cash equivalents	1,110,865	-	-
Pledge time deposits	268,854	-	-
Notes receivable	155,053	-	-
Trade receivables (including related parties)	1,430,598	-	-
Other receivables (including related parties and excluding tax refund receivable)	14,612	-	-
Refundable deposits	16,281	-	-
Financial assets at FVTOCI			
Equity instruments	110,558	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	10,573	1,701	5,796
Financial liabilities measured at amortized cost			
Notes payable	353	183	183
Trade payables (including related parties)	713,209	852,454	1,099,710
Other payables (including related parties)	1,439,097	703,836	1,469,835
Long-term borrowings	1,050,000	1,050,000	1,050,000
Long-term payables to related parties	-	-	1,377
Guarantee deposits	2,975	2,041	2,463

d. Financial risk management objectives and policies

The Group's conduct of risk control 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 as of the end of the reporting period are set out in Note 37.

Sensitivity analysis

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 six months ended June 30, 2018 and 2017 would have decreased/increased by $31,674 thousand and $20,450 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; 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 amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Fair value interest rate risk			
Financial assets	$ 1,206,313	$ 756,397	$ 976,429
Cash flow interest rate risk			
Financial assets	153,427	148,864	233,042
Financial liabilities	1,050,000	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-basis 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 six months ended June 30, 2018 and 2017 would have decreased/increased by $2,241 thousand and $2,042 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic listed shares, domestic unlisted 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 had fluctuated by 5%, the pre-tax profit for the six months ended June 30, 2018 would have increased/decreased by $92,695 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2018 would have increased/decreased by $5,528 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had fluctuated by 5%, the pre-tax profit for the six months ended June 30, 2017 would have increased/decreased by $68,727 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the six months ended June 30, 2017 would have increased/decreased by $296 thousand as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 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 maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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

The counterparties of the Group's trade receivables included numerous clients distributed over a variety of areas and 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. As of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of 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.

June 30, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,885,180	$ 16,026	$ -
Floating interest rate liabilities	0.99%	-	1,050,000	-
		$ 1,885,180	$ 1,066,026	$ -

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	$ -

June 30, 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		$ 2,366,899	$ 19,761	$ -
Floating interest rate liabilities	1.01%	-	1,050,000	-
		$ 2,366,899	$ 1,069,761	$ -

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of June 30, 2018, December 31, 2017 and June 30, 2017, the unused amounts of bank loan facilities were as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Bank loan facilities			
Amount unused	$ 7,012,144	$ 6,718,178	$ 6,700,419

34. TRANSACTIONS WITH RELATED PARTIES

As of June 30, 2018, December 31, 2017 and June 30, 2017, USI Corporation held, 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
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

b. Sales of goods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category	**2018**	**2017**	**2018**	**2017**
Investor with significant influence	$ 469	$ 1,247	$ 1,248	$ 1,548
Fellow subsidiary	72	170	149	242
	$ 541	$ 1,417	$ 1,397	$ 1,790

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/Name	June 30, 2018	December 31, 2017	June 30, 2017
Investor with significant influence			
TTC	$ 493	$ 493	$ 492
Fellow subsidiary			
SPC	-	101	102
	$ 493	$ 594	$ 594

The outstanding trade receivables from related parties were unsecured. For the six months ended June 30, 2018 and 2017, no impairment loss was recognized for trade receivables from related parties.

d. Purchases of goods

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Fellow subsidiary	$ 1,315	$ 1,134	$ 2,943	$ 2,534
Parent company				
USI	2,120	-	2,120	-
Investor with significant influence	-	-	13	-
	$ 3,435	$ 1,134	$ 5,076	$ 2,534

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

e. Trade payables to related parties

Related Party Category/Name	June 30, 2018	December 31, 2017	June 30, 2017
Parent company			
USI	$ 89,159	$ 231,305	$ 271,608
Fellow subsidiary	709	706	461
Investor with significant influence	13	-	-
	$ 89,881	$ 232,011	$ 272,069

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	June 30, 2018	December 31, 2017	June 30, 2017
Subsidiary of investor with significant influence			
TTC (ZS)	$ 4,225	$ 4,180	$ 18,456
Others	1	1	1
	4,226	4,181	18,457
Investor with significant influence			
APC	768	172	441
Others	554	490	507
	1,322	662	948
Fellow subsidiary	66	51	46
Parent company			
USI	718	560	91
Associate	5	18	5
	$ 6,337	$ 5,472	$ 19,547

g. Other payables to related parties

Related Party Category/Name	June 30, 2018	December 31, 2017	June 30, 2017
Associate			
CGTD	$ 3,133	$ 13,171	$ 13,023
Parent company			
USI	5,694	1,991	2,814
Subsidiary of investor with significant influence			
TTC (ZS)	1,122	2,381	4,373
Investor with significant influence			
APC	1,755	3,389	1,473
Others	849	834	825
	2,604	4,223	2,298
Fellow subsidiary	123	839	80
	$ 12,676	$ 22,605	$ 22,588

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

Related Party Category/Name	June 30, 2018	December 31, 2017	June 30, 2017
Investor with significant influence			
APC	$ -	$ -	$ 1,377

i. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Six Months Ended June 30 2018	2017
Fellow subsidiary		
USIO	$ -	$ 290,000
Others	409	-
	$ 409	$ 290,000

j. Storage tank operating expenses

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Associate				
CGTD	$ 19,794	$ 27,333	$ 42,614	$ 52,196

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 following such services.

k. Rental expenses

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Investor with significant influence				
APC	$ 4,604	$ 4,521	$ 9,165	$ 8,992
TTC	2,409	2,340	4,830	4,680
	7,013	6,861	13,995	13,672
Associate				
CGTD	1,972	1,830	3,944	3,661
Parent company				
USI	1,891	1,799	3,781	3,598
	$ 10,876	$ 10,490	$ 21,720	$ 20,931

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 protested, the lease term would automatically extend for another year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and was 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

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Fellow subsidiary				
UM	$ 16,879	$ 12,774	$ 36,884	$ 31,347
Others	28	28	57	57
	16,907	12,802	36,941	31,404
Parent company				
USI	940	1,728	1,878	3,510
	$ 17,847	$ 14,530	$ 38,819	$ 34,914

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

m. Rental income

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Fellow subsidiary				
USIO	$ 3,002	$ 1,815	$ 6,007	$ 3,630
Others	20	20	39	39
	3,022	1,835	6,046	3,669
Investor with significant influence	22	28	44	56
Parent company				
USI	-	19	7	39
	$ 3,044	$ 1,882	$ 6,097	$ 3,764

USIO leased the land and facility located in Toufen from the Company, and the detailed lease term can be referenced in Note 31.

n. Compensation of key management personnel

The compensation of directors and key executives for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Salaries and others	$ 4,050	$ 3,910	$ 7,560	$ 7,228
Post-employment benefits	87	72	160	142
	$ 4,137	$ 3,982	$ 7,720	$ 7,370

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.

35. 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:

	June 30, 2018	December 31, 2017	June 30, 2017
Pledge deposits (classified as financial assets at amortized cost or other non-current assets)	$ 281,774	$ -	$ -
Pledge deposits (classified as debt investments with no active market or other non-current assets)	-	281,725	281,495
Property, plant and equipment			
Land	1,650,957	1,650,957	1,758,202
Buildings and improvements	532,570	547,692	568,430
Machinery and equipment	660,125	710,245	760,365
	$ 3,125,426	$ 3,190,619	$ 3,368,492

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 its working capital. The Company extended the 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 June 30, 2018, December 31, 2017 and June 30, 2017, 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.

36. 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 June 30, 2018, December 31, 2017 and June 30, 2017, the Group's unused letters of credit amounted to $817,931 thousand, $538,554 thousand and $716,439 thousand, respectively.

b. Description of Kaohsiung gas explosion:

   Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate LCY Chemical Corp.'s propene pipeline resulting in a gas explosion on July 31, 2014, the first instance of the criminal procedures reached a first instance judgment on May 11, 2018, whereby three employees of CGTD were each sentenced to four years and six months of imprisonment, and CGTD assisted the employees to appeal against the judgment.

   CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,028 thousand, interest 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. As of July 31, 2018, the provisionally attached property was worth $148,596 thousand.

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

   As for the seriously injured victims, LCY Chemical Corp., CGTD and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 63 seriously injured victim's families.

As of July 31, 2018, the families of the victims and seriously injured victims had written letters or filed civil (and criminal) procedures against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan for compensation. Along with the above-mentioned compensation, the accumulated amount of compensation is $3,975,578 thousand. Some related civil cases with a total amount of compensation of $1,146,623 thousand were granted their first instance judgment as of June 22, 2018, and the proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3. The total amount of compensation that LCY Chemical Corp., CGTD and the other defendants should pay is about $384,545 thousand, among which $380,502 thousand was deducted by the portion which the Kaohsiung City Government should afford and among which $191,464 thousand was estimated to be the portion of compensation that CGTD should afford according to the judgment of the first instance. CGTD appealed against the judgment. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized an amount of $136,064 thousand based on its fault liability in the first instance judgment. The actual payment of CGTD depends on the judgment of the civil procedures of the remaining civil cases.

c. TVCM signed dichloromethane purchase contracts with Formosa Plastics Corporation, Sabic Asia Pacific Pte. Ltd., Mitsubishi Corp., Mitsui Corp., Tricon Energy Ltd. and Marubeni Corp. The respective purchase prices were negotiated by the respective parties according to a pricing formula.

37. 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

June 30, 2018

	Foreign Currency	Exchange Rate (In Single Dollars)	Functional Currency	NT$
Financial assets				
Monetary items				
USD	$ 41,534	30.460 (USD:NTD)	$ 1,265,134	$ 1,265,134
AUD	748	22.495 (AUD:NTD)	16,830	16,830
EUR	380	35.400 (EUR:NTD)	13,439	13,439
JPY	45,114	0.2754 (JPY:NTD)	12,425	12,425
USD	296	6.617 (USD:CNY)	1,960	9,022
GBP	32	39.960 (GBP:NTD)	1,275	1,275
Financial liabilities				
Monetary items				
USD	7,168	30.460 (USD:NTD)	218,346	218,346

December 31, 2017

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	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
JPY	86,195	0.264	(JPY:NTD)	22,755	22,755
AUD	754	23.185	(AUD:NTD)	17,481	17,481
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

June 30, 2017

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial assets					
Monetary items					
USD	$ 42,640	30.420	(USD:NTD)	$ 1,297,137	$ 1,297,137
AUD	909	23.345	(AUD:NTD)	21,226	21,226
EUR	261	34.720	(EUR:NTD)	9,051	9,051
JPY	31,874	0.2716	(JPY:NTD)	8,657	8,657
USD	209	6.774	(USD:CNY)	1,410	6,330
Financial liabilities					
Monetary items					
USD	20,440	30.420	(USD:NTD)	621,794	621,794
EUR	1,000	34.720	(EUR:NTD)	34,723	34,723

Net foreign exchange gains (losses) for the three months ended June 30, 2018 and 2017 were $46,914 thousand and $8,025 thousand, respectively, and for the six months ended June 30, 2018 and 2017 were $28,158 thousand and $(44,287) 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.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

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

2) Endorsements/guarantees provided: See 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) The following information on any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: 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 their 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.

39. 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:

Segment Revenue and Results

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

For the six months ended June 30, 2018

	VCM Products	PVC Products	Total
Revenue from external customers	$ 615,988	$ 7,206,570	$ 7,822,558
Inter-segment revenue	4,399,237	202,057	4,601,294
Segment revenue	$ 5,015,225	$ 7,408,627	12,423,852
Eliminations			(4,601,294)
Consolidated revenue			$ 7,822,558
Segment income	$ 86,885	$ 1,092,532	$ 1,179,417
Share of loss of associates accounted for using the equity method			(28,046)
Interest income			8,485
Rental income			6,287
Loss on disposal of property, plant and equipment			(2,047)
Foreign exchange gains			28,158
Loss on financial instruments held for trading			(25,431)
Gain on financial assets mandatorily classified as at FVTPL			32,146
Interest expense			(5,234)
Others			22,615
Profit before tax from continuing operations			$ 1,216,350

For the six months ended June 30, 2017

	VCM Products	PVC Products	Total
Revenue from external customers	$ 606,040	$ 6,708,561	$ 7,314,601
Inter-segment revenue	4,388,764	213,981	4,602,745
Segment revenue	$ 4,994,804	$ 6,922,542	11,917,346
Eliminations			(4,602,745)
Consolidated revenues			$ 7,314,601
Segment income	$ 52,939	$ 837,195	$ 890,134
Share of profit of associates accounted for using the equity method			11,000
Interest income			9,147
Rental income			3,951
Gain on disposal of property, plant and equipment			956
Foreign exchange losses			(44,287)
Loss on financial instruments held for trading			(22,076)
Interest expense			(7,498)
Others			(5,135)
Profit before tax from continuing operations			$ 836,192

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain (loss) on disposal of property, plant and equipment, foreign exchange losses, gain (loss) arising on financial instruments 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.

TABLE 1

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(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 (Note 4)	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 4)	Aggregate Financing Limits (Notes 2 and 4)
													Item	Value		
1	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Continental General Plastics (Zhong Shan) Co., Ltd.	Other receivables from related parties	Yes	$ 121,840 (US$ 4,000 thousand)	$ 121,840	$ -	-	b	$ -	Operating capital needed	$ -	-	-	$ 355,751	$ 355,751

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 June 30, 2018.

Note 2: The total amount of financing provided 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 which is not located in Republic of China wholly-owned by the Company shall not exceed 100% of net worth of the CGPC (BVI) 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 of June 30, 2018.

TABLE 2

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(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 (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	$ 8,020,820	$ 3,304,600	$ 3,304,600	$ 515,230	None	41.20	$ 8,020,820	Yes	No	No

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

Note 2: In June 2018, a revision to the regulations governing endorsements/guarantees provided by the Company was approved in the shareholders’ meeting, and the total amount of guarantee that may be provided by the Company to any individual entity and in aggregate shall not exceed 100% of the Company’s net worth.

Note 3: The amount is calculated using the spot exchange rate of June 30, 2018.

TABLE 3

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2018
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				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	$ 63,400	-	$ 63,400	1
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	4,268,000	59,411	-	59,411	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	3,000,000	44,190	-	44,190	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at fair value through profit or loss - current	2,500,000	36,650	-	36,650	1
	Open-end fund beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,374,629	99,375	-	99,375	1
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,946,443	73,006	-	73,006	1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,710,217	50,285	-	50,285	1
	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,188,217	43,123	-	43,123	1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,491,388	40,045	-	40,045	1
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,105,595	34,095	-	34,095	1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,848,167	30,018	-	30,018	1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,252,840	15,002	-	15,002	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	989,756	14,006	-	14,006	1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	257,433	3,000	-	3,000	1
	Ordinary shares							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	9,100,000	108,563	5.95	108,563	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan VCM Corporation	Open-end fund beneficiary certificates							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,167,240	$ 150,060	-	$ 150,060	1
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,501,414	83,024	-	83,024	1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,254,550	80,083	-	80,083	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,908,473	80,054	-	80,054	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,201,566	70,092	-	70,092	1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,848,632	70,032	-	70,032	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,538,245	50,072	-	50,072	1
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,693,717	50,062	-	50,062	1
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,081,056	50,043	-	50,043	1
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,174,885	50,027	-	50,027	1
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,076,336	50,009	-	50,009	1
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,003,707	50,008	-	50,008	1
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,240,042	50,007	-	50,007	1
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	961,107	15,023	-	15,023	1
	Ordinary shares							
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at fair value through other comprehensive income - non-current	113,656	1,995	0.02	1,995	1
CGPC Polymer Corporation	Open-end fund beneficiary certificates							
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,660,933	142,588	-	142,588	1
	TCB Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,303,399	84,052	-	84,052	1
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,827,829	65,056	-	65,056	1
	Yuanta De-Bao Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,175,749	50,001	-	50,001	1
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	525,533	8,009	-	8,009	1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CGPC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Teratech Corporation - ordinary shares	-	Financial assets at fair value through profit or loss - non-current	112,000	$ -	0.67	$ -	1 and 3
	SOHOware, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	100,000	-	-	-	1, 2 and 3

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

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

Note 3: As of June 30, 2018, the Group evaluates the fair value of the equity instrument as $0.

(Concluded)

TABLE 4

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 SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
China General Plastics Corporation	Beneficiary certificates													
	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,378,417	$ 21,500	21,777,481	$ 340,000	23,155,898	$ 361,598	$ 361,500	$ 98	-	$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,368,930	315,000	16,422,487	242,066	242,000	66	4,946,443	73,000
Taiwan VCM Corporation	Beneficiary certificates													
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,200,022	50,000	23,488,075	280,000	27,688,097	330,052	330,000	52	-	-
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,346,302	300,000	10,179,062	150,031	150,000	31	10,167,240	150,000
CGPC Polymer Corporation	Beneficiary certificates													
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,460,472	419,500	18,799,539	277,082	277,000	82	9,660,933	142,500

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

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 SIX MONTHS ENDED JUNE 30, 2018
(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	$ 2,201,732	73	45 days	No major difference	No major difference	Trade payables to related parties $ (781,231)	(77)
	CGPC America Corporation	Subsidiary	Sale	(193,362)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties 109,536	11
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(2,201,732)	(44)	45 days	No major difference	No major difference	Trade receivables from related parties 781,231	47
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(2,197,506)	(44)	45 days	No major difference	No major difference	Trade receivables from related parties 788,120	48
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	2,197,506	96	45 days	No major difference	No major difference	Trade payables to related parties (788,120)	(97)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	193,362	80	90 days	No major difference	No major difference	Trade payables to related parties (109,536)	(96)

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

TABLE 6

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2018
(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	$ 109,536	3.40	$ -	-	$ 36,860	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties	$ 781,231	5.90	-	-	417,607	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties	$ 788,120	5.81	-	-	437,123	Note 1

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

Note 2: The subsequent period is from July 1, 2018 to July 27, 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 SIX MONTHS ENDED JUNE 30, 2018
(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	$ 781,231	No major difference	6
			1	Purchases	2,201,732	No major difference	28
		CGPC America Corporation	1	Trade receivables from related parties	109,536	No major difference	1
			1	Sales revenue	193,362	No major difference	2
		CGPC Polymer Corporation	1	Other receivables from related parties	1,097	No major difference	-
			1	Trade payables to related parties	4,018	No major difference	-
			1	Purchases	8,695	No major difference	-
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	788,120	No major difference	6
			3	Other payables to related parties	22,748	No major difference	-
			3	Purchases	2,197,506	No major difference	28

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.

TABLE 8

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of June 30, 2018			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				June 30, 2018	December 31, 2017	Number of Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing and marketing of VCM	$ 2,930,994	$ 2,930,994	196,198,860	87.22	$ 2,864,677	$ 608,207	$ 477,364	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of PVC resins	800,000	800,000	56,478,291	100.00	998,218	152,670	152,670	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	356,880	4,687	4,687	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing and transportation of petrochemical raw materials	41,106	41,106	17,079,108	33.33	237,493	(88,209)	(29,403)	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S.A.	Marketing of PVC film and leather products	648,931	648,931	100	100.00	202,992	(1,475)	(1,475)	Subsidiary
	Krystal Star International Corporation	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Marketing of PVC film and consumer products	283,502	283,502	5,780,000	100.00	74,997	779	779	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores	33,995	33,995	3,176,019	1.74	25,771	103,254	1,798	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 and marketing of reinforced plastic products	15,000	15,000	600,000	10.00	2,063	(4,408)	(441)	Associate accounted for using the equity method

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(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, 2018 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2018 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of June 30, 2018 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of June 30, 2018
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	$ 609,200 (US$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 609,200 (US$ 20,000 thousand)	$ -	$ -	$ 609,200 (US$ 20,000 thousand)	$ 4,033 (US$ 135 thousand)	100.00	$ 4,033 (US$ 135 thousand)	$ 268,562 (US$ 8,817 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	45,690 (US$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	45,690 (US$ 1,500 thousand)	-	-	45,690 (US$ 1,500 thousand)	24 (US$ 1 thousand)	100.00	24 (US$ 1 thousand)	14,343 (US$ 471 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$824,918 (US$27,082 thousand)	$1,044,626 (US$34,295 thousand)	(Note 2)

Note 1: The calculation was based on the spot exchange rate of June 30, 2018.

Note 2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10620424930 on September 22, 2017, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) 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 $20,835 thousand (US$684 thousand), the investment amount of Union (ZS) of $27,353 thousand (US$898 thousand) and the investment amount of CGPC (SH) of $121,840 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 24, 2011. As of June 30, 2018, the dissolution procedures have not yet been completed.

Note 5: All the transactions were written off when preparing the consolidated financial statements. The investment gain (loss) was recognized based on financial statements which were not reviewed by auditors. See Note 16.