China General Plastics Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2019 and 2018 and Independent Auditors' Review Report

Deloitte.

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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 (collectively referred to as the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, 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 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 13 and 14 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, 2019 and 2018, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT$1,044,552 thousand and NT$1,018,253 thousand, respectively, collectively representing 8% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of June 30, 2019 and 2018 were NT$38,042 thousand and NT$34,291 thousand, respectively, collectively representing 1% of the consolidated total liabilities; for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the amounts of combined comprehensive income of these non-significant subsidiaries were NT$7,309 thousand, NT$16,843 thousand, NT$13,487 thousand and NT$13,618 thousand, respectively, representing 12%, 4%, 5% and 1%, respectively, of the consolidated total comprehensive income, and the Group's share of profit (loss) of these investments accounted for using the equity method for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 were NT$5,627 thousand, NT$(38,679) thousand, NT$18,584 thousand and NT$(35,458) thousand, respectively, representing 9%, (9%), 7% and (3%), respectively, of the consolidated total comprehensive income. 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 accompanying financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 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 Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 7, 2019

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)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 925,811	7	$ 934,680	7	$ 1,110,865	8
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	643,086	5	1,432,707	11	1,855,487	14
Financial assets at amortized cost - current (Notes 9 and 33)	269,003	2	268,954	2	268,854	2
Notes receivable (Note 10)	181,206	1	195,847	2	155,053	1
Trade receivables (Notes 10 and 32)	1,829,685	14	1,608,142	12	1,430,598	11
Other receivables (Note 10)	82,200	1	84,601	1	73,234	1
Other receivables from related parties (Notes 10 and 32)	1,627	-	11,165	-	6,337	-
Inventories (Note 11)	1,890,656	15	1,717,275	13	1,685,715	13
Prepayments (Notes 3, 16 and 19)	172,853	1	59,343	-	35,119	-
Other current assets	1,833	-	1,513	-	1,329	-
Total current assets	5,997,960	46	6,314,227	48	6,622,591	50
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 8 and 25)	127,259	1	122,640	1	110,558	1
Investments accounted for using the equity method (Note 14)	270,129	2	253,998	2	265,327	2
Property, plant and equipment (Notes 15, 20, 32 and 33)	5,973,935	45	6,009,889	45	5,733,418	43
Right-of-use assets (Notes 3, 4 and 16)	329,407	3	-	-	-	-
Investment properties (Notes 17 and 32)	132,786	1	135,277	1	137,769	1
Intangible assets (Note 18)	679	-	2,493	-	5,821	-
Deferred tax assets (Note 4)	249,688	2	261,613	2	284,968	2
Long-term prepayments for leases (Notes 3, 16 and 19)	-	-	95,184	1	99,656	1
Other non-current assets (Note 33)	51,681	-	28,774	-	28,427	-
Total non-current assets	7,135,564	54	6,909,868	52	6,665,944	50
TOTAL	$ 13,133,524	100	$ 13,224,095	100	$ 13,288,535	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	$ 60,000	1	$ -	-	$ -	-
Short-term notes and bills payable (Note 20)	119,963	1	-	-	-	-
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	2,943	-	1,645	-	10,573	-
Notes payable (Note 21)	183	-	288	-	353	-
Trade payables (Note 21)	880,900	7	915,009	7	623,328	5
Trade payables to related parties (Notes 21 and 32)	102,789	1	171,860	1	89,881	-
Other payables (Note 22)	1,365,392	10	754,730	6	1,426,421	11
Other payables to related parties (Note 32)	13,806	-	14,263	-	12,676	-
Current tax liabilities (Note 4)	41,195	-	181,491	1	204,165	1
Lease liabilities - current (Notes 3, 4, 16 and 32)	36,223	-	-	-	-	-
Other current liabilities (Notes 23 and 26)	72,362	1	68,412	1	93,423	1
Total current liabilities	2,695,756	21	2,107,698	16	2,460,820	18
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15, 20 and 33)	700,000	5	1,000,000	8	1,050,000	8
Deferred tax liabilities (Note 4)	594,789	5	593,964	4	597,237	5
Lease liabilities - non-current (Notes 3, 4, 16 and 32)	198,875	1	-	-	-	-
Net defined benefit liabilities - non-current (Note 24)	665,846	5	707,679	5	721,488	5
Other non-current liabilities	5,207	-	3,650	-	3,326	-
Total non-current liabilities	2,164,717	16	2,305,293	17	2,372,051	18
Total liabilities	4,860,473	37	4,412,991	33	4,832,871	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 8, 14 and 25)						
Share capital						
Ordinary shares	5,067,596	39	5,067,596	39	4,919,996	37
Share dividends to be distributed	202,703	1	-	-	147,600	1
Total share capital	5,270,299	40	5,067,596	39	5,067,596	38
Capital surplus	8,934	-	8,929	-	8,234	-
Retained earnings						
Legal reserve	640,570	5	512,954	4	512,954	4
Special reserve	408,223	3	408,223	3	408,223	3
Unappropriated earnings	1,473,490	11	2,334,921	18	1,983,304	15
Total retained earnings	2,522,283	19	3,256,098	25	2,904,481	22
Other equity	60,626	1	42,017	-	40,509	1
Total equity attributable to owners of the Company	7,862,142	60	8,374,640	64	8,020,820	61
NON-CONTROLLING INTERESTS	410,909	3	436,464	3	434,844	3
Total equity	8,273,051	63	8,811,104	67	8,455,664	64
TOTAL	$ 13,133,524	100	$ 13,224,095	100	$ 13,288,535	100

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

(With Deloitte & Touche auditors' review report dated August 7, 2019)

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			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 26 and 32)	$ 4,354,571	100	$ 3,678,358	100	$ 7,582,278	100	$ 7,822,558	100
COST OF GOODS SOLD (Notes 11, 27 and 32)	3,998,946	92	2,878,690	78	6,778,136	89	6,052,776	77
GROSS PROFIT	355,625	8	799,668	22	804,142	11	1,769,782	23
OPERATING EXPENSES (Notes 27 and 32)								
Selling and marketing expenses	242,571	6	197,466	5	424,605	6	411,904	5
General and administrative expenses	68,694	2	65,319	2	137,840	2	150,620	2
Research and development expenses	14,120	-	13,774	1	27,899	-	27,841	1
Total operating expenses	325,385	8	276,559	8	590,344	8	590,365	8
PROFIT FROM OPERATIONS	30,240	-	523,109	14	213,798	3	1,179,417	15
NON-OPERATING INCOME AND EXPENSES (Notes 7, 14, 27 and 32)								
Other income	18,523	1	20,783	-	32,859	1	44,840	1
Other gains and losses	11,136	-	28,079	1	31,799	-	25,373	-
Interest expense	(2,782)	-	(2,530)	-	(6,053)	-	(5,234)	-
Share of profit (loss) of associates accounted for using the equity method	6,829	-	(35,032)	(1)	16,707	-	(28,046)	-
Total non-operating income and expenses	33,706	1	11,300	-	75,312	1	36,933	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	63,946	1	534,409	14	289,110	4	1,216,350	16
INCOME TAX EXPENSE (Notes 4 and 28)	19,506	-	120,302	3	54,811	1	218,463	3
NET PROFIT FROM CONTINUING OPERATIONS (Note 27)	44,440	1	414,107	11	234,299	3	997,887	13
NET PROFIT FROM DISCONTINUED OPERATIONS (Note 12)	3,288	-	4,199	-	4,397	-	4,057	-
NET PROFIT FOR THE PERIOD	47,728	1	418,306	11	238,696	3	1,001,944	13

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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			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 8, 14 and 28)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at FVTOCI	$ 15,649	-	$ 5,875	-	$ 11,510	-	$ 802	-
Share of other comprehensive income of associates accounted for using the equity method - remeasurement of defined benefit plans	-	-	-	-	-	-	16	-
Share of other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at FVTOCI	(1,233)	-	(1,383)	-	1,225	-	(5,613)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	8,520	-
	14,416	-	4,492	-	12,735	-	3,725	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(627)	-	16,396	1	7,072	-	12,198	-
Share of other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(275)	-	(168)	-	221	-	228	-

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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			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that may be reclassified subsequently to profit or loss	$ 127	-	$ (3,280)	-	$ (1,413)	-	$ (4,460)	-
	(775)	-	12,948	1	5,880	-	7,966	-
Other comprehensive income for the period, net of income tax	13,641	-	17,440	1	18,615	-	11,691	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 61,369	1	$ 435,746	12	$ 257,311	3	$ 1,013,635	13
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 49,525	1	$ 382,700	10	$ 233,759	3	$ 924,202	12
Non-controlling interests	(1,797)	-	35,606	1	4,937	-	77,742	1
	$ 47,728	1	$ 418,306	11	$ 238,696	3	$ 1,001,944	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 63,176	1	$ 400,145	11	$ 252,368	3	$ 935,918	12
Non-controlling interests	(1,807)	-	35,601	1	4,943	-	77,717	1
	$ 61,369	1	$ 435,746	12	257,311	3	$ 1,013,635	13
EARNINGS PER SHARE (Note 29)								
From continuing and discontinued operations								
Basic	$ 0.09		$ 0.73		$ 0.44		$ 1.75	
Diluted	$ 0.09		$ 0.73		$ 0.44		$ 1.75	
From continuing operations								
Basic	$ 0.09		$ 0.72		$ 0.44		$ 1.75	
Diluted	$ 0.09		$ 0.72		$ 0.43		$ 1.74	

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

(With Deloitte & Touche auditors' review report dated August 7, 2019) (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 3, 8, 14, 25 and 28)															
	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 the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Equity Instruments at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
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
BALANCE AT JANUARY 1, 2019	$ 5,067,596	$ -	$ 8,622	$ 307	$ 8,929	$ 512,954	$ 408,223	$ 2,334,921	$ 3,256,098	$ (15,825)	$ -	$ 57,842	$ 42,017	$ 8,374,640	$ 436,464	$ 8,811,104
Effect of retrospective restatement	-	-	-	-	-	-	-	(4,731)	(4,731)	-	-	-	-	(4,731)	(306)	(5,037)
BALANCE AT JANUARY 1, 2019, AS RESTATED	5,067,596	-	8,622	307	8,929	512,954	408,223	2,330,190	3,251,367	(15,825)	-	57,842	42,017	8,369,909	436,158	8,806,067
Appropriation of 2018 earnings																
Legal reserve	-	-	-	-	-	127,616	-	(127,616)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(760,140)	(760,140)	-	-	-	-	(760,140)	-	(760,140)
Share dividends distributed by the Company	-	202,703	-	-	-	-	-	(202,703)	(202,703)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,192)	(30,192)
Other changes in capital surplus	-	-	(2)	7	5	-	-	-	-	-	-	-	-	5	-	5
Net profit for the six months ended June 30, 2019	-	-	-	-	-	-	-	233,759	233,759	-	-	-	-	233,759	4,937	238,696
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	-	-	-	5,880	-	12,729	18,609	18,609	6	18,615
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	-	233,759	233,759	5,880	-	12,729	18,609	252,368	4,943	257,311
BALANCE AT JUNE 30, 2019	$ 5,067,596	$ 202,703	$ 8,620	$ 314	$ 8,934	$ 640,570	$ 408,223	$ 1,473,490	$ 2,522,283	$ (9,945)	$ -	$ 70,571	$ 60,626	$ 7,862,142	$ 410,909	$ 8,273,051

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

(With Deloitte & Touche auditors' review report dated August 7, 2019)

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	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 289,110	$ 1,216,350
Income before income tax from discontinued operations	4,397	4,057
Income before income tax	293,507	1,220,407
Adjustments for:		
Depreciation expenses	299,989	247,547
Amortization expenses	15,724	12,427
Expected credit loss recognized on trade receivables	-	358
Net gain on fair value changes of financial assets at FVTPL	(9,886)	(3,922)
Interest expense	6,053	5,234
Interest income	(10,150)	(8,570)
Dividend income	(36)	(23)
Share of (profit) loss of associates	(16,707)	28,046
Net (gain) loss on disposal of property, plant and equipment	(141)	1,041
Write-down (reversal of write-down) of inventories	(2,867)	3,445
Amortization of long-term prepayments for leases	-	1,757
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	812,012	(446,795)
Notes receivable	14,641	24,876
Trade receivables	(220,299)	70,083
Other receivables	2,056	(2,238)
Other receivables from related parties	9,574	(770)
Inventories	(168,429)	172,283
Prepayments	(116,899)	18,479
Other current assets	(320)	(835)
Financial liabilities held for trading	(11,207)	-
Notes payable	(105)	170
Trade payables	(34,153)	2,789
Trade payables to related parties	(69,071)	(142,130)
Other payables	(129,653)	(21,973)
Other payables to related parties	(468)	(9,955)
Other current liabilities	3,950	7,646
Net defined benefit liabilities	(41,833)	(318,387)
Cash generated from operations	625,282	860,990
Interest received	10,579	8,365
Interest paid	(6,302)	(5,228)
Income tax paid	(183,770)	(163,514)
Net cash generated from operating activities	445,789	700,613

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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	
	2019	**2018**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	$ 6,891	$ -
Purchase of financial assets at amortized cost	(269,003)	(268,854)
Proceeds from sale of financial assets at amortized cost	268,954	268,805
Payments for property, plant and equipment	(326,252)	(259,122)
Proceeds from disposal of property, plant and equipment	1,505	2,221
Increase in refundable deposits	(16,552)	(3)
Decrease in refundable deposits	12,921	353
Dividends received	-	23
Net cash used in investing activities	(321,536)	(256,577)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	60,000	-
Proceeds from short-term notes and bills payable	119,963	-
Repayments of long-term borrowings	(300,000)	-
Proceeds from guarantee deposits received	2,941	1,752
Refunds of guarantee deposits received	(1,381)	(819)
Repayment of the principal portion of lease liabilities	(16,873)	-
Increase (decrease) in other non-current liabilities	(3)	3
Dividends paid to owners of the Company	(88)	(109)
Net cash generated from (used in) financing activities	(135,441)	827
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	2,319	2,857
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,869)	447,720
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	934,680	663,145
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 925,811	$ 1,110,865

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

(With Deloitte & Touche auditors’ review report dated August 7, 2019) (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 7, 2019.

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

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

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

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     Definition of a lease

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

The Group as lessee

The Group recognizes 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 are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents 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 are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

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

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

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

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.0392%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 275,330
Less: Recognition exemption for short-term leases	(9,539)
Less: Recognition exemption for leases of low-value assets	(1,495)
Undiscounted amounts on January 1, 2019	$ 264,296
Lease liabilities recognized on January 1, 2019	$ 251,779

The Group as lessor

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

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments	$ 3,389	$ (3,389)	$ -
Long-term prepayments for leases	95,184	(95,184)	-
Investments accounted for using the equity method	253,998	(2,029)	251,969
Right-of-use assets	-	347,344	347,344
Total effect on assets	$ 352,571	$ 246,742	$ 599,313
Lease liabilities - current	$ -	$ 36,161	$ 36,161
Lease liabilities - non-current	-	215,618	215,618
Total effect on liabilities	$ -	$ 251,779	$ 251,779
Retained earnings	$ 3,256,098	$ (4,731)	$ 3,251,367
Non-controlling interests	436,464	(306)	436,158
Total effect on equity	$ 3,692,562	$ (5,037)	$ 3,687,525

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

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

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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 13, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the accounting policies of leases, 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, 2018, which can be referenced in the consolidated financial statements for the year ended December 31, 2018.

1) Leases

<u>2019</u>

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a) The Group as lessor

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

Under finance leases, lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2018

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

a) The Group as lessor

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

b) The Group as lessee

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

2) 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.

3) 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, 2018 have been followed in these consolidated financial statements.

Lessees' Incremental Borrowing Rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand and petty cash	$ 547	$ 484	$ 442
Checking accounts and demand deposits	238,980	207,907	185,884
Cash equivalents			
Time deposits	597,284	518,469	434,969
Reverse repurchase agreements collateralized by bonds	89,000	207,820	489,570
	$ 925,811	$ 934,680	$ 1,110,865

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, 2019	December 31, 2018	June 30, 2018
Cash in banks	0.001%-2.51%	0.001%-3.00%	0.001%-2.60%
Reverse repurchase agreements collateralized by bonds	0.67%	0.53%-0.55%	0.40%-0.45%

7. FINANCIAL INSTRUMENTS AT FVTPL

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ 6,818	$ 839	$ 1,579
Non-derivative financial assets			
Open-end fund beneficiary certificates	412,042	1,222,661	1,650,257
Closed-end fund beneficiary certificates	224,226	209,207	203,651
	$ 643,086	$ 1,432,707	$ 1,855,487
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 2,943	$ 1,645	$ 10,573

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, 2019			
Buy	NTD/USD	2019.07.15-2019.09.16	NTD237,265/USD7,600
Sell	USD/NTD	2019.07.02-2019.10.16	USD27,310/NTD852,503
December 31, 2018			
Buy	NTD/USD	2019.01.07-2019.03.04	NTD521,446/USD16,965
Sell	USD/NTD	2019.01.03-2019.03.21	USD19,860/NTD609,577
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

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 FVTOCI

Investments in Equity Instruments at FVTOCI

	June 30, 2019	December 31, 2018	June 30, 2018
Non-current			
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	$ 1,636	$ 1,593	$ 1,995
Unlisted ordinary shares			
KHL IB Venture Capital Co., Ltd.	125,623	121,047	108,563
	$ 127,259	$ 122,640	$ 110,558

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 April 2019 and June 2018, respectively. The return was made by reducing 8.25% and 8.2% of the capital, in aggregation of 11,578 thousand and 12,536 thousand shares (proportionately reducing 82.5 shares and 82 shares per 1,000 shares) and refunding $825 and $820 per 1,000 shares to shareholders, respectively. The Company received the capital refund of $6,891 thousand and $7,462 thousand in May 2019 and August 2018, respectively.

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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Domestic investments			
Pledged time deposits	$ 269,003	$ 268,954	$ 268,854

As of June 30, 2019, December 31, 2018 and June 30, 2018, the interest rates for pledged time deposits ranged from 0.090% to 1.015%.

Refer to Note 33 for information related to financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable			
Notes receivable - operating	$ 181,206	$ 195,847	$ 155,053
Trade receivables			
At amortized cost			
Gross carrying amount	$ 1,843,392	$ 1,621,877	$ 1,443,211
Less: Allowance for impairment loss	(13,707)	(13,735)	(12,613)
	$ 1,829,685	$ 1,608,142	$ 1,430,598
Other receivables			
Tax refund receivables	$ 73,363	$ 74,916	$ 64,959
Interest receivables	510	939	766
Others	8,583	9,000	7,770
Less: Allowance for impairment loss	(256)	(254)	(261)
	$ 82,200	$ 84,601	$ 73,234
Other receivables from related parties (Note 32)	$ 1,627	$ 11,165	$ 6,337

a. Trade receivables

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.

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

June 30, 2019

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 172,001	$ 403,196	$ 227,885	$ 1,040,310	$ 1,843,392
Loss allowance (lifetime ECLs)	-	(3,638)	(5,185)	(4,884)	(13,707)
Amortized cost	$ 172,001	$ 399,558	$ 222,700	$ 1,035,426	$ 1,829,685

December 31, 2018

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 199,761	$ 417,265	$ 221,341	$ 783,510	$ 1,621,877
Loss allowance (lifetime ECLs)	-	(3,888)	(5,571)	(4,276)	(13,735)
Amortized cost	$ 191,761	$ 413,377	$ 215,770	$ 779,234	$ 1,608,142

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, 2019	December 31, 2018	June 30, 2018
Not past due	$ 1,990,984	$ 1,750,493	$ 1,569,683
Less than and including 60 days	29,731	64,638	25,377
Over 60 days	3,883	2,593	3,204
	$ 2,024,598	$ 1,817,724	$ 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	
	2019	2018
Balance at January 1	$ 13,735	$ 12,319
Add: Net remeasurement of loss allowance	-	358
Less: Amounts written off	(62)	(106)
Foreign exchange gains and losses	34	42
Balance at June 30	$ 13,707	$ 12,613

b. Other receivables

As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group assessed the impairment loss of other receivables using expected credit losses.

11. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Finished goods	$ 1,127,646	$ 1,131,291	$ 1,134,879
Work in progress	39,157	45,025	46,041
Raw materials	723,853	540,959	504,795
	$ 1,890,656	$ 1,717,275	$ 1,685,715

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2019 and 2018 was $3,998,946 thousand and $2,878,690 thousand, respectively, and for the six months ended June 30, 2019 and 2018 was $6,778,136 thousand and $6,052,776 thousand respectively.

The cost of goods sold included reversals of inventory write-down of $2,748 thousand for the three months ended June 30, 2019 and $2,867 thousand for the six months ended June 30, 2019, and the inventory write-downs $1,847 thousand for the three months ended June 30, 2018 and $3,445 thousand for the six months ended June 30, 2018. Previous write-downs were reversed as a result of increased selling prices in certain markets.

12. 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 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	
	2019	2018	2019	2018
Administrative expenses	$ (5,822)	$ (6,527)	$ (12,384)	$ (16,084)
Loss from operations	(5,822)	(6,527)	(12,384)	(16,084)
Non-operating income	9,110	10,726	16,781	20,141
Net profit from discontinued operations	$ 3,288	$ 4,199	$ 4,397	$ 4,057

For the six months ended June 30, 2019 and 2018, the cash flows from the discontinued operations were as follows:

	For the Six Months Ended June 30	
	2019	2018
Net cash generated from operating activities	$ 3,033	$ 5,082
Net cash generated from investing activities	-	1,007
Effect of exchange rate changes	723	629
Net cash inflow	$ 3,756	$ 6,718

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership (%)			
Investor	Subsidiary	Nature of Activities	June 30, 2019	December 31, 2018	June 30, 2018	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 24, 2019 and May 23, 2018, the board of directors of CGPCPOL, on behalf of the shareholders, resolved to increase its capital by declaring a share dividend of $11,407 thousand and $223,810 thousand, representing 1,141 thousand shares and 22,381 thousand shares, respectively. The record date of the capital increase was July 5, 2019 and July 6, 2018, respectively.

b. On May 6, 2019 and April 23, 2018, the TVCM shareholders in their meeting passed a resolution to increase TVCM’s capital by declaring a share dividend of $236,200 thousand and $112,476 thousand, representing 23,620 thousand shares and 11,248 thousand shares, respectively. The record date of the capital increase was July 5, 2019 and July 6, 2018, respectively.

c. In October 2011, the board of directors of the Company resolved to dissolve CGPC (ZS) and CGPC (CP). As of June 30, 2019, 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.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

a. Associates that are not individually material

	June 30, 2019	December 31, 2018	June 30, 2018
Listed companies			
Acme Electronics Corporation ("ACME")	$ 23,867	$ 24,296	$ 25,771
Unlisted companies			
China General Terminal & Distribution Corporation ("CGTD")	244,817	228,250	237,493
Thintec Materials Corporation ("TMC")	1,445	1,452	2,063
	$ 270,129	$ 253,998	$ 265,327

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
The Group's share of:				
Gain (loss) from continuing operations	$ 6,829	$ (35,032)	$ 16,707	$ (28,046)
Other comprehensive income (loss)	(1,508)	(1,535)	1,446	(5,369)
Total comprehensive income (loss) for the period	$ 5,321	$ (36,567)	$ 18,153	$ (33,415)

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, 2019	December 31, 2018	June 30, 2018
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, 2019	December 31, 2018	June 30, 2018
ACME	$ 39,065	$ 42,241	$ 71,937

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, 2019 and 2018 were not reviewed by auditors for the same periods.

15. 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, 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 June 30, 2018	$ 2,105,218	$ 947,771	$ 2,215,697	$ 15,061	$ 56,092	$ 393,579	$ 5,733,418
Cost							
Balance at January 1, 2019	$ 2,105,218	$ 2,102,358	$ 9,750,059	$ 64,478	$ 341,757	$ 719,920	$ 15,083,790
Additions	-	-	148	-	-	276,119	276,267
Disposals	-	(19,994)	(50,531)	(6,114)	(4,547)	-	(81,186)
Reclassification	-	23,273	438,433	1,729	4,722	(501,820)	(33,663)
Effect of foreign currency exchange differences	-	3,083	364	35	73	76	3,631
Balance at June 30, 2019	$ 2,105,218	$ 2,108,720	$ 10,138,473	$ 60,128	$ 342,005	$ 494,295	$ 15,248,839
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,142,183	$ 7,595,905	$ 46,767	$ 280,977	$ 8,069	$ 9,073,901
Depreciation expenses	-	36,393	229,931	2,967	9,119	-	278,410
Disposals	-	(19,921)	(49,825)	(5,556)	(4,520)	-	(79,822)
Effect of foreign currency exchange differences	-	1,931	342	17	48	77	2,415
Balance at June 30, 2019	$ -	$ 1,160,586	$ 7,776,353	$ 44,195	$ 285,624	$ 8,146	$ 9,274,904
Carrying amounts at December 31, 2018 and January 1, 2019	$ 2,105,218	$ 960,175	$ 2,154,154	$ 17,711	$ 60,780	$ 711,851	$ 6,009,889
Carrying amounts at June 30, 2019	$ 2,105,218	$ 948,134	$ 2,362,120	$ 15,933	$ 56,381	$ 486,149	$ 5,973,935

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

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

For the six months ended June 30, 2019 and 2018, the Group does not performed impairment assessment due to no impairment loss was recognized.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	June 30, 2019
Carrying amounts	
Land	$ 282,042
Buildings	15,455
Machinery	31,910
	$ 329,407

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Depreciation charge for right-of-use assets		
Land	$ 6,194	$ 12,378
Buildings	1,081	2,151
Machinery	2,280	4,559
	$ 9,555	$ 19,088

b. Lease liabilities - 2019

	June 30, 2019
Carrying amounts	
Current	$ 36,223
Non-current	$ 198,875

Range of discount rate for lease liabilities was as follows:

	June 30, 2019
Land	1.0392%
Buildings	1.0392%
Machinery	1.0392%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of product manufacturing and office with lease terms of 2 to 15 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also leases machinery for the use of product manufacturing and Group's operations with lease terms of 5 years.

The lease contract for land located in Kaohsiung specifies that lease payments will be adjusted on the basis of changes in announced land value prices.

d. Other lease information

2019

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Expenses relating to short-term leases	$ 2,886	$ 5,823
Expenses relating to low-value asset leases	$ 139	$ 292
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 13,144	$ 26,814
Total cash outflow for leases		$ (51,075)

The Group leases certain buildings, transportation equipment which qualify as short term leases and certain land and office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

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

	December 31, 2018	June 30, 2018
Not later than 1 year	$ 46,518	$ 46,437
Later than 1 year and not later than 5 years	140,238	151,623
Later than 5 years	88,574	95,915
	$ 275,330	$ 293,975

17. INVESTMENT PROPERTIES

	June 30, 2019	December 31, 2018	June 30, 2018
Freehold land	$ 13,204	$ 13,204	$ 13,204
Buildings and improvements	119,582	122,073	124,565
	$ 132,786	$ 135,277	$ 137,769

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 Company leased the land in Toufen to USIO with a lease term until April 15, 2020. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

The maturity analysis of lease payments receivable under operating leases of investment properties in 2019 and 2018 were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Year 1	$ 2,565	$ 11,777	$ 11,777
Year 2	-	5,889	11,777
	$ 2,565	$ 17,666	$ 23,554

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	26 years

18. INTANGIBLE ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Computer software	$ 679	$ 2,070	$ 2,859
Technical authorization	-	423	2,962
	$ 679	$ 2,493	$ 5,821

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, 2019 and 2018.

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

Computer software	3 years
Technical authorization	7 years

19. PREPAYMENTS FOR LEASES

	June 30, 2019	December 31, 2018	June 30, 2018
Current (included in prepayments)	$ -	$ 3,389	$ 3,487
Non-current	-	95,184	99,656
	$ -	$ 98,573	$ 103,143

Starting from January 1, 2019, the Group applied IFRS 16 and reclassified the prepayments for leases which are the land use rights in mainland China as the right-of-use assets. Refer to Notes 3 and 16 for the related disclosures.

20. BORROWINGS

a. Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured borrowings			
Bank loans	$ 60,000	$ -	$ -

As of June 30, 2019, the interest rates of the revolving bank loan was 0.94% (as of December 31, 2018 and June 30, 2018: None).

b. Short-term notes and bills payable

	June 30, 2019	December 31, 2018	June 30, 2018
Commercial paper	$ 120,000	$ -	$ -
Less: Unamortized discounts on short-term notes and bills payable	(37)	-	-
	$ 119,963	$ -	$ -

Outstanding short-term notes and bills payable were as follows:

June 30, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	The Range of Interest Rate
Commercial paper				
Mega Bills Finance Co., Ltd.	$ 120,000	$ 37	$ 119,963	0.988%

c. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Line of credit borrowings	$ 200,000	$ 500,000	$ 500,000
Secured loans	500,000	500,000	550,000
	$ 700,000	$ 1,000,000	$ 1,050,000
The range of interest rate	1.04%	0.99%-1.04%	0.99%

In order to enrich medium-term working capital, CGPCPOL entered into a 3-year credit contract with KGI Bank with a revolving credit limit of $500,000 thousand and revolving to utilized the total credit amount within the validity period. As of June 30, 2019, the utilized credit amounted to $200,000 thousand. In addition, CGPCPOL entered into another 5-year credit contract with KGI Bank with a revolving credit limit of $1,000,000 thousand and the credit limit was reduced to $900,000 thousand on May 31, 2019. As of June 30, 2019, the utilized credit amounted to $500,000 thousand. The Group set out the assets as pledged collateral for bank borrowings in Note 33.

21. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Notes payable			
Operating	$ 183	$ 288	$ 353
Trade payables (including from related parties)			
Operating	$ 983,689	$ 1,086,869	$ 713,209

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

22. OTHER PAYABLES - CURRENT

	June 30, 2019	December 31, 2018	June 30, 2018
Payables for dividends	$ 796,358	$ 6,112	$ 779,364
Payables for salaries or bonuses	161,202	305,678	259,142
Payables for freight	97,936	73,585	79,863
Payables for utilities	68,348	60,241	71,634
Payables for purchases of equipment	50,639	100,624	55,747
Payables for fuel fees	24,190	19,830	16,786
Others	166,719	188,660	163,885
	$ 1,365,392	$ 754,730	$ 1,426,421

The payables for dividends, which were for dividends that were approved in the shareholders' meetings, were not yet paid as of June 30, 2019 and 2018; refer to Note 25 for the related disclosures.

23. REFUND LIABILITIES

	June 30, 2019	December 31, 2018	June 30, 2018
Refund liability (presented in other current liabilities)	$ 20,365	$ 23,750	$ 37,163

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.

24. 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 2018 and 2017 actuarial report; the employee benefits expense for the three months ended June 30, 2019 and 2018 was $5,270 thousand and $6,445 thousand, respectively, and for the six months ended June 30, 2019 and 2018 was $10,540 thousand and $13,115 thousand, respectively. Under the defined benefit plans adopted by the Company and its subsidiary, TVCM, the Company and TVCM contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee.

The Group contributed $52,372 thousand and $331,502 thousand for the six months ended June 30, 2019 and 2018, respectively, to the pension fund which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

25. EQUITY

a. Ordinary shares

	June 30, 2019	December 31, 2018	June 30, 2018
Number of shares authorized (in thousands)	650,000	650,000	650,000
Shares authorized	$ 6,500,000	$ 6,500,000	$ 6,500,000
Number of shares issued and fully paid (in thousands)	506,760	506,760	492,000
Shares issued	$ 5,067,596	$ 5,067,596	$ 4,919,996
Number of share dividends to be distributed (in thousands)	20,270	-	14,760
Share dividends to be distributed	$ 202,703	$ -	$ 147,600

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.

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 27-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 2018 and 2017 as approved in the shareholders' meeting on June 21, 2019 and June 22, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 127,616	$ 126,981		
Cash dividends	760,140	737,999	$ 1.5	$ 1.5
Share dividends	202,703	147,600	0.4	0.3

d. Special reserve

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, 2019, 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	
	2019	2018
Balance at January 1	$ (15,825)	$ (19,583)
Effect of change in tax rate	-	(2,020)
Recognized during the period		
Exchange differences on translating foreign operations	7,072	12,198
Share of exchange differences of associates accounted for using the equity method	221	228
Related income tax	(1,413)	(2,440)
Balance at June 30	$ (9,945)	$ (11,617)

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	$ 57,842	$ 56,912
Recognized during the period		
Unrealized loss on equity instruments	11,504	827
Share of gain (loss) of associates accounted for using the equity method	1,225	(5,613)
Balance at June 30	$ 70,571	$ 52,126

26. REVENUE

a. Revenue from contracts with customers

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Revenue from the sale of goods				
PVC products	$ 4,117,309	$ 3,437,137	$ 7,076,926	$ 7,206,570
VCM products	237,262	241,221	505,352	615,988
	$ 4,354,571	$ 3,678,358	$ 7,582,278	$ 7,822,558

Refer to Note 37 for information about revenue from contracts with customers.

b. Contract balances

Refer to Note 10 for information related to notes receivable and trade receivables.

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Contract liabilities (presented in other current liabilities)	$ 29,030	$ 23,211	$ 27,061	$ 39,953

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customers' payment.

27. 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	
	2019	2018	2019	2018
Owners of the Company	$ 46,237	$ 378,501	$ 229,362	$ 920,145
Non-controlling interests	(1,797)	35,606	4,937	77,742
	$ 44,440	$ 414,107	$ 234,299	$ 997,887

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest income				
Bank deposits	$ 3,083	$ 2,067	$ 5,172	$ 3,378
Financial assets at FVTPL	4,393	4,501	4,393	4,501
Financial assets at amortized cost	122	122	242	242
Others	92	319	228	364
	7,690	7,009	10,035	8,485
Rental income	1,390	3,139	4,510	6,287
Others	9,443	10,635	18,314	30,068
	$ 18,523	$ 20,783	$ 32,859	$ 44,840

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Gain (loss) on disposal of property, plant and equipment	$ (600)	$ (2,474)	$ 141	$ (2,047)
Gross foreign exchange gains	28,564	59,111	42,468	84,147
Gross foreign exchange losses	(11,529)	(12,197)	(17,112)	(55,989)
Loss on financial liabilities held for trading (see Note 7)	(10,418)	(21,182)	(12,931)	(25,431)
Gain on financial assets mandatorily classified as at FVTPL (see Note 7)	9,090	8,612	26,107	32,146
Others	(3,971)	(3,791)	(6,874)	(7,453)
	$ 11,136	$ 28,079	$ 31,799	$ 25,373

c. Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank loans	$ 2,167	$ 2,601	$ 4,803	$ 5,368
Interest on lease liabilities	626	-	1,273	-
Less: Capitalized interest (included in construction in progress)	(11)	(71)	(23)	(134)
	$ 2,782	$ 2,530	$ 6,053	$ 5,234

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Capitalized interest	$ 11	$ 71	$ 23	$ 134
Capitalization rate	0.76%	0.81%	0.62%	0.87%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	$ 138,638	$ 122,087	$ 272,361	$ 238,991
Right-of-use assets	8,690	-	17,358	-
Investment properties	1,246	1,245	2,491	2,491
Intangible assets	487	2,035	1,814	4,417
Others	8,338	4,005	13,910	8,010
	$ 157,399	$ 129,372	$ 307,934	$ 253,909
An analysis of depreciation by function				
Operating costs	$ 143,287	$ 120,123	$ 281,613	$ 235,204
Operating expenses	4,041	1,964	8,106	3,787
Non-operating expenses	1,246	1,245	2,491	2,491
	$ 148,574	$ 123,332	$ 292,210	$ 241,482
An analysis of amortization by function				
Operating costs	$ 8,338	$ 5,275	$ 14,333	$ 10,549
General and administrative expenses	487	765	1,391	1,878
	$ 8,825	$ 6,040	$ 15,724	$ 12,427

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	$ 6,806	$ 6,424	$ 13,524	$ 12,717
Defined benefit plans (see Note 24)	5,270	6,445	10,540	13,115
	12,076	12,869	24,064	25,832
Other employee benefits	274,106	321,874	567,334	664,728
Total employee benefits expense	$ 286,182	$ 334,743	$ 591,398	$ 690,560

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
An analysis of employee benefits expense by function				
Operating costs	$ 224,988	$ 267,688	$ 467,172	$ 542,522
Operating expenses	61,194	67,055	124,226	148,038
	$ 286,182	$ 334,743	$ 591,398	$ 690,560

(Concluded)

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, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, 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	
	2019	2018	2019	2018
Employees' compensation	1%	1%	1%	1%
Remuneration of directors	-	-	-	-

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Employees' compensation	$ 685	$ 4,292	$ 2,747	$ 9,796

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 2018 and 2017, which have been approved by the Company's board of directors on March 6, 2019 and March 12, 2018, respectively, were as follows:

Amount

	2018	2017
Employees' compensation	$ 13,975	$ 14,300

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 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. 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	
	2019	2018	2019	2018
Current tax				
In respect of the current period	$ 2,500	$ 84,942	$ 28,381	$ 180,096
Income tax on unappropriated earnings	14,390	25,067	14,390	25,067
Adjustments for prior periods	703	20,708	703	20,708
	17,593	130,717	43,474	225,871
Deferred tax				
In respect of the current period	2,613	(10,002)	12,037	32,894
Adjustments for prior periods	(700)	571	(700)	571
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(984)	-	(40,873)
	1,913	(10,415)	11,337	(7,408)
Income tax expense recognized in profit or loss	$ 19,506	$ 120,302	$ 54,811	$ 218,463

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	
	2019	2018	2019	2018
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	127	(3,280)	(1,413)	(2,440)
	$ 127	$ (3,280)	$ (1,413)	$ 4,060

c. Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2017 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 six months ended June 30, 2019 and 2018 due to relevant tax exemptions in compliance with the regulations of the locations where the entities were established. The applicable tax rate used by CGPC America is a state rate of 9% and the federal tax rate was adjusted from 30% to 21%.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Basic earnings per share				
From continuing operations and discontinued operations	$ 0.09	$ 0.73	$ 0.44	$ 1.75
From discontinued operations	-	(0.01)	-	-
From continuing operations	$ 0.09	$ 0.72	$ 0.44	$ 1.75
Diluted earnings per share				
From continuing operations and discontinued operations	$ 0.09	$ 0.73	$ 0.44	$ 1.75
From discontinued operations	-	(0.01)	(0.01)	(0.01)
From continuing operations	$ 0.09	$ 0.72	$ 0.43	$ 1.74

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 2, 2019. The basic and diluted earnings per share adjusted retrospectively for the three months and the six months ended June 30, 2018 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2018	**For the Six Months Ended June 30, 2018**	**For the Three Months Ended June 30, 2018**	**For the Six Months Ended June 30, 2018**
Basic earnings per share				
From continuing and discontinued operations	$ 0.76	$ 1.82	$ 0.73	$ 1.75
From discontinued operations	(0.01)	-	(0.01)	-
From continuing operations	$ 0.75	$ 1.82	$ 0.72	$ 1.75

(Continued)

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Diluted earnings per share				
From continuing operations and discontinued operations	$ 0.75	$ 1.82	$ 0.73	$ 1.75
From discontinued operations	-	-	(0.01)	(0.01)
From continuing operations	$ 0.75	$ 1.82	$ 0.72	$ 1.74

(Concluded)

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	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company (earnings used in computation of basic and diluted earnings per share)	$ 49,525	$ 382,700	$ 233,759	$ 924,202
Add: Profit (loss) for the period from discontinued operations	(3,288)	(4,199)	(4,397)	(4,057)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 46,237	$ 378,501	$ 229,362	$ 920,145

Ordinary Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	527,030	527,030	527,030	527,030
Effect of potentially dilutive ordinary shares:				
Employees’ compensation	128	384	357	580
Weighted average number of ordinary shares used in the computation of diluted earnings per share	527,158	527,414	527,387	527,610

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.

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

The management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair value.

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

1) Fair value hierarchy

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 6,818	$ -	$ 6,818
Fund beneficiary certificates	636,268	-	-	636,268
Investments in equity instruments				
Overseas unlisted equity investments	-	-	-	-
	$ 636,268	$ 6,818	$ -	$ 643,086
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed equity investments	$ 1,636	$ -	$ -	$ 1,636
Domestic unlisted equity investments	-	-	125,623	125,623
	$ 1,636	$ -	$ 125,623	$ 127,259
Financial liabilities at FVTPL				
Derivatives financial liabilities	$ -	$ 2,943	$ -	$ 2,943

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 839	$ -	$ 839
Fund beneficiary certificates	1,431,868	-	-	1,431,868
Investments in equity instruments				
Overseas unlisted equity investments	-	-	-	-
	$ 1,431,868	$ 839	$ -	$ 1,432,707
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed equity investments	$ 1,593	$ -	$ -	$ 1,593
Domestic unlisted equity investments	-	-	121,047	121,047
	$ 1,593	$ -	$ 121,047	$ 122,640
Financial liabilities at FVTPL				
Derivatives financial liabilities	$ -	$ 1,645	$ -	$ 1,645

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)

Financial assets at FVTOCI	Level 1	Level 2	Level 3	Total
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)

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2019 and 2018.

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

For the six months ended June 30, 2019

Financial Assets	Financial Assets at FVTOCI
Balance at January 1, 2019	$ 121,047
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	4,576
Balance at June 30, 2019	$ 125,623

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, 2019, December 31, 2018 and June 30, 2018. When other inputs remain unchanged, the fair value will decrease by $1,478 thousand, $1,424 thousand and $1,277 thousand if the discount for lack of marketability increases by 1%.

c. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	$ 643,086	$ 1,432,707	$ 1,855,487
Financial assets at amortized cost			
Cash and cash equivalents	925,811	934,680	1,110,865
Pledge time deposits	269,003	268,954	268,854
Notes receivable	181,206	195,847	155,053
Trade receivables (including related parties)	1,829,685	1,608,142	1,430,598
Other receivables (including related parties and excluding tax refund receivable)	10,464	20,850	14,612
Refundable deposits	20,527	16,281	16,281
Financial assets at FVTOCI			
Equity instruments	127,259	122,640	110,558
Financial liabilities			
Financial liabilities at FVTPL			
Held for trading	2,943	1,645	10,573
Financial liabilities measured at amortized cost			
Short-term borrowings	60,000	-	-
Short-term notes and bills payable	119,963	-	-
Notes payable	183	288	353
Trade payables (including related parties)	983,689	1,086,869	713,209
Other payables (including related parties)	1,379,198	768,993	1,439,097
Long-term borrowings	700,000	1,000,000	1,050,000
Guarantee deposits	4,860	3,300	2,975

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 35.

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, 2019 and 2018 would have decreased/increased by $41,746 thousand and $31,674 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, 2019	December 31, 2018	June 30, 2018
Fair value interest rate risk			
Financial assets	$ 968,338	$ 1,008,163	$ 1,206,313
Financial liabilities	415,061	-	-
Cash flow interest rate risk			
Financial assets	196,982	184,491	153,427
Financial liabilities	700,000	1,000,000	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, 2019 and 2018 would have decreased/increased by $1,258 thousand and $2,241 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 securities price risk at the end of the reporting period.

If marketable equity securities prices had fluctuated by 5%, the pre-tax profit for the six months ended June 30, 2019 and 2018 would have increased/decreased by $31,813 thousand and $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, 2019 and 2018 would have increased/decreased by $6,363 thousand and $5,528 thousand as a result of the changes in fair value of financial assets at FVTOCI.

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, 2019

	Weighted Average Interest Rate	**On Demand or Less than 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 2,209,178	$ 11,488	$ -
Lease liabilities	1.04%	36,449	113,984	95,914
Floating interest rate liabilities	1.04%	-	700,000	-
Fixed interest rate liabilities	0.97%	180,000	-	-
		$ 2,425,627	$ 825,472	$ 95,914

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**
Lease liabilities	$ 36,449	$ 113,984	$ 73,410	$ 22,504

December 31, 2018

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,583,936	$ 10,392	$ -
Floating interest rate liabilities	1.01%	-	1,000,000	-
		$ 1,583,936	$ 1,010,392	$ -

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	$ -

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of June 30, 2019, December 31, 2018 and June 30, 2018, the unused amounts of bank loan facilities were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Bank loan facilities			
Amount unused	$ 5,702,192	$ 6,230,457	$ 7,012,144

32. TRANSACTIONS WITH RELATED PARTIES

As of June 30, 2019, December 31, 2018 and June 30, 2018, 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
USI Educational Foundation ("USIF")	Related party in substance

b. Sales of goods

Related Party Category	For the Three Months Ended June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Investor with significant influence	$ 783	$ 469	$ 1,398	$ 1,248
Fellow subsidiary	-	72	169	149
	$ 783	$ 541	$ 1,567	$ 1,397

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

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Fellow subsidiary	$ 1,326	$ 1,315	$ 2,398	$ 2,943
Parent company				
USI	55	2,120	111	2,120
Investor with significant influence	-	-	-	13
	$ 1,381	$ 3,435	$ 2,509	$ 5,076

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

d. Trade receivables

Related Party Category	June 30, 2019	December 31, 2018	June 30, 2018
Investor with significant influence	$ -	$ 325	$ 493

The outstanding trade receivables from related parties were unsecured. For the six months ended June 30, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

e. Trade payables to related parties

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Parent company			
USI	$ 102,334	$ 171,224	$ 89,159
Fellow subsidiary	455	636	709
Investor with significant influence	-	-	13
	$ 102,789	$ 171,860	$ 89,881

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, 2019	December 31, 2018	June 30, 2018
Investor with significant influence			
TTC	$ 694	$ 615	$ 554
APC	298	235	768
Parent company			
USI	481	6,133	718
Subsidiary of investor with significant influence			
TTC (ZS)	97	4,108	4,225
Others	1	1	1
Fellow subsidiary	53	71	66
Associate	3	2	5
	$ 1,627	$ 11,165	$ 6,337

g. Other payables to related parties

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Associate			
CGTD	$ 9,394	$ 10,072	$ 3,133
Parent company			
USI	2,693	2,559	5,694
Investor with significant influence			
APC	1,527	309	1,755
Others	30	6	849
Fellow subsidiary	118	115	123
Subsidiary of investor with significant influence	44	1,202	1,122
	$ 13,806	$ 14,263	$ 12,676

h. Acquisitions of property, plant and equipment

	Purchase Price For the Six Months Ended June 30	
Related Party Category/Name	2019	2018
Fellow subsidiary		
INOMA	$ 743	$ 409

i. Lease arrangements

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Lease liabilities			
Investor with significant influence			
APC	$ 156,099	$ -	$ -
TTC	35,561	-	-
Associate			
CGTD	27,101	-	-
	$ 218,761	$ -	$ -

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category/Name	2019	2018	2019	2018
Interest expense				
Investor with significant influence				
APC	$ 412	$ -	$ 831	$ -
Others	97	-	199	-
Associate	73	-	152	-
	$ 582	$ -	$ 1,182	$ -
Lease expense				
Parent company				
USI	$ 1,789	$ 1,891	$ 3,566	$ 3,781
Investor with significant influence	834	7,013	1,646	13,995
Associate	-	1,972	-	3,944
	$ 2,623	$ 10,876	$ 5,212	$ 21,720

The Company leases offices in Neihu from USI and APC. The rentals are paid on a monthly basis.

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

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

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

j. Storage tank operating expenses

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associate				
CGTD	$ 23,055	$ 19,794	$ 55,110	$ 42,614

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. Management service expenses

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Fellow subsidiary				
UM	$ 22,185	$ 16,879	$ 42,823	$ 36,884
Others	28	28	57	57
Parent company				
USI	1,581	940	2,764	1,878
	$ 23,794	$ 17,847	$ 45,644	$ 38,819

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.

l. Donations (classified as general and administrative expenses)

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Related party in substance				
USIF	$ -	$ -	$ 2,500	$ 2,000

m. Rental income

Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Fellow subsidiary				
USIO	$ 1,217	$ 3,002	$ 4,219	$ 6,007
Others	-	20	-	39
Investor with significant influence	57	22	79	44
Parent company				
USI	-	-	-	7
	$ 1,274	$ 3,044	$ 4,298	$ 6,097

USIO leased the land and facility located in Toufen from the Company, and the detailed lease term can be referenced in Note 17.

n. Compensation of key management personnel

The compensation of directors and key executives for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Salaries and others	$ 4,152	$ 4,050	$ 7,743	$ 7,560
Post-employment benefits	89	87	163	160
	$ 4,241	$ 4,137	$ 7,906	$ 7,720

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2019	December 31, 2018	June 30, 2018
Pledge deposits (classified as financial assets at amortized cost or other non-current assets)	$ 282,055	$ 281,874	$ 281,774
Property, plant and equipment			
Land	1,650,957	1,650,957	1,650,957
Buildings and improvements, net	502,874	517,612	532,570
Machinery and equipment, net	560,609	610,005	660,125
	$ 2,996,495	$ 3,060,448	$ 3,125,426

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 to enrich its working capital. The Company set the land and plants as collateral. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Company has not used its revolving credit.

The Company's subsidiary, CGPCPOL, pledged its land, plants, machinery and equipment as collateral for 5-year credit contract with KGI Bank.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group's unused letters of credit amounted to $891,575 thousand, $1,372,433 thousand and $817,931 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 $227,212 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, 2019, the provisionally attached property was worth $141,930 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, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victim's families.

   As of July 31, 2019, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of $25,719 thousand, and the amount of the settlement was $3,939 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,880,187 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,177,192 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around $383,831 thousand. In particular, CGTD was exempted to pay $6,194 thousand according to the court's judgement. $188,818 thousand is estimated to be the portion of compensation that CGTD should afford according to the first-instance judgment for the moment. CGTD has appealed some civil cases which were announced but were not yet settled and gradually entered into the second-instance trials. In addition, with regard to the above-mentioned compensation, CGTD estimated and recognized the amount of $136,375 thousand based on its fault liability proportion announced in the first-instance judgment. The actual payment of CGTD still depends on the judgments of the remaining civil cases in the future.

c. TVCM signed dichloroethane purchase contracts with CPC Corporation, Formosa Plastics Corporation and Mitsui Corp. The purchase price was negotiated by both parties according to a pricing formula.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: Foreign and Functional Currencies in Thousands

June 30, 2019

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial assets					
Monetary items					
USD	$ 59,284	31.060	(USD:NTD)	$ 1,841,364	$ 1,841,364
AUD	566	21.795	(AUD:NTD)	12,341	12,341
EUR	374	35.380	(EUR:NTD)	13,226	13,226
USD	296	6.8747	(USD:CNY)	2,038	9,205
GBP	74	39.390	(GBP:NTD)	2,901	2,901
Financial liabilities					
Monetary items					
USD	14,779	31.060	(USD:NTD)	459,035	459,035
JPY	6,000	0.2886	(JPY:NTD)	1,732	1,732

December 31, 2018

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial assets					
Monetary items					
USD	$ 50,210	30.715	(USD:NTD)	$ 1,542,209	$ 1,542,209
AUD	687	21.665	(AUD:NTD)	14,885	14,885
EUR	312	35.200	(EUR:NTD)	10,991	10,991
USD	296	6.863	(USD:CNY)	2,034	9,101
GBP	35	38.880	(GBP:NTD)	1,358	1,358

(Continued)

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial liabilities					
Monetary items					
USD	$ 17,203	30.715	(USD:NTD)	$ 528,379	$ 528,379
JPY	9,500	0.2782	(JPY:NTD)	2,643	2,643

(Concluded)

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

Net foreign exchange gains for the three months ended June 30, 2019 and 2018 were $17,035 thousand and $46,914 thousand, respectively, and for the six months ended June 30, 2019 and 2018 were $25,356 thousand and $28,158 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others: None;

2) Endorsements/guarantees provided: See Table 1 attached;

3) Marketable securities held: See Table 2 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 3 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 4 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached;

9) Trading in derivative instruments: See Note 7;

10) Intercompany relationships and significant intercompany transactions: See Table 6 attached; and

11) Information on investees: See Table 7 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 8 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: None.

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.

37. SEGMENT INFORMATION

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

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, 2019

	VCM Products	PVC Products	Total
Revenue from external customers	$ 505,352	$ 7,076,926	$ 7,582,278
Inter-segment revenue	4,466,071	219,407	4,685,478
Segment revenue	$ 4,971,423	$ 7,296,333	12,267,756
Eliminations			(4,685,478)
Consolidated revenue			$ 7,582,278
Segment income	$ 3,108	$ 210,690	$ 213,798
Share of gain of associates accounted for using the equity method			16,707
Interest income			10,035
Rental income			4,510
Gain on disposal of property, plant and equipment			141
Foreign exchange gains			25,356
Loss on financial instruments held for trading			(12,931)
Gain on financial assets mandatorily classified as at FVTPL			26,107
Interest expense			(6,053)
Others			11,440
Profit before tax from continuing operations			$ 289,110

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

(Continued)

	VCM Products	PVC Products	Total
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

(Concluded)

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.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	$ 7,862,142	$ 2,910,600	$ 2,600,000	$ 215,530	None	33.07	$ 7,862,142	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of June 30, 2019.

Note 2: 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.

TABLE 2

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
June 30, 2019
(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, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China General Plastics Corporation	Closed-end fund beneficiary certificates							
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	4,268,000	$ 65,940	-	$ 65,940	1
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at FVTPL - current	4,980,000	65,786	-	65,786	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	3,000,000	52,500	-	52,500	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at FVTPL - current	2,500,000	40,000	-	40,000	1
	Open-end fund beneficiary certificates							
	UPAMC James Bond Money Market Fund	-	Financial assets at FVTPL - current	896,604	15,000	-	15,000	1
	Ordinary shares							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,664,611	125,623	5.95	125,623	1
Taiwan VCM Corporation	Ordinary shares							
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	121,611	1,636	0.02	1,636	1
CGPC Polymer Corporation	Open-end fund beneficiary certificates							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	16,113,394	239,023	-	239,023	1
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	6,497,380	88,008	-	88,008	1
	FSITC Taiwan Money Market Fund	-	Financial assets at FVTPL - current	2,741,904	42,006	-	42,006	1
	FSITC Money Market Fund	-	Financial assets at FVTPL - current	156,778	28,005	-	28,005	1
CGPC (BVI) Holding Co., Ltd.	Shares							
	Teratech Corporation	-	Financial assets at FVTPL - non-current	112,000	-	0.67	-	1 and 3
	SOHOware, Inc. - preference shares	-	Financial assets at FVTPL - 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, 2019, the Group evaluates the fair value of the equity instrument as $0.

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, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount (Note)
China General Plastics Corporation	Beneficiary certificates													
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	3,702,173	$ 50,000	26,096,010	$ 353,000	29,798,183	$ 403,145	$ 403,000	$ 145	-	$ -
Taiwan VCM Corporation	Beneficiary certificates													
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	12,193,440	180,000	13,505,257	200,000	25,698,697	380,476	380,000	476	-	-
CGPC Polymer Corporation	Beneficiary certificates													
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	3,355,891	49,500	38,921,916	577,000	26,164,413	387,769	387,500	269	16,113,394	239,000
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	5,670,905	76,500	23,579,586	319,000	22,753,111	307,838	307,500	338	6,497,380	88,000

Note: The amount as of June 30, 2019 was accounted for as the original investment cost.

TABLE 4

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, 2019
(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	$ 2,245,780	74	45 days	No major difference	No major difference	Trade payables to related parties $ (857,976)	(78)
	CGPC America Corporation	Subsidiary	Sale	(206,079)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties 111,739	10
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(2,245,780)	(45)	45 days	No major difference	No major difference	Trade receivables from related parties 857,976	47
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(2,220,291)	(45)	45 days	No major difference	No major difference	Trade receivables from related parties 795,825	44
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	2,220,291	96	45 days	No major difference	No major difference	Trade payables to related parties (795,825)	(96)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	206,079	86	90 days	No major difference	No major difference	Trade payables to related parties (111,739)	(97)

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

TABLE 5

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, 2019
(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	$ 111,739	3.87	$ -	-	$ 32,210	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties	$ 857,976	5.50	-	-	427,581	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties	$ 795,825	5.64	-	-	397,485	Note 1

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

Note 2: The subsequent period is between July 1 and July 26, 2019.

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, 2019
(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	$ 857,976	No major difference	7
			1	Purchases	2,245,780	No major difference	30
		CGPC America Corporation	1	Trade receivables from related parties	111,739	No major difference	1
			1	Sales revenue	206,079	No major difference	3
		CGPC Polymer Corporation	1	Other receivables from related parties	2,042	No major difference	-
			1	Trade payables to related parties	5,308	No major difference	-
			1	Purchases	13,328	No major difference	-
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	795,825	No major difference	6
			3	Other payables to related parties	25,598	No major difference	-
			3	Purchases	2,220,291	No major difference	29

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

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

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

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

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

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				June 30, 2019	December 31, 2018	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	$ 2,930,995	$ 2,930,995	206,008,832	87.22	$ 2,795,117	$ 38,627	$ 83,991	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	78,859,281	100.00	912,806	22,941	22,941	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	362,563	5,349	5,349	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	18,667,465	33.33	244,817	52,097	17,365	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	207,436	584	584	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	78,510	1,158	1,158	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	23,867	(37,423)	(651)	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	1,445	(69)	(7)	Associate accounted for using the equity method

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

TABLE 8

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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, 2019 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of June 30, 2019 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of June 30, 2019
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	$ 621,200 (US$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 621,200 (US$ 20,000 thousand)	$ -	$ -	$ 621,200 (US$ 20,000 thousand)	$ 4,377 (US$ 141 thousand)	100.00	$ 4,377 (US$ 141 thousand)	$ 271,338 (US$ 8,736 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	46,590 (US$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,590 (US$ 1,500 thousand)	-	-	46,590 (US$ 1,500 thousand)	20 (US$ 1 thousand)	100.00	20 (US$ 1 thousand)	14,084 (US$ 453 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019 (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
$841,167 (US$27,082 thousand)	$1,065,203 (US$34,295 thousand)	(Note 2)

Note 1: The calculation was based on the spot exchange rate of June 30, 2019.

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 $21,245 thousand (US$684 thousand), the investment amount of Union (ZS) of $27,892 thousand (US$898 thousand) and the investment amount of CGPC (SH) of $124,240 thousand (US$4,000 thousand).

Note 4: The board of directors of the Company passed a resolution to dissolve CGPC (ZS) and CGPC (CP) on October 24, 2011. As of June 30, 2019, the dissolution procedures have not yet been completed.

Note 5: All the transactions were written off when preparing the consolidated financial statements. The investment income (loss) was recognized based on financial statements which were not reviewed by auditors. See Note 13.