China General Plastics Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 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 September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. 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 September 30, 2019 and 2018, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT$972,671 thousand and NT$1,032,791 thousand, respectively, collectively representing 8% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2019 and 2018 were NT$42,220 thousand and NT$33,937 thousand, respectively, collectively representing 1% of the consolidated total liabilities; for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the amounts of combined comprehensive income of these non-significant subsidiaries were NT$(10,255) thousand, NT$1,732 thousand, NT$3,232 thousand and NT$15,350 thousand, respectively, representing (6%), 1%, 1% 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 September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 were NT$4,807 thousand, NT$1,049 thousand, NT$23,391 thousand and NT$(34,409) thousand, respectively, representing 3%, 0.4%, 5% 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 September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

November 12, 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)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 721,923	6	$ 934,680	7	$ 933,131	7
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	620,200	5	1,432,707	11	1,442,554	11
Financial assets at amortized cost - current (Notes 9 and 33)	269,052	2	268,954	2	268,903	2
Notes receivable (Note 10)	284,201	2	195,847	2	319,928	2
Trade receivables (Notes 10 and 32)	1,458,665	12	1,608,142	12	1,216,847	9
Other receivables (Note 10)	108,863	1	84,601	1	101,899	1
Other receivables from related parties (Notes 10 and 32)	1,587	-	11,165	-	6,503	-
Inventories (Note 11)	1,627,012	13	1,717,275	13	2,091,706	16
Prepayments (Notes 3, 16 and 19)	54,157	1	59,343	-	77,149	1
Other current assets	1,153	-	1,513	-	688	-
Total current assets	5,146,813	42	6,314,227	48	6,459,308	49
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 8 and 25)	120,391	1	122,640	1	122,051	1
Investments accounted for using the equity method (Note 14)	274,292	2	253,998	2	265,863	2
Property, plant and equipment (Notes 15, 20, 32 and 33)	5,874,463	48	6,009,889	45	5,747,530	44
Right-of-use assets (Notes 3, 4 and 16)	317,063	3	-	-	-	-
Investment properties (Notes 17 and 32)	288,832	2	135,277	1	136,523	1
Intangible assets (Note 18)	214	-	2,493	-	4,004	-
Deferred tax assets (Note 4)	250,650	2	261,613	2	266,714	2
Long-term prepayments for leases (Notes 3, 16 and 19)	-	-	95,184	1	95,216	1
Other non-current assets (Note 33)	44,109	-	28,774	-	24,822	-
Total non-current assets	7,170,014	58	6,909,868	52	6,662,723	51
TOTAL	$ 12,316,827	100	$ 13,224,095	100	$ 13,122,031	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	$ 200,000	2	$ -	-	$ -	-
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	1,450	-	1,645	-	1,402	-
Notes payable (Note 21)	-	-	288	-	91	-
Trade payables (Note 21)	612,364	5	915,009	7	969,824	7
Trade payables to related parties (Notes 21 and 32)	136,554	1	171,860	1	171,556	1
Other payables (Note 22)	603,264	5	754,730	6	720,884	6
Other payables to related parties (Note 32)	8,673	-	14,263	-	13,485	-
Current tax liabilities (Note 4)	54,237	-	181,491	1	163,610	1
Lease liabilities - current (Notes 3, 4, 16 and 32)	36,228	-	-	-	-	-
Other current liabilities (Notes 23 and 26)	71,874	1	68,412	1	58,596	1
Total current liabilities	1,724,644	14	2,107,698	16	2,099,448	16
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15, 20 and 33)	700,000	6	1,000,000	8	1,000,000	8
Deferred tax liabilities (Note 4)	593,896	5	593,964	4	594,212	5
Lease liabilities - non-current (Notes 3, 4, 16 and 32)	190,266	1	-	-	-	-
Net defined benefit liabilities - non-current (Note 24)	656,387	5	707,679	5	712,680	5
Other non-current liabilities	5,385	-	3,650	-	4,262	-
Total non-current liabilities	2,145,934	17	2,305,293	17	2,311,154	18
Total liabilities	3,870,578	31	4,412,991	33	4,410,602	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 8, 14 and 25)						
Ordinary shares	5,270,299	43	5,067,596	39	5,067,596	39
Capital surplus	8,941	-	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	1,643,639	14	2,334,921	18	2,222,130	17
Total retained earnings	2,692,432	22	3,256,098	25	3,143,307	24
Other equity	45,873	-	42,017	-	48,743	-
Total equity attributable to owners of the Company	8,017,545	65	8,374,640	64	8,267,880	63
NON-CONTROLLING INTERESTS	428,704	4	436,464	3	443,549	3
Total equity	8,446,249	69	8,811,104	67	8,711,429	66
TOTAL	$ 12,316,827	100	$ 13,224,095	100	$ 13,122,031	100

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

(With Deloitte & Touche auditors' review report dated November 12, 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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 26 and 32)	$ 3,824,886	100	$ 3,475,990	100	$ 11,407,164	100	$ 11,298,548	100
COST OF GOODS SOLD (Notes 11, 27 and 32)	3,301,095	86	2,940,664	85	10,079,231	88	8,993,440	80
GROSS PROFIT	523,791	14	535,326	15	1,327,933	12	2,305,108	20
OPERATING EXPENSES (Notes 27 and 32)								
Selling and marketing expenses	209,345	6	181,855	5	633,950	6	593,759	5
General and administrative expenses	73,101	2	66,884	2	210,941	2	217,504	2
Research and development expenses	15,010	-	13,363	-	42,909	-	41,204	-
Total operating expenses	297,456	8	262,102	7	887,800	8	852,467	7
PROFIT FROM OPERATIONS	226,335	6	273,224	8	440,133	4	1,452,641	13
NON-OPERATING INCOME AND EXPENSES (Notes 7, 14, 27 and 32)								
Other income	17,076	-	20,879	1	49,935	1	65,719	1
Other gains and losses	(11,631)	-	15,609	-	20,168	-	40,982	-
Interest expense	(3,135)	-	(2,499)	-	(9,188)	-	(7,733)	-
Share of profit (loss) of associates accounted for using the equity method	3,215	-	3,734	-	19,922	-	(24,312)	-
Total non-operating income and expenses	5,525	-	37,723	1	80,837	1	74,656	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	231,860	6	310,947	9	520,970	5	1,527,297	14
INCOME TAX EXPENSE (Notes 4 and 28)	43,147	1	65,715	2	97,958	1	284,178	3
NET PROFIT FROM CONTINUING OPERATIONS (Note 27)	188,713	5	245,232	7	423,012	4	1,243,119	11
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (Note 12)	(793)	-	2,298	-	3,604	-	6,355	-
NET PROFIT FOR THE PERIOD	187,920	5	247,530	7	426,616	4	1,249,474	11

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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 September 30				For the Nine Months Ended September 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 (loss) on investments in equity instruments at FVTOCI	$ (6,868)	-	$ 18,955	-	$ 4,642	-	$ 19,757	-
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	1,514	-	(2,417)	-	2,739	-	(8,030)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	8,520	-
	(5,354)	-	16,538	-	7,381	-	20,263	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(11,011)	-	(9,400)	-	(3,939)	-	2,798	-
Share of other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(566)	-	(783)	-	(345)	-	(555)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	2,202	-	1,880	-	789	-	(2,580)	-
	(9,375)	-	(8,303)	-	(3,495)	-	(337)	-
Other comprehensive income (loss) for the period, net of income tax	(14,729)	-	8,235	-	3,886	-	19,926	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 173,191	5	$ 255,765	7	$ 430,502	4	$ 1,269,400	11
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 170,149	4	$ 238,826	7	$ 403,908	4	$ 1,163,028	10
Non-controlling interests	17,771	1	8,704	-	22,708	-	86,446	1
	$ 187,920	5	$ 247,530	7	$ 426,616	4	$ 1,249,474	11

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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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 155,396	4	$ 247,060	7	$ 407,764	4	$ 1,182,978	10
Non-controlling interests	17,795	1	8,705	-	22,738	-	86,422	1
	$ 173,191	5	$ 255,765	7	$ 430,502	4	$ 1,269,400	11
EARNINGS PER SHARE (Note 29)								
From continuing and discontinued operations								
Basic	$ 0.32		$ 0.45		$ 0.77		$ 2.21	
Diluted	$ 0.32		$ 0.45		$ 0.77		$ 2.20	
From continuing operations								
Basic	$ 0.32		$ 0.45		$ 0.76		$ 2.20	
Diluted	$ 0.32		$ 0.45		$ 0.76		$ 2.19	

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

(With Deloitte & Touche auditors’ review report dated November 12, 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	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 on Investment 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 nine months ended September 30, 2018	-	-	-	-	-	-	1,163,028	1,163,028	-	-	-	-	1,163,028	86,446	1,249,474
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	8,536	8,536	(337)	-	11,751	11,414	19,950	(24)	19,926
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	-	1,171,564	1,171,564	(337)	-	11,751	11,414	1,182,978	86,422	1,269,400
BALANCE AT SEPTEMBER 30, 2018	$ 5,067,596	$ 7,927	$ 307	$ 8,234	$ 512,954	$ 408,223	$ 2,222,130	$ 3,143,307	$ (19,920)	$ -	$ 68,663	$ 48,743	$ 8,267,880	$ 443,549	$ 8,711,429
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	-	5	7	12	-	-	-	-	-	-	-	-	12	-	12
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	-	403,908	403,908	-	-	-	-	403,908	22,708	426,616
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	-	-	(3,495)	-	7,351	3,856	3,856	30	3,886
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	-	403,908	403,908	(3,495)	-	7,351	3,856	407,764	22,738	430,502
BALANCE AT SEPTEMBER 30, 2019	$ 5,270,299	$ 8,627	$ 314	$ 8,941	$ 640,570	$ 408,223	$ 1,643,639	$ 2,692,432	$ (19,320)	$ -	$ 65,193	$ 45,873	$ 8,017,545	$ 428,704	$ 8,446,249

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

(With Deloitte & Touche auditors’ review report dated November 12, 2019)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ 520,970	$ 1,527,297
Income before income tax from discontinued operations	3,604	6,355
Income before income tax	524,574	1,533,652
Adjustments for:		
Depreciation expenses	453,048	374,960
Amortization expenses	23,839	17,601
Expected credit loss recognized on trade receivables	-	912
Net gain on fair value changes of financial assets at FVTPL	(8,792)	(9,492)
Interest expense	9,188	7,733
Interest income	(12,330)	(11,385)
Dividend income	(4,019)	(1,672)
Share of (profit) loss of associates	(19,922)	24,312
Net loss (gain) on disposal of property, plant and equipment	2,157	(10,772)
Property, plant and equipment transferred to expenses	1,247	-
Write-down (reversal) of inventories	(233)	10,661
Amortization of long-term prepayments for leases	-	2,611
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	843,074	(37,463)
Notes receivable	(88,354)	(139,999)
Trade receivables	150,591	284,710
Other receivables	(24,490)	(30,553)
Other receivables from related parties	9,579	(924)
Inventories	92,965	(241,271)
Prepayments	1,797	(23,551)
Other current assets	360	(194)
Financial liabilities held for trading	(21,970)	-
Notes payable	(288)	(92)
Trade payables	(307,653)	349,276
Trade payables to related parties	(35,306)	(60,455)
Other payables	(133,385)	63,029
Other payables to related parties	(5,604)	(9,147)
Other current liabilities	3,462	(27,181)
Net defined benefit liabilities	(51,292)	(327,195)
Cash generated from operations	1,402,243	1,738,111
Interest received	12,621	10,968
Interest paid	(9,382)	(7,717)
Income tax paid	(213,529)	(252,717)
Net cash generated from operating activities	1,191,953	1,488,645

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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 Nine Months Ended September 30	
	2019	**2018**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	$ 6,891	$ 7,462
Purchase of financial assets at amortized cost	(269,052)	(268,903)
Proceeds from sale of financial assets at amortized cost	268,954	268,805
Payments for property, plant and equipment	(503,679)	(422,432)
Proceeds from disposal of property, plant and equipment	2,141	14,430
Increase in refundable deposits	(16,552)	(53)
Decrease in refundable deposits	12,921	398
Decrease in other non-current assets	(78)	-
Dividends received	4,019	1,672
Net cash used in investing activities	(494,435)	(398,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	200,000	-
Repayments of long-term borrowings	(300,000)	(50,000)
Proceeds from guarantee deposits received	3,573	2,859
Refunds of guarantee deposits received	(1,832)	(990)
Repayment of the principal portion of lease liabilities	(25,472)	-
Increase (decrease) in other non-current liabilities	(6)	4
Dividends paid to owners of the Company	(757,815)	(735,209)
Dividends paid to non-controlling interests	(30,192)	(37,380)
Net cash used in financing activities	(911,744)	(820,716)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,469	678
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(212,757)	269,986
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	934,680	663,145
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 721,923	$ 933,131

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

(With Deloitte & Touche auditors' review report dated November 12, 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 dollars (NT$).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were proposed to the Company's board of directors on November 12, 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 issued, 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 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
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 issued, 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, Tables 7 and 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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand and petty cash	$ 537	$ 484	$ 473
Checking accounts and demand deposits	331,524	207,907	161,919
Cash equivalents			
Time deposits	389,862	518,469	590,964
Reverse repurchase agreements collateralized by bonds	-	207,820	179,775
	$ 721,923	$ 934,680	$ 933,131

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:

	September 30, 2019	December 31, 2018	September 30, 2018
Cash in banks	0.001%-2.29%	0.001%-3.00%	0.001%-2.58%
Reverse repurchase agreements collateralized by bonds	-	0.53%-0.55%	0.45%-0.50%

7. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ 2,762	$ 839	$ 2,081
Non-derivative financial assets			
Open-end fund beneficiary certificates	389,650	1,222,661	1,229,821
Closed-end fund beneficiary certificates	227,788	209,207	210,652
Overseas unlisted equity investments	-	-	-
	$ 620,200	$ 1,432,707	$ 1,442,554
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 1,450	$ 1,645	$ 1,402

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

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2019			
Buy	NTD/USD	2019.12.04	NTD47,260/USD1,520
Sell	USD/NTD	2019.10.02-2020.01.06	USD30,560/NTD948,357
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
September 30, 2018			
Buy	NTD/USD	2018.10.02-2018.10.22	NTD201,490/USD6,570
Sell	USD/NTD	2018.10.02-2018.12.21	USD18,830/NTD575,694

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

	September 30, 2019	December 31, 2018	September 30, 2018
Non-current			
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	$ 1,818	$ 1,593	$ 2,007
Unlisted ordinary shares			
KHL IB Venture Capital Co., Ltd.	118,573	121,047	120,044
	$ 120,391	$ 122,640	$ 122,051

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

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Domestic investments			
Pledged time deposits	$ 269,052	$ 268,954	$ 268,903

As of September 30, 2019, December 31, 2018 and September 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

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable			
Notes receivable - operating	$ 284,201	$ 195,847	$ 319,928
Trade receivables			
At amortized cost			
Gross carrying amount	$ 1,472,367	$ 1,621,877	$ 1,230,012
Less: Allowance for impairment loss	(13,702)	(13,735)	(13,165)
	$ 1,458,665	$ 1,608,142	$ 1,216,847
Other receivables			
Tax refund receivables	$ 104,797	$ 74,916	$ 92,987
Interest receivables	648	939	980
Others	3,667	9,000	8,184
Less: Allowance for impairment loss	(249)	(254)	(252)
	$ 108,863	$ 84,601	$ 101,899
Other receivables from related parties (Note 32)	$ 1,587	$ 11,165	$ 6,503

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 period 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 position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the 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 that are due.

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

September 30, 2019

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 49,802	$ 392,246	$ 231,300	$ 799,019	$ 1,472,367
Loss allowance (lifetime ECLs)	-	(3,105)	(5,212)	(5,385)	(13,702)
Amortized cost	$ 49,802	$ 389,141	$ 226,088	$ 793,634	$ 1,458,665

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

September 30, 2018

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 109,161	$ 456,554	$ 243,440	$ 420,857	$ 1,230,012
Loss allowance (lifetime ECLs)	-	(6,027)	(2,292)	(4,846)	(13,165)
Amortized cost	$ 109,161	$ 450,527	$ 241,148	$ 416,011	$ 1,216,847

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

	September 30, 2019	December 31, 2018	September 30, 2018
Not past due	$ 1,687,043	$ 1,750,493	$ 1,487,173
Less than and including 60 days	66,601	64,638	59,536
Over 60 days	2,924	2,593	3,231
	$ 1,756,568	$ 1,817,724	$ 1,549,940

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 Nine Months Ended September 30	
	2019	2018
Balance at January 1	$ 13,735	$ 12,319
Add: Net remeasurement of loss allowance	-	912
Less: Amounts written off	(63)	(106)
Foreign exchange gains and losses	30	40
Balance at September 30	$ 13,702	$ 13,165

b. Other receivables

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

11. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	$ 821,552	$ 1,131,291	$ 1,256,433
Work in progress	33,948	45,025	43,271
Raw materials	771,512	540,959	792,002
	$ 1,627,012	$ 1,717,275	$ 2,091,706

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2019 and 2018 was $3,301,095 thousand, $2,940,664 thousand, respectively, and for the nine months ended September 30, 2019 and 2018 was $10,079,231 thousand and $8,993,440 thousand, respectively.

The cost of goods sold included inventory write-downs (reversals) of $2,634 thousand and $7,216 thousand for the three months ended September 30, 2019 and 2018, respectively, and $(233) thousand and $10,661 thousand for the nine months ended September 30, 2019 and 2018, respectively. 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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Administrative expenses	$ (7,469)	$ (8,534)	$ (19,853)	$ (24,618)
Loss from operations	(7,469)	(8,534)	(19,853)	(24,618)
Non-operating income	6,676	10,832	23,457	30,973
Net profit (loss) from discontinued operations	$ (793)	$ 2,298	$ 3,604	$ 6,355

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

	For the Nine Months Ended September 30	
	2019	2018
Net cash generated from operating activities	$ 8,144	$ 11,688
Net cash generated from investing activities	-	998
Effect of exchange rate changes	(1,670)	(2,048)
Net cash inflow	$ 6,474	$ 10,638

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership (%)			
Investor	Subsidiary	Nature of Activities	September 30, 2019	December 31, 2018	September 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, d
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 September 30, 2019, the dissolution procedures have not yet been completed.

d. Krystal Star is undergoing the liquidation process and has returned its remaining assets to the Company in July 2019.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Listed companies			
Acme Electronics Corporation ("ACME")	$ 23,223	$ 24,296	$ 25,258
Unlisted companies			
China General Terminal & Distribution Corporation ("CGTD")	249,625	228,250	239,146
Thintec Materials Corporation ("TMC")	1,444	1,452	1,459
	$ 274,292	$ 253,998	$ 265,863

b. Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Group's share of:				
Gain (loss) from continuing operations	$ 3,215	$ 3,734	$ 19,922	$ (24,312)
Other comprehensive income (loss)	948	(3,200)	2,394	(8,569)
Total comprehensive income (loss) for the period	$ 4,163	$ 534	$ 22,316	$ (32,881)

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	September 30, 2019	December 31, 2018	September 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	September 30, 2019	December 31, 2018	September 30, 2018
ACME	$ 40,018	$ 42,241	$ 58,280

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 nine months ended September 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	-	-	31	-	453	394,979	395,463
Disposals	-	(7,500)	(107,900)	(2,280)	(4,298)	-	(121,978)
Reclassification	-	20,918	355,770	1,622	7,159	(385,469)	-
Effect of foreign currency exchange differences	-	(8,438)	(742)	(47)	144	(216)	(9,299)
Balance at September 30, 2018	$ 2,105,218	$ 2,057,563	$ 9,755,694	$ 59,950	$ 334,340	$ 505,098	$ 14,817,863
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	-	53,011	302,763	3,975	11,474	-	371,223
Disposals	-	(7,121)	(104,657)	(2,280)	(4,262)	-	(118,320)
Reclassification	-	-	-	-	538	(538)	-
Effect of foreign currency exchange differences	-	(5,476)	(780)	(47)	125	(208)	(6,386)
Balance at September 30, 2018	$ -	$ 1,122,446	$ 7,615,241	$ 45,371	$ 279,610	$ 7,665	$ 9,070,333
Carrying amounts at September 30, 2018	$ 2,105,218	$ 935,117	$ 2,140,453	$ 14,579	$ 54,730	$ 497,433	$ 5,747,530
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	-	-	181	-	509	482,460	483,150
Disposals	-	(32,554)	(152,674)	(6,114)	(14,888)	-	(206,230)
Reclassification	(14,512)	(110,540)	458,581	1,869	9,959	(557,681)	(212,324)
Effect of foreign currency exchange differences	-	(6,247)	(594)	(20)	9	(157)	(7,009)
Balance at September 30, 2019	$ 2,090,706	$ 1,953,017	$ 10,055,553	$ 60,213	$ 337,346	$ 644,542	$ 15,141,377

(Continued)

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
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	-	54,586	347,962	4,329	13,794	-	420,671
Disposals	-	(30,655)	(150,883)	(5,556)	(14,838)	-	(201,932)
Reclassification	-	(14,757)	(5,845)	-	-	-	(20,602)
Effect of foreign currency exchange differences	-	(4,331)	(614)	(37)	14	(156)	(5,124)
Balance at September 30, 2019	$ -	$ 1,147,026	$ 7,786,525	$ 45,503	$ 279,947	$ 7,913	$ 9,266,914
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 September 30, 2019	$ 2,090,706	$ 805,991	$ 2,269,028	$ 14,710	$ 57,399	$ 636,629	$ 5,874,463

(Concluded)

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 nine months ended September 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

	September 30, 2019
Carrying amounts	
Land	$ 273,065
Buildings	14,367
Machinery	29,631
	$ 317,063

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Depreciation charge for right-of-use assets		
Land	$ 6,190	$ 18,568
Buildings	1,083	3,234
Machinery	2,279	6,838
	$ 9,552	$ 28,640

b. Lease liabilities - 2019

	September 30, 2019
Carrying amounts	
Current	$ 36,228
Non-current	$ 190,266

Range of discount rate for lease liabilities was as follows:

	September 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 September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases	$ 2,931	$ 8,754
Expenses relating to low-value asset leases	$ 146	$ 438
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 8,704	$ 35,518
Total cash outflow for leases		$ (72,059)

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.

2018

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

	December 31, 2018	September 30, 2018
Not later than 1 year	$ 46,518	$ 45,449
Later than 1 year and not later than 5 years	140,238	146,881
Later than 5 years	88,574	92,244
	$ 275,330	$ 284,574

17. INVESTMENT PROPERTIES

	September 30, 2019	December 31, 2018	September 30, 2018
Freehold land	$ 27,715	$ 13,204	$ 13,204
Buildings and improvements	261,117	122,073	123,319
	$ 288,832	$ 135,277	$ 136,523

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

	September 30, 2019	December 31, 2018	September 30, 2018
Year 1	$ 8,801	$ 11,777	$ 11,777
Year 2	6,622	5,889	8,833
Year 3	6,622	-	-
Year 4	6,622	-	-
Year 5	6,622	-	-
Year 6 onwards	31,456	-	-
	$ 66,745	$ 17,666	$ 20,610

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

Buildings and improvements	5 to 26 years

18. INTANGIBLE ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Computer software	$ 214	$ 2,070	$ 2,311
Technical authorization	-	423	1,693
	$ 214	$ 2,493	$ 4,004

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 nine months ended September 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

	September 30, 2019	December 31, 2018	September 30, 2018
Current (included in prepayments)	$ -	$ 3,389	$ 3,361
Non-current	-	95,184	95,216
	$ -	$ 98,573	$ 98,577

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

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured borrowings			
Bank loans	$ 200,000	$ -	$ -

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

b. Long-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Line of credit borrowings	$ 200,000	$ 500,000	$ 500,000
Secured loans	500,000	500,000	500,000
	$ 700,000	$ 1,000,000	$ 1,000,000
The range of interest rate	1.04%-1.05%	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 utilize the total credit amount within the validity period. As of September 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 September 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

	September 30, 2019	December 31, 2018	September 30, 2018
Notes payable			
Operating	$ -	$ 288	$ 91
Trade payables (including from related parties)			
Operating	$ 748,918	$ 1,086,869	$ 1,141,380

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

	September 30, 2019	December 31, 2018	September 30, 2018
Payables for salaries or bonuses	$ 213,184	$ 305,678	$ 329,934
Payables for purchases of equipment	80,095	100,624	37,520
Payables for freight	67,498	73,585	51,938
Payables for utilities	57,870	60,241	58,893
Payables for fuel fees	14,141	19,830	11,527
Payables for dividends	8,432	6,112	6,884
Others	162,044	188,660	224,188
	$ 603,264	$ 754,730	$ 720,884

23. REFUND LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
Refund liability (presented in other current liabilities)	$ 17,546	$ 23,750	$ 28,453

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 September 30, 2019 and 2018 was $5,269 thousand and $6,445 thousand, respectively, and for the nine months ended September 30, 2019 and 2018 was $15,809 thousand and $19,560 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 $67,101 thousand and $346,754 thousand for the nine months ended September 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

	September 30, 2019	December 31, 2018	September 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)	527,030	506,760	506,760
Shares issued	$ 5,270,299	$ 5,067,596	$ 5,067,596

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than $0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to "Employees' compensation and remuneration of directors" in Note 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 September 30, 2019, there was no change.

e. Other equity items

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

	For the Nine Months Ended September 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	(3,939)	2,798
Share of exchange differences of associates accounted for using the equity method	(345)	(555)
Related income tax	789	(560)
Balance at September 30	$ (19,320)	$ (19,920)

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

	For the Nine Months Ended September 30	
	2019	**2018**
Balance at January 1	$ 57,842	$ 56,912
Recognized during the period		
Unrealized loss on equity instruments	4,612	19,781
Share of gain (loss) of associates accounted for using the equity method	2,739	(8,030)
Balance at September 30	$ 65,193	$ 68,663

26. REVENUE

a. Revenue from contracts with customers

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue from the sale of goods				
PVC products	$ 3,642,822	$ 3,233,359	$ 10,719,748	$ 10,439,929
VCM products	182,064	242,631	687,416	858,619
	$ 3,824,886	$ 3,475,990	$ 11,407,164	$ 11,298,548

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.

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Contract liabilities (presented in other current liabilities)	$ 31,823	$ 23,211	$ 28,175	$ 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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Owners of the Company	$ 170,942	$ 236,528	$ 400,304	$ 1,156,673
Non-controlling interests	17,771	8,704	22,708	86,446
	$ 188,713	$ 245,232	$ 423,012	$ 1,243,119

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income				
Bank deposits	$ 1,943	$ 2,342	$ 7,115	$ 5,720
Financial assets at FVTPL	-	-	4,393	4,501
Financial assets at amortized cost	124	123	366	365
Others	53	301	281	665
	2,120	2,766	12,155	11,251
Rental income	1,200	3,120	5,710	9,407
Others	13,756	14,993	32,070	45,061
	$ 17,076	$ 20,879	$ 49,935	$ 65,719

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gain (loss) on disposal of property, plant and equipment	$ (2,298)	$ 12,819	$ (2,157)	$ 10,772
Gross foreign exchange gains	30,064	30,094	72,532	114,241
Gross foreign exchange losses	(35,089)	(26,451)	(52,201)	(82,440)
Loss on financial liabilities held for trading (see Note 7)	(7,751)	(4,751)	(20,682)	(30,182)
Gain on financial assets mandatorily classified as at FVTPL (see Note 7)	9,907	12,327	36,014	44,473
Others	(6,464)	(8,429)	(13,338)	(15,882)
	$ (11,631)	$ 15,609	$ 20,168	$ 40,982

c. Interest expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	$ 2,542	$ 2,581	$ 7,345	$ 7,949
Interest on lease liabilities	604	-	1,877	-
Less: Capitalized interest (included in construction in progress)	(11)	(82)	(34)	(216)
	$ 3,135	$ 2,499	$ 9,188	$ 7,733

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Capitalized interest	$ 11	$ 82	$ 34	$ 216
Capitalization rate	0.78%	0.82%	0.67%	0.85%

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Property, plant and equipment	$ 139,308	$ 123,219	$ 411,669	$ 362,210
Right-of-use assets	8,707	-	26,065	-
Investment properties	1,246	1,246	3,737	3,737
Intangible assets	465	1,817	2,279	6,234
Others	7,650	3,357	21,560	11,367
	$ 157,376	$ 129,639	$ 465,310	$ 383,548
An analysis of depreciation by function				
Operating costs	$ 144,216	$ 121,191	$ 425,829	$ 356,395
Operating expenses	3,799	2,028	11,905	5,815
Non-operating expenses	1,246	1,246	3,737	3,737
	$ 149,261	$ 124,465	$ 441,471	$ 365,947
An analysis of amortization by function				
Operating costs	$ 7,650	$ 4,626	$ 21,983	$ 15,175
General and administrative expenses	465	548	1,856	2,426
	$ 8,115	$ 5,174	$ 23,839	$ 17,601

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	$ 6,925	$ 6,567	$ 20,449	$ 19,284
Defined benefit plans (see Note 24)	5,269	6,445	15,809	19,560
	12,194	13,012	36,258	38,844
Other employee benefits	291,196	298,914	858,530	963,642
Total employee benefits expense	$ 303,390	$ 311,926	$ 894,788	$ 1,002,486

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of employee benefits expense by function				
Operating costs	$ 237,747	$ 245,614	$ 704,919	$ 788,136
Operating expenses	65,643	66,312	189,869	214,350
	$ 303,390	$ 311,926	$ 894,788	$ 1,002,486

(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 September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2019	2018
Employees' compensation	1%	1%
Remuneration of directors	-	-

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	$ 1,773	$ 2,811	$ 4,520	$ 12,607

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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	$ 42,800	$ 49,498	$ 71,181	$ 229,594
Income tax on unappropriated earnings	-	-	14,390	25,067
Adjustments for prior periods	-	-	703	20,708
	42,800	49,498	86,274	275,369
Deferred tax				
In respect of the current period	347	15,167	12,384	48,061
Adjustments for prior periods	-	892	(700)	1,463
Adjustments to deferred tax attributable to changes in tax rates and laws	-	158	-	(40,715)
	347	16,217	11,684	8,809
Income tax expense recognized in profit or loss	$ 43,147	$ 65,715	$ 97,958	$ 284,178

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 September 30		For the Nine Months Ended September 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	2,202	1,880	789	(560)
	$ 2,202	$ 1,880	$ 789	$ 5,940

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 nine months ended September 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 September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Basic earnings per share				
From continuing operations and discontinued operations	$ 0.32	$ 0.45	$ 0.77	$ 2.21
From discontinued operations	-	-	(0.01)	(0.01)
From continuing operations	$ 0.32	$ 0.45	$ 0.76	$ 2.20
Diluted earnings per share				
From continuing operations and discontinued operations	$ 0.32	$ 0.45	$ 0.77	$ 2.20
From discontinued operations	-	-	(0.01)	(0.01)
From continuing operations	$ 0.32	$ 0.45	$ 0.76	$ 2.19

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 nine months ended September 30, 2018 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
Basic earnings per share				
From continuing and discontinued operations	$ 0.47	$ 2.30	$ 0.45	$ 2.21
From discontinued operations	-	(0.01)	-	(0.01)
From continuing operations	$ 0.47	$ 2.29	$ 0.45	$ 2.20

(Continued)

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
Diluted earnings per share				
From continuing operations and discontinued operations	$ 0.47	$ 2.29	$ 0.45	$ 2.20
From discontinued operations	-	(0.01)	-	(0.01)
From continuing operations	$ 0.47	$ 2.28	$ 0.45	$ 2.19

(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 September 30		For the Nine Months Ended September 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)	$ 170,149	$ 238,826	$ 403,908	$ 1,163,028
Add: Loss (profit) for the period from discontinued operations	793	(2,298)	(3,604)	(6,355)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 170,942	$ 236,528	$ 400,304	$ 1,156,673

Ordinary Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 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	228	494	380	614
Weighted average number of ordinary shares used in the computation of diluted earnings per share	527,258	527,524	527,410	527,644

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

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,762	$ -	$ 2,762
Fund beneficiary certificates	617,438	-	-	617,438
Investments in equity instruments				
Overseas unlisted equity investments	-	-	-	-
	$ 617,438	$ 2,762	$ -	$ 620,200
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed equity investments	$ 1,818	$ -	$ -	$ 1,818
Domestic unlisted equity investments	-	-	118,573	118,573
	$ 1,818	$ -	$ 118,573	$ 120,391

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives financial liabilities	$ -	$ 1,450	$ -	$ 1,450

(Concluded)

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

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,081	$ -	$ 2,081
Fund beneficiary certificates	1,440,473	-	-	1,440,473
Investments in equity instruments				
Overseas unlisted equity investments	-	-	-	-
	$ 1,440,473	$ 2,081	$ -	$ 1,442,554
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed equity investments	$ 2,007	$ -	$ -	$ 2,007
Domestic unlisted equity investments	-	-	120,044	120,044
	$ 2,007	$ -	$ 120,044	$ 122,051
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 1,402	$ -	$ 1,402

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

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

For the nine months ended September 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)	4,417
Return of capital	(6,891)
Balance at September 30, 2019	$ 118,573

For the nine months ended September 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)	19,944
Return of capital	(7,462)
Balance at September 30, 2018	$ 120,044

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 September 30, 2019, December 31, 2018 and September 30, 2018. When other inputs remain unchanged, the fair value will decrease by $1,395 thousand, $1,424 thousand and $1,412 thousand if the discount for lack of marketability increases by 1%.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	$ 620,200	$ 1,432,707	$ 1,442,554
Financial assets at amortized cost			
Cash and cash equivalents	721,923	934,680	933,131
Pledge time deposits	269,052	268,954	268,903
Notes receivable	284,201	195,847	319,928
Trade receivables (including related parties)	1,458,665	1,608,142	1,216,847
Other receivables (including related parties and excluding tax refund receivable)	5,653	20,850	15,415
Refundable deposits	20,527	16,281	16,281
Financial assets at FVTOCI			
Equity instruments	120,391	122,640	122,051

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	$ 1,450	$ 1,645	$ 1,402
Financial liabilities measured at amortized cost			
Short-term borrowings	200,000	-	-
Notes payable	-	288	91
Trade payables (including related parties)	748,918	1,086,869	1,141,380
Other payables (including related parties)	611,937	768,993	734,369
Long-term borrowings	700,000	1,000,000	1,000,000
Guarantee deposits	5,041	3,300	3,910

(Concluded)

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 nine months ended September 30, 2019 and 2018 would have decreased/increased by $40,711 thousand and $21,003 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:

	September 30, 2019	**December 31, 2018**	**September 30, 2018**
Fair value interest rate risk			
Financial assets	$ 671,967	$ 1,008,163	$ 1,052,563
Financial liabilities	426,494	-	-
Cash flow interest rate risk			
Financial assets	271,231	184,491	127,407
Financial liabilities	700,000	1,000,000	1,000,000

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 nine months ended September 30, 2019 and 2018 would have decreased/increased by $1,608 thousand and $3,272 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 nine months ended September 30, 2019 and 2018 would have increased/decreased by $30,872 thousand and $72,024 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2019 and 2018 would have increased/decreased by $6,020 thousand and $6,103 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.

September 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		$ 1,151,518	$ 9,677	$ -
Lease liabilities	1.04%	36,456	108,439	92,244
Floating interest rate liabilities	1.04%	-	700,000	-
Fixed interest rate liabilities	0.94%	200,000	-	-
		$ 1,387,974	$ 818,116	$ 92,244

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 36,456	$ 108,439	$ 73,410	$ 18,834

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	$ -

September 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		$ 1,547,988	$ 12,329	$ -
Floating interest rate liabilities	0.99%	-	1,000,000	-
		$ 1,547,988	$ 1,012,329	$ -

b) Financing facilities

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

	September 30, 2019	December 31, 2018	September 30, 2018
Bank loan facilities			
Amount unused	$ 6,529,942	$ 6,230,457	$ 7,018,598

32. TRANSACTIONS WITH RELATED PARTIES

As of September 30, 2019, December 31, 2018 and September 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

(Continued)

Related Party Name	Related Party Category
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

(Concluded)

b. Sales of goods

Related Party Category	For the Three Months Ended September 30 2019	For the Three Months Ended September 30 2018	For the Nine Months Ended September 30 2019	For the Nine Months Ended September 30 2018
Investor with significant influence	$ 783	$ 310	$ 2,181	$ 1,558
Fellow subsidiary	165	73	334	222
	$ 948	$ 383	$ 2,515	$ 1,780

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 September 30 2019	For the Three Months Ended September 30 2018	For the Nine Months Ended September 30 2019	For the Nine Months Ended September 30 2018
Fellow subsidiary	$ 2,631	$ 1,775	$ 5,029	$ 4,718
Parent company				
USI	-	56	111	2,176
Investor with significant influence	-	260	-	273
	$ 2,631	$ 2,091	$ 5,140	$ 7,167

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

d. Trade receivables

Related Party Category/Name	September 30, 2019	December 31, 2018	September 30, 2018
Investor with significant influence			
TTC	$ 822	$ 325	$ -
Fellow subsidiary			
SPC	-	-	76
	$ 822	$ 325	$ 76

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 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	September 30, 2019	December 31, 2018	September 30, 2018
Parent company			
USI	$ 135,816	$ 171,224	$ 170,168
Fellow subsidiary	738	636	1,115
Investor with significant influence	-	-	273
	$ 136,554	$ 171,860	$ 171,556

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	September 30, 2019	December 31, 2018	September 30, 2018
Parent company			
USI	$ 917	$ 6,133	$ 1,071
Investor with significant influence			
TTC	337	615	742
APC	276	235	291
Fellow subsidiary	53	71	99
Associate	3	2	20
Subsidiary of investor with significant influence			
TTC (ZS)	-	4,108	4,279
Others	1	1	1
	$ 1,587	$ 11,165	$ 6,503

g. Other payables to related parties

Related Party Category/Name	September 30, 2019	December 31, 2018	September 30, 2018
Associate			
CGTD	$ 5,210	$ 10,072	$ 9,400
Parent company			
USI	2,011	2,559	1,596
Investor with significant influence	1,163	315	1,298
Fellow subsidiary	229	115	110
Subsidiary of investor with significant influence	60	1,202	1,081
	$ 8,673	$ 14,263	$ 13,485

h. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Nine Months Ended September 30 2019	2018
Fellow subsidiary		
INOMA	$ 743	$ 657
Parent company		
USI	345	-
	$ 1,088	$ 657

i. Lease arrangements

Related Party Category/Name	September 30, 2019	December 31, 2018	September 30, 2018
Lease liabilities			
Investor with significant influence			
APC	$ 152,900	$ -	$ -
TTC	33,243	-	-
Associate			
CGTD	25,197	-	-
	$ 211,340	$ -	$ -

Related Party Category/Name	For the Three Months Ended September 30 2019	For the Three Months Ended September 30 2018	For the Nine Months Ended September 30 2019	For the Nine Months Ended September 30 2018
Interest expense				
Investor with significant influence				
APC	$ 402	$ -	$ 1,233	$ -
Others	90	-	289	-
Associate	69	-	221	-
	$ 561	$ -	$ 1,743	$ -
Lease expense				
Parent company				
USI	$ 1,777	$ 1,890	$ 5,343	$ 5,671
Investor with significant influence	892	6,872	2,538	20,867
Associate	-	1,972	-	5,916
	$ 2,669	$ 10,734	$ 7,881	$ 32,454

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 September 30 2019	For the Three Months Ended September 30 2018	For the Nine Months Ended September 30 2019	For the Nine Months Ended September 30 2018
Associate				
CGTD	$ 20,628	$ 24,013	$ 75,738	$ 66,627

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

k. Management service revenue

Related Party Category/Name	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Parent company				
USI	$ 810	$ 703	$ 1,829	$ 2,035

l. Management service expenses

Related Party Category/Name	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Fellow subsidiary				
UM	$ 22,996	$ 16,944	$ 65,819	$ 53,828
Others	29	29	86	86
Parent company				
USI	934	958	3,698	2,836
	$ 23,959	$ 17,931	$ 69,603	$ 56,750

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

m. Donations

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

n. Rental income

Related Party Category/Name	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Fellow subsidiary				
USIO	$ 845	$ 3,002	$ 5,064	$ 9,009
Others	-	-	-	39
Investor with significant influence	69	22	148	66
Parent company				
USI	-	-	-	7
	$ 914	$ 3,024	$ 5,212	$ 9,121

USIO signed a factory lease contract with the Company with lease term until April 15, 2020. The Company collects fixed rental amount on a monthly basis. USIO does not have bargain purchase option to acquire the leased factory at the expiry of the lease period.

o. Compensation of key management personnel

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Salaries and others	$ 3,684	$ 3,802	$ 11,427	$ 11,362
Post-employment benefits	76	102	239	262
	$ 3,760	$ 3,904	$ 11,666	$ 11,624

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:

	September 30, 2019	December 31, 2018	September 30, 2018
Pledge deposits (classified as financial assets at amortized cost or other non-current assets)	$ 282,104	$ 281,874	$ 281,824
Property, plant and equipment			
Land	1,650,957	1,650,957	1,650,957
Buildings and improvements, net	493,993	517,612	525,061
Machinery and equipment, net	536,271	610,005	635,065
	$ 2,963,325	$ 3,060,448	$ 3,092,907

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 September 30, 2019, December 31, 2018 and September 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 September 30, 2019, December 31, 2018 and September 30, 2018, the Group’s unused letters of credit amounted to $431,654 thousand, $1,372,433 thousand and $1,149,412 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 $227,258 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 October 31, 2019, the provisionally attached property was worth $142,657 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 October 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 $3,877,405 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,196,979 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 $388,530 thousand. In particular, CGTD was exempted to pay $6,194 thousand according to the court's judgement. $191,168 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

September 30, 2019

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial assets					
Monetary items					
USD	$ 49,788	31.040	(USD:NTD)	$ 1,545,406	$ 1,545,406
AUD	677	20.965	(AUD:NTD)	14,186	14,186
EUR	502	33.950	(EUR:NTD)	17,055	17,055
USD	296	7.0729	(USD:CNY)	2,097	9,201
GBP	59	38.200	(GBP:NTD)	2,238	2,238
Financial liabilities					
Monetary items					
USD	6,365	31.040	(USD:NTD)	197,581	197,581

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
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

September 30, 2018

	Foreign Currency	Exchange Rate (In Single Dollars)		Functional Currency	NT$
Financial assets					
Monetary items					
USD	$ 41,412	30.525	(USD:NTD)	$ 1,264,098	$ 1,264,098
AUD	893	22.035	(AUD:NTD)	19,683	19,683
EUR	505	35.480	(EUR:NTD)	17,916	17,916
USD	296	6.8792	(USD:CNY)	2,038	9,044
GBP	35	39.900	(GBP:NTD)	1,404	1,404
Financial liabilities					
Monetary items					
USD	18,773	30.525	(USD:NTD)	573,041	573,041

Net foreign exchange gains (losses) for the three months ended September 30, 2019 and 2018 were $(5,025) thousand and $3,643 thousand, respectively, and for the nine months ended September 30, 2019 and 2018 were $20,331 thousand and $31,801 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 nine months ended September 30, 2019

	VCM Products	PVC Products	Total
Revenue from external customers	$ 687,416	$ 10,719,748	$ 11,407,164
Inter-segment revenue	6,703,460	332,196	7,035,656
Segment revenue	$ 7,390,876	$ 11,051,944	18,442,820
Eliminations			(7,035,656)
Consolidated revenue			$ 11,407,164

(Continued)

	VCM Products	PVC Products	Total
Segment income	$ 19,014	$ 421,119	$ 440,133
Share of gain of associates accounted for using the equity method			19,922
Interest income			12,155
Rental income			5,710
Loss on disposal of property, plant and equipment			(2,157)
Foreign exchange gains			20,331
Loss on financial instruments held for trading			(20,682)
Gain on financial assets mandatorily classified as at FVTPL			36,014
Interest expense			(9,188)
Others			18,732
Profit before tax from continuing operations			$ 520,970

(Concluded)

For the nine months ended September 30, 2018

	VCM Products	PVC Products	Total
Revenue from external customers	$ 858,619	$ 10,439,929	$ 11,298,548
Inter-segment revenue	6,482,948	305,055	6,788,003
Segment revenue	$ 7,341,567	$ 10,744,984	18,086,551
Eliminations			(6,788,003)
Consolidated revenue			$ 11,298,548
Segment income	$ 90,124	$ 1,362,517	$ 1,452,641
Share of loss of associates accounted for using the equity method			(24,312)
Interest income			11,251
Rental income			9,407
Loss on disposal of property, plant and equipment			10,772
Foreign exchange gains			31,801
Loss on financial instruments held for trading			(30,182)
Gain on financial assets mandatorily classified as at FVTPL			44,473
Interest expense			(7,733)
Others			29,179
Profit before tax from continuing operations			$ 1,527,297

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 NINE MONTHS ENDED SEPTEMBER 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	$ 8,017,545	$ 2,910,400	$ 2,300,000	$ 215,520	None	28.69	$ 8,017,545	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of September 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
SEPTEMBER 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	September 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	$ 68,331	-	$ 68,331	1
	Fubon No. 2 Real Estate Investment Trust	-	Financial assets at FVTPL - current	4,980,000	66,682	-	66,682	1
	Shin Kong No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	3,000,000	51,750	-	51,750	1
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at FVTPL - current	2,500,000	41,025	-	41,025	1
	Open-end fund beneficiary certificates							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	1,548,269	23,000	-	23,000	1
	Ordinary shares							
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,664,611	118,573	5.95	118,573	1
Taiwan VCM Corporation	Open-end fund beneficiary certificates							
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	3,366,391	50,009	-	50,009	1
	UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	1,373,036	23,004	-	23,004	1
	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	1,818	0.02	1,818	1
CGPC Polymer Corporation	Open-end fund beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	7,335,992	99,508	-	99,508	1
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	6,059,965	90,023	-	90,023	1
	FSITC Taiwan Money Market Fund	-	Financial assets at FVTPL - current	2,741,904	42,064	-	42,064	1
	FSITC Money Market Fund		Financial assets at FVTPL - current	156,778	28,041	-	28,041	1
	Prudential Financial Money Market Fund	-	Financial assets at FVTPL - current	1,198,141	19,001	-	19,001	1
	Taishin Ta-Chong Money Market Fund	-	Financial assets at FVTPL - current	1,053,312	15,000	-	15,000	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 September 30, 2019, the Group evaluates the fair value of the equity instrument as $0.

TABLE 3

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 NINE MONTHS ENDED SEPTEMBER 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	52,363,029	$ 709,000	56,065,202	$ 759,232	$ 759,000	$ 232	-	$ -
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	3,143,272	46,500	41,399,262	614,000	42,994,265	637,639	637,500	139	1,548,269	23,000
Taiwan VCM Corporation	Beneficiary certificates													
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	12,193,440	180,000	20,241,420	300,000	29,068,469	430,483	430,000	483	3,366,391	50,000
CGPC Polymer Corporation	Beneficiary certificates													
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	3,355,891	49,500	60,745,304	901,000	58,041,230	861,001	860,499	502	6,059,965	90,001
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	5,670,905	76,500	53,640,890	726,500	51,975,803	703,948	703,500	448	7,335,992	99,500

Note: The amount as of September 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 NINE MONTHS ENDED SEPTEMBER 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	$ 3,351,739	74	45 days	No major difference	No major difference	Trade payables to related parties $ (722,876)	(76)
	CGPC America Corporation	Subsidiary	Sale	(310,774)	(5)	90 days	No major difference	No major difference	Trade receivables from related parties 119,335	11
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sale	(3,351,739)	(45)	45 days	No major difference	No major difference	Trade receivables from related parties 722,876	45
	CGPC Polymer Corporation	Fellow subsidiary	Sale	(3,351,722)	(45)	45 days	No major difference	No major difference	Trade receivables from related parties 760,962	48
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchase	3,351,722	96	45 days	No major difference	No major difference	Trade payables to related parties (760,962)	(97)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchase	310,774	85	90 days	No major difference	No major difference	Trade payables to related parties (119,335)	(94)

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

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 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	$ 119,335	3.76	$ -	-	$ 33,698	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties	$ 722,876	5.97	-	-	423,734	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties	$ 760,962	5.81	-	-	399,809	Note 1

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

Note 2: The subsequent period is between October 1 and October 28, 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 NINE MONTHS ENDED SEPTEMBER 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	$ 722,876	No major difference	6
			1	Purchases	3,351,739	No major difference	29
		CGPC America Corporation	1	Trade receivables from related parties	119,335	No major difference	1
			1	Sales revenue	310,774	No major difference	3
		CGPC Polymer Corporation	1	Other receivables from related parties	1,568	No major difference	-
			1	Trade payables to related parties	6,202	No major difference	-
			1	Purchases	21,422	No major difference	-
1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	760,962	No major difference	6
			3	Other payables to related parties	23,380	No major difference	-
			3	Purchases	3,351,722	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 NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				September 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	226,609,751	87.22	$ 2,908,735	$ 177,657	$ 197,450	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	80,000,000	100.00	936,023	46,158	46,158	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	353,996	4,998	4,998	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	249,625	61,977	20,659	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	206,051	2,137	2,137	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	5,780,000	100.00	-	1,280	1,280	Subsidiary (Note 1)
	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	23,223	(41,916)	(730)	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	1,444	(72)	(7)	Associate accounted for using the equity method

Note 1: Krystal Star International Corporation is undergoing the liquidation procedures and has returned its remaining assets to the Company in July 2019. As of September 30, 2019, the liquidation procedures have not yet been completed.

Note 2: All the transactions were written off when preparing the consolidated financial statements.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2019 (Note 1)	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of September 30, 2019 (Notes 1 and 5)	Accumulated Repatriation of Investment Income as of September 30, 2019
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	$ 620,800 (US$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 620,800 (US$ 20,000 thousand)	$ -	$ -	$ 620,800 (US$ 20,000 thousand)	$ 3,605 (US$ 116 thousand)	100.00	$ 3,605 (US$ 116 thousand)	$ 262,805 (US$ 8,467 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	46,560 (US$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,560 (US$ 1,500 thousand)	-	-	46,560 (US$ 1,500 thousand)	(1) (US$ - thousand)	100.00	(1) (US$ - thousand)	13,660 (US$ 440 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 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
$840,625 (US$27,082 thousand)	$1,064,517 (US$34,295 thousand)	(Note 2)

Note 1: The calculation was based on the spot exchange rate of September 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 $21,231 thousand (US$684 thousand), the investment amount of Union (ZS) of $27,874 thousand (US$898 thousand) and the investment amount of CGPC (SH) of $124,160 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 September 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.