China Synthetic Rubber Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Synthetic Rubber Corporation

We have reviewed the accompanying consolidated balance sheets of China Synthetic Rubber Corporation and its subsidiaries (the "Group") as of June 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016 and six months ended June 30, 2017 and 2016, changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. The financial statements of CCC USA Corp. and its subsidiaries included in the consolidated financial statements referred to above were not reviewed by us, but were reviewed by other auditors. Our review report, insofar as it relates to the amounts included for these subsidiaries, is based solely on the review report of the other auditors. As of June 30, 2017 and 2016, the combined total assets of these subsidiaries were NT$6,854,085 thousand and NT$4,229,554 thousand, respectively, representing 20% and 14%, respectively, of the consolidated total assets; for the three months ended June 30, 2017 and 2016 and six months ended June 30, 2017 and 2016, the combined total revenue of these subsidiaries were NT$1,335,757 thousand, NT$964,468 thousand, NT$2,814,624 thousand and NT$1,962,355 thousand, respectively, representing 27%, 24%, 29% and 25%, respectively, of the consolidated total revenue, respectively.

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 4 to the accompanying consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2017 and 2016, combined total assets of these non-significant subsidiaries were NT$6,581,283 thousand and NT$6,329,376 thousand, respectively, representing 19% and 21%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these subsidiaries as of June 30, 2017 and 2016 were NT$2,880,503 thousand and NT$2,934,624 thousand, respectively, representing 20% and 25%, respectively, of the Group's consolidated total liabilities; for the three months ended June 30, 2017 and 2016 and six months ended June 30, 2017 and 2016, the net comprehensive gain (loss) of these subsidiaries were NT$9,225 thousand, NT$(129,756) thousand, NT$23,628 thousand and NT$(235,310) thousand, respectively, representing 1%, 71%, 3% and 27%, respectively, of the Group's consolidated comprehensive gain (loss).

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the respective financial statements as well as the related information of these subsidiaries as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 2017

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

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 7,272,280	21	$ 6,226,264	20	$ 6,451,037	22
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	943,187	3	1,242,338	4	1,540,922	5
Available-for-sale financial assets - current (Notes 4 and 8)	1,992,957	6	2,021,471	6	1,825,493	6
Notes receivable, net (Notes 4, 10 and 32)	125,986	-	239,436	1	114,605	-
Accounts receivable, net (Notes 4, 10 and 32)	4,396,504	13	3,400,118	11	3,320,042	11
Accounts receivable from related parties (Notes 4 and 31)	3,944	-	4,669	-	6,624	-
Current tax assets (Note 4)	3,150	-	4,500	-	13,260	-
Inventories (Notes 4, 11 and 32)	2,084,151	6	1,955,317	6	1,745,698	6
Prepayments for lease (Note 16)	6,425	-	6,636	-	6,925	-
Other financial assets - current (Note 32)	891,793	3	265,270	1	225,448	1
Other current assets (Note 17)	511,371	2	524,807	2	551,956	2
Total current assets	18,231,748	54	15,890,826	51	15,802,010	53
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 32)	3,159,534	9	3,141,683	10	2,880,632	10
Financial assets measured at cost - non-current (Notes 4 and 9)	331,333	1	331,904	1	331,911	1
Property, plant and equipment (Notes 4, 5, 12 and 32)	11,132,832	33	10,272,186	33	9,653,419	32
Investment properties (Notes 4 and 13)	-	-	167,158	1	167,492	1
Goodwill (Notes 4 and 14)	240,498	1	374,463	1	374,772	1
Other intangible assets (Notes 4 and 15)	326,462	1	350,272	1	374,083	1
Deferred tax assets (Note 4)	35,139	-	37,265	-	43,763	-
Prepayments for equipment	21,395	-	19,996	-	26,488	-
Other financial assets - non-current	25,321	-	14,925	-	48,582	-
Long-term prepayments for lease (Note 16)	239,469	1	250,476	1	264,583	1
Other non-current assets (Note 17)	82,426	-	79,685	1	73,961	-
Total non-current assets	15,594,409	46	15,040,013	49	14,239,686	47
TOTAL	$ 33,826,157	100	$ 30,930,839	100	$ 30,041,696	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18 and 32)	$ 4,738,034	14	$ 4,035,495	13	$ 5,299,135	18
Short-term bills payable (Note 18)	239,826	1	184,828	1	109,961	-
Trade payables (Note 19)	934,404	3	867,035	3	953,139	3
Trade payables to related parties (Note 31)	91,635	-	84,280	-	86,154	-
Dividends payable	881,105	3	-	-	675,754	2
Other payables (Notes 20, 26 and 31)	891,407	3	922,507	3	884,271	3
Current tax liabilities (Note 4)	137,220	-	108,760	-	111,058	-
Current portion of long-term borrowings (Notes 18 and 32)	782,381	2	717,572	2	551,778	2
Other current liabilities	156,344	-	57,147	-	116,017	1
Total current liabilities	8,852,356	26	6,977,624	22	8,787,267	29
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 32)	4,235,731	13	3,385,447	11	2,112,152	7
Provisions - non-current (Notes 4 and 21)	8,862	-	4,204	-	4,129	-
Deferred tax liabilities (Note 4)	1,183,759	4	983,647	3	883,910	3
Net defined benefit liabilities (Note 4)	131,296	-	153,043	1	169,239	1
Other non-current liabilities	40,129	-	35,926	-	17,390	-
Total non-current liabilities	5,599,777	17	4,562,267	15	3,186,820	11
Total liabilities	14,452,133	43	11,539,891	37	11,974,087	40
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Share capital						
Ordinary shares	5,986,543	17	5,986,543	20	5,986,543	20
Stock dividend to be distributed	299,327	1	-	-	-	-
Total share capital	6,285,870	18	5,986,543	20	5,986,543	20
Capital surplus	3,711,701	11	3,694,767	12	3,694,767	12
Retained earnings						
Legal reserve	2,064,398	6	1,917,297	6	1,917,297	7
Special reserve	645,316	2	648,929	2	648,929	2
Unappropriated earnings	3,293,750	10	3,329,086	11	2,409,481	8
Total retained earnings	6,003,464	18	5,895,312	19	4,975,707	17
Other equity	2,765,689	8	3,177,352	10	2,747,402	9
Treasury shares	(290,088)	(1)	(290,088)	(1)	(290,088)	(1)
Total equity attributable to owners of the Corporation	18,476,636	54	18,463,886	60	17,114,331	57
NON-CONTROLLING INTERESTS	897,388	3	927,062	3	953,278	3
Total equity	19,374,024	57	19,390,948	63	18,067,609	60
TOTAL	$ 33,826,157	100	$ 30,930,839	100	$ 30,041,696	100

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

(With Deloitte & Touche review report dated August 11, 2017)

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 31)	$ 4,977,627	100	$ 3,970,254	100	$ 9,834,438	100	$ 7,698,456	100
OPERATING COSTS (Notes 11, 21, 23 and 31)	3,478,008	70	2,982,938	75	7,036,488	72	5,665,852	74
GROSS PROFIT	1,499,619	30	987,316	25	2,797,950	28	2,032,604	26
OPERATING EXPENSES (Notes 21, 23 and 31)								
Selling and marketing expenses	114,738	3	125,108	3	218,359	2	244,338	3
General and administrative expenses	204,583	4	193,107	5	393,376	4	392,604	5
Research and development expenses	113,505	2	73,378	2	216,054	2	143,974	2
Total operating expenses	432,826	9	391,593	10	827,789	8	780,916	10
INCOME FROM OPERATIONS	1,066,793	21	595,723	15	1,970,161	20	1,251,688	16
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)								
Other income	29,295	1	30,285	1	45,403	1	90,232	1
Other gains and losses	167,604	3	(116,520)	(3)	121,822	1	(101,421)	(1)
Finance costs	(75,617)	(1)	(77,554)	(2)	(144,953)	(1)	(160,206)	(2)
Total non-operating income and expenses	121,282	3	(163,789)	(4)	22,272	1	(171,395)	(2)
INCOME BEFORE INCOME TAX	1,188,075	24	431,934	11	1,992,433	21	1,080,293	14
INCOME TAX EXPENSE (Notes 4 and 24)	(365,314)	(8)	(203,657)	(5)	(674,986)	(7)	(562,340)	(7)
NET INCOME FOR THE PERIOD	822,761	16	228,277	6	1,317,447	14	517,953	7
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	65,262	1	(19,675)	-	(442,650)	(5)	(161,703)	(2)
Unrealized gain (loss) on available-for-sale financial assets	(127,708)	(2)	(25,736)	(1)	(10,663)	-	501,147	6
Other comprehensive income (loss) for the period	(62,446)	(1)	(45,411)	(1)	(453,313)	(5)	339,444	4
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 760,315	15	$ 182,866	5	$ 864,134	9	$ 857,397	11

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CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 822,150	16	$ 248,098	6	$ 1,305,460	14	$ 550,099	7
Non-controlling interests	611	-	(19,821)	-	11,987	-	(32,146)	-
	$ 822,761	16	$ 228,277	6	$ 1,317,447	14	$ 517,953	7
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	$ 758,430	15	$ 202,806	5	$ 893,797	9	$ 904,443	12
Non-controlling interests	1,885	-	(19,940)	-	(29,663)	-	(47,046)	(1)
	$ 760,315	15	$ 182,866	5	$ 864,134	9	$ 857,397	11
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)								
Basic	$ 1.40		$ 0.43		$ 2.22		$ 0.94	
Diluted	$ 1.40		$ 0.43		$ 2.22		$ 0.94	

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

(With Deloitte & Touche review report dated August 11, 2017) (Concluded)

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation (Note 22)											
	Share Capital			Retained Earnings			Other Equity					
	Ordinary Shares	Stock Dividend to Be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2016	$ 5,986,543	$ -	$ 3,792,857	$ 1,832,233	$ 648,929	$ 2,659,586	$ 375,800	$ 2,017,258	$ (290,088)	$ 17,023,118	$ 993,942	$ 18,017,060
Appropriation of the 2015 earnings												
Legal reserve	-	-	-	85,064	-	(85,064)	-	-	-	-	-	-
Cash dividends distributed - NT$1.15 per share	-	-	-	-	-	(688,452)	-	-	-	(688,452)	-	(688,452)
Balance after appropriation	5,986,543	-	3,792,857	1,917,297	648,929	1,886,070	375,800	2,017,258	(290,088)	16,334,666	993,942	17,328,608
Parent's appropriation of cash dividends to subsidiaries	-	-	12,983	-	-	-	-	-	-	12,983	-	12,983
From differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries	-	-	(111,073)	-	-	(26,688)	-	-	-	(137,761)	6,404	(131,357)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(22)	(22)
Net income for the six months ended June 30, 2016	-	-	-	-	-	550,099	-	-	-	550,099	(32,146)	517,953
Other comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	-	(146,162)	500,506	-	354,344	(14,900)	339,444
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	550,099	(146,162)	500,506	-	904,443	(47,046)	857,397
BALANCE AT JUNE 30, 2016	$ 5,986,543	$ -	$ 3,694,767	$ 1,917,297	$ 648,929	$ 2,409,481	$ 229,638	$ 2,517,764	$ (290,088)	$ 17,114,331	$ 953,278	$ 18,067,609
BALANCE AT JANUARY 1, 2017	$ 5,986,543	$ -	$ 3,694,767	$ 1,917,297	$ 648,929	$ 3,329,086	$ 202,125	$ 2,975,227	$ (290,088)	$ 18,463,886	$ 927,062	$ 19,390,948
Appropriation of the 2016 earnings												
Legal reserve	-	-	-	147,101	-	(147,101)	-	-	-	-	-	-
Cash dividends distributed - NT$1.5 per share	-	-	-	-	-	(897,981)	-	-	-	(897,981)	-	(897,981)
Share dividends distributed - NT$0.5 per share	-	299,327	-	-	-	(299,327)	-	-	-	-	-	-
Balance after appropriation	5,986,543	299,327	3,694,767	2,064,398	648,929	1,984,677	202,125	2,975,227	(290,088)	17,565,905	927,062	18,492,967
Parent's appropriation of cash dividends to subsidiaries	-	-	16,934	-	-	-	-	-	-	16,934	-	16,934
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Special reserves reversed	-	-	-	-	(3,613)	3,613	-	-	-	-	-	-
Net income for the six months ended June 30, 2017	-	-	-	-	-	1,305,460	-	-	-	1,305,460	11,987	1,317,447
Other comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	-	(401,122)	(10,541)	-	(411,663)	(41,650)	(453,313)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	1,305,460	(401,122)	(10,541)	-	893,797	(29,663)	864,134
BALANCE AT JUNE 30, 2017	$ 5,986,543	$ 299,327	$ 3,711,701	$ 2,064,398	$ 645,316	$ 3,293,750	$ (198,997)	$ 2,964,686	$ (290,088)	$ 18,476,636	$ 897,388	$ 19,374,024

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

(With Deloitte & Touche review report dated August 11, 2017)

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,992,433	$ 1,080,293
Adjustments for:		
Depreciation	408,545	436,721
Amortization	36,079	33,747
Net gain on fair value change of financial assets held for trading	(850)	(1,390)
Interest expense	144,151	159,547
Interest income	(8,701)	(11,049)
Compensation costs of employee appreciation rights	7,399	5,517
Loss on scraping of property, plant and equipment	3,921	4,737
Gain on disposal of investment property	(270,125)	-
Gain on disposal of investments	(772)	(338)
Impairment loss recognized on financial assets (reversal of impairment loss)	(1,472)	4,652
Net impairment loss recognized on non-financial assets	59,851	86,523
Unrealized gain on foreign exchange	(39,713)	(54,447)
Changes in operating assets and liabilities		
Financial assets held for trading	300,773	(877,662)
Notes receivable	105,313	18,920
Accounts receivable	(1,146,564)	(588,021)
Accounts receivable from related parties	725	3,657
Inventories	(121,022)	420,416
Other current assets	(2,587)	(33,451)
Other financial assets	(673,705)	283,990
Trade payables	66,097	220,195
Trade payables to related parties	7,355	18,571
Other payables	(15,650)	167,422
Other current liabilities	99,663	64,982
Net defined benefit liabilities	(15,312)	(14,372)
Cash generated from operations	935,832	1,429,160
Interest received	9,231	10,956
Income tax paid	(432,729)	(516,525)
Net cash generated from operating activities	512,334	923,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,595,768)	(878,705)
Proceeds from disposal of investment properties	437,006	-
Increase in other financial assets	(5,998)	(82,503)
Decrease (increase) in non-current assets	(4,419)	13,615
Decrease (increase) in prepayments for equipment	(1,450)	(2,395)
Net cash used in investing activities	(1,170,629)	(949,988)

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CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 826,987	$ 128,607
Increase (decrease) in short-term bills payable	54,998	(62,968)
Proceeds from long-term borrowings	1,564,425	340,000
Repayments of long-term borrowings	(470,375)	(353,894)
Increase in other non-current liabilities	4,864	1,293
Acquisition of additional interest in subsidiaries	-	(131,357)
Interest paid	(145,980)	(168,336)
Change in non-controlling interests	(11)	6,382
Net cash generated from (used in) financing activities	1,834,908	(240,273)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(130,597)	(93,899)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,046,016	(360,569)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,226,264	6,811,606
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 7,272,280	$ 6,451,037

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

(With Deloitte & Touche review report dated August 11, 2017) (Concluded)

1. GENERAL INFORMATION

China Synthetic Rubber Corporation (the "Corporation") was incorporated on June 15, 1973 with a factory located inside the Linyuan Petrochemical Industrial Zone in Kaohsiung City, which produces carbon black, a material for tire and other rubber products. The power and steam cogeneration system started operations in December 1993. The Corporation also engages in biotechnology research and development. The Corporation's stocks are listed on the Taiwan Stock Exchange.

The functional currency of the Corporation is New Taiwan dollars. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on August 11, 2017.

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

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

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

1) Amendment to IFRS 8 "Operating Segments"

IFRS 8 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

2) Amendments to IFRS 13 "Fair Value Measurement"

The basis for conclusions of IFRS 13 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to clarify that when the amendment becomes effective in 2017, the short-term receivables and payables with no stated interest rate is measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

3) Amendment to IAS 24 "Related Party Disclosures"

IAS 24 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

4) Amendment to IAS 36 "Impairment of Assets"

The amendment "Disclosures for Non-financial Assets" clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2/Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

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

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

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

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions is enhanced. Refer to Note 31 for related disclosures.

b. 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 by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

(Concluded)

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

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

1) Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

The amendment requires that market condition and non-vesting condition should be taken into account and vesting conditions, other than market conditions, should not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, they should be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction. The amendment will be applied to cash-settled share-based payment transactions that are unvested at January 1, 2018.

2) IFRS 9 "Financial Instruments"

Recognition, measurement and impairment of financial assets

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

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

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

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

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

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

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

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

3) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

4) IFRIC 22"Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17"Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

1) IFRS 16 "Leases"

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

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

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

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

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These 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 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 values.

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 the 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 the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (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 date of acquisition up to the effective date of disposal, 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 Corporation.

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 Corporation 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 Group's interests 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 Corporation.

2) Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership June 30, 2017	% of Ownership December 31, 2016	% of Ownership June 30, 2016	Remark
China Synthetic Rubber Corporation	CSRC (BVI) Ltd.	Investment	100.00	100.00	100.00	-
	CS Development & Investment Co.	Investment	100.00	100.00	100.00	a)
	Consolidated Resource Company	Carbon black production and sale	100.00	100.00	100.00	a)
	Synpac-Kingdom Pharmaceutical Co., Ltd.	Pharmaceutical production and sale	94.69	94.69	94.69	a)
	Synpac (North Carolina) Inc.	Pharmaceutical research and development	88.46	88.46	88.46	-
	Synpac Ltd.	Investment	75.00	75.00	75.00	a)
	CCC USA Corp.	Investment	66.67	66.67	66.67	-
	E-One Energy Technology Corp.	Lithium battery production and sale	55.90	55.90	55.90	-
	Sole Energy Tech. Corp.	Fabrication of lithium battery production and sale	26.23	26.23	26.23	a), c)
CSRC (BVI) Ltd.	CSRC (Singapore) Pte. Ltd.	Investment	100.00	100.00	100.00	-
CSRC (Singapore) Pte. Ltd.	CSRC China Corporation	Carbon black production and sale	100.00	100.00	100.00	-
	CSRC China (Anshan) Corporation	Carbon black production and sale	100.00	100.00	100.00	-
	CSRC China (Chongqing) Corporation	Carbon black production and sale	100.00	100.00	100.00	a)
	Continental Carbon India, Ltd.	Carbon black production and sale	100.00	100.00	100.00	a)
CS Development & Investment Co.	Sole Energy Tech. Corp.	Fabrication of lithium battery production and sale	36.17	36.17	36.17	a), c)
	SVC Services, LLC	Investment service	99.90	99.90	99.90	-
	SVC Management, LLC	Investment consultation	99.90	99.90	99.90	-
	E-One Energy Technology Corp.	Lithium battery production and sale	9.74	9.74	9.74	-
	Synpac-Kingdom Pharmaceutical Co., Ltd.	Pharmaceutical production and sale	0.33	0.33	0.33	a)
Consolidated Resource Company	E-One Energy Technology Corp.	Lithium battery production and sale	0.06	0.06	0.06	-
Synpac-Kingdom Pharmaceutical Co., Ltd.	Synpac (North Carolina), Inc.	Pharmaceutical research and development	11.54	11.54	11.54	-
Synpac (North Carolina) Inc.	Synpac Venture Capital, L.P.	Investment	99.90	99.90	99.90	-
SVC Management, LLC	Synpac Venture Capital, L.P.	Investment	0.10	0.10	0.10	-
CCC USA Corp.	Continental Carbon Company	Carbon black production and sale	100.00	100.00	100.00	-
	CCC Transport Company	Carbon black transport	100.00	100.00	100.00	-
	3C Infocorp	Technology service	100.00	100.00	100.00	-
	Continental Carbon Nanotechnologies, Inc.	Carbon nanotubes production and sale	100.00	100.00	100.00	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Carbon black sales	100.00	100.00	100.00	-
E-One Energy Technology Corp.	E-One Holdings Ltd.	Investment	100.00	100.00	100.00	-
	Sole Energy Tech. Corp.	Fabrication of lithium battery production and sale	16.50	16.50	16.50	a), c)
E-One Holdings Ltd.	E-One Moli Holdings (Canada) Ltd.	Investment	100.00	100.00	100.00	-
E-One Moli Holdings (Canada) Ltd.	E-One Moli Energy (Canada) Ltd.	Lithium battery research and development and sale	100.00	100.00	100.00	-
Sole Energy Tech. Corp.	Sole (BVI) Energy Tech. Co., Ltd.	Investment	100.00	100.00	100.00	a), c)
Sole (BVI) Energy Tech. Co., Ltd.	Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd.	Fabrication of lithium battery production and sale	-	100.00	100.00	a), b)

Remark:

a) Company is not a major subsidiary. Its financial statements have not been audited.

b) Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd. has completed the cancellation of registration in January 2017.

c) Sole Energy Tech. Corp.'s shareholders resolved that the Company would dissolve and cease the operation on June 30, 2017 in the shareholders' meeting on June 29, 2017.

3) Subsidiaries excluded from consolidated financial statements: None.

4) There are no subsidiaries that have material non-controlling interests.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

f. Inventories

Inventories consist of finished goods, semi-finished goods, work-in-process, raw materials and supplies and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and selling expenses necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the closing date.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

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

h. Investment properties

Investment properties are properties held to earn rentals.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. The manners of the determinations of fair value were set out in Note 29.

ii. Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Dividends on available-for-sale equity investments are recognized in profit or loss. Changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

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

iii. Loans and receivables

Loans and receivables, including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, and other receivables (included in the consolidated balance sheet under other financial assets - current) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and repurchase agreements collateralized by commercial papers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

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

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

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

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

1) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

3) Dividend and interest income

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension costs for an interim period are 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) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

q. Cash-settled share-based payments of the subsidiaries

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

r. Taxation

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

1) Current tax

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

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of Property, Plant and Equipment

Impairment of property, plant and equipment is based on the recoverable amount of an asset, which is the higher of fair value less costs to sell or value in use. Any change in the market price or future cash flows will affect the recoverable amount of an asset and may lead to recognition of additional impairment loss or reversal of impairment loss.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 5,722,822	$ 4,773,665	$ 3,532,508
Cash equivalent (investments with original maturities less than 3 months)			
Repurchase agreements collateralized by commercial papers	1,240,593	1,378,461	1,457,398
Time deposits	307,818	73,539	1,460,379
Cash on hand	1,047	599	752
	$ 7,272,280	$ 6,226,264	$ 6,451,037

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

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets held for trading			
Non-derivative financial assets			
Mutual funds	$ 943,187	$ 1,242,338	$ 1,540,922

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Domestic investments			
Listed shares and emerging market shares			
Current	$ 1,992,957	$ 2,021,471	$ 1,825,493
Non-current	3,159,534	3,141,683	2,880,632
	$ 5,152,491	$ 5,163,154	$ 4,706,125

The available-for-sale financial assets pledged as collateral for bank borrowings were set out in Note 32.

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Available-for-sale financial assets			
Domestic unlisted ordinary shares	$ 319,479	$ 319,479	$ 319,479
Overseas unlisted ordinary shares	9,486	10,057	10,064
Overseas unlisted funds	2,368	2,368	2,368
	$ 331,333	$ 331,904	$ 331,911

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

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable			
Notes receivable	$ 127,414	$ 241,147	$ 116,233
Less: Allowance for impairment loss	(1,428)	(1,711)	(1,628)
	$ 125,986	$ 239,436	$ 114,605

(Continued)

Accounts receivable	June 30, 2017	December 31, 2016	June 30, 2016
Accounts receivable	$ 4,462,665	$ 3,472,625	$ 3,390,965
Less: Allowance for impairment loss	(66,161)	(72,507)	(70,923)
	$ 4,396,504	$ 3,400,118	$ 3,320,042

(Concluded)

The average credit period of sales of goods was 30-60 days. In determining the recoverability of an accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. The Group recognized a full allowance for impairment loss against which receivables arise impairment loss certainly. Allowance for impairment loss is recognized against accounts receivable based on estimated irrecoverable amounts determined by reference to past default experience of the groups of credit of counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Receivables that are neither past due nor impaired	$ 4,313,883	$ 3,294,858	$ 3,220,953
Age of receivables that are past due but not impaired			
1-90 days	58,063	76,580	36,612
91-180 days	8,259	1,393	25,750
181-270 days	7,468	2,693	11,991
271-365 days	140	7,459	11,332
Over 365 days	8,691	17,135	13,404
	$ 4,396,504	$ 3,400,118	$ 3,320,042

The age of receivables that are past due but not impaired was based on the past due days from end of credit term. For the accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable.

The concentration of credit risk in accounts receivable (refer to Note 30) is summarized as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Customer A	$ 887,073	$ 873,001	$ 876,488
Customer B	553,665	394,451	312,024
Customer C	308,176	174,223	183,841
Customer D	289,108	159,611	242,420
Customer E	276,204	129,118	238,911
Customer F	270,967	220,356	197,890
	$ 2,585,193	$ 1,950,760	$ 2,051,574

The aggregation of accounts receivable from other customers did not exceed 5% of total accounts receivable.

The movements of the collectively assessed allowance for impairment loss recognized on notes receivable and accounts receivable were as follows:

	For the Six Months Ended June 30					
	2017			2016		
	Notes Receivable	Accounts Receivable	Total	Notes Receivable	Accounts Receivable	Total
Balance at January 1	$ 1,711	$ 72,507	$ 74,218	$ 1,601	$ 67,911	$ 69,512
Add: Impairment losses recognized on receivables (reversed)	(283)	(1,189)	(1,472)	27	4,625	4,652
Foreign exchange translation gains and losses	-	(5,157)	(5,157)	-	(1,613)	(1,613)
Balance at June 30	$ 1,428	$ 66,161	$ 67,589	$ 1,628	$ 70,923	$ 72,551

The notes receivable and accounts receivable pledged as collateral for bank borrowings were set out in Note 32.

11. INVENTORIES

	June 30, 2017	December 31, 2016	June 30, 2016
Finished goods	$ 662,017	$ 681,212	$ 561,987
Semi-finished goods	25,467	20,145	30,168
Work in progress	188,800	186,271	175,553
Raw materials	801,735	672,593	616,178
Supplies	289,177	280,836	229,662
Inventory in transit	116,955	114,260	132,150
	$ 2,084,151	$ 1,955,317	$ 1,745,698

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2017 and 2016 was $3,478,008 thousand and $2,982,938 thousand, respectively; and for the six months ended June 30, 2017 and 2016 was $7,036,488 thousand and $5,665,852 thousand, respectively.

The cost of goods sold for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016 included the following:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Write-down of inventories (reversal of write-down of inventories)	$ (57,457)	$ 67,163	$ (51,472)	$ 86,523
Unallocated fixed overhead costs	$ 76,446	$ 110,518	$ 162,205	$ 231,023

Previous write-downs were reversed as a result of deduction of inventories for the six months ended June 30, 2017.

The inventories pledged as collateral for bank borrowings were set out in Note 32.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2016	$ 694,270	$ 4,463,513	$ 15,747,424	$ 1,212,487	$ 1,816,345	$ 23,934,039
Additions	-	2,000	9,285	373	867,047	878,705
Scrapings	-	-	(31,468)	(9,470)	-	(40,938)
Reclassified	-	8,477	268,109	2,220	(259,906)	18,900
Effect of foreign currency exchange differences	1,300	(43,681)	(235,332)	(13,986)	(68,993)	(360,692)
Balance at June 30, 2016	$ 695,570	$ 4,430,309	$ 15,758,018	$ 1,191,624	$ 2,354,493	$ 24,430,014
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ -	$ 1,644,031	$ 12,002,596	$ 916,733	$ -	$ 14,563,360
Scrapings	-	-	(28,784)	(7,417)	-	(36,201)
Depreciation expense	-	68,452	333,289	34,647	-	436,388
Effect of foreign currency exchange differences	-	(14,265)	(163,778)	(8,909)	-	(186,952)
Balance at June 30, 2016	$ -	$ 1,698,218	$ 12,143,323	$ 935,054	$ -	$ 14,776,595
Carrying amounts at January 1, 2016	$ 694,270	$ 2,819,482	$ 3,744,828	$ 295,754	$ 1,816,345	$ 9,370,679
Carrying amounts at June 30, 2016	$ 695,570	$ 2,732,091	$ 3,614,695	$ 256,570	$ 2,354,493	$ 9,653,419
Cost						
Balance at January 1, 2017	$ 693,458	$ 4,400,418	$ 15,639,578	$ 1,181,593	$ 3,464,549	$ 25,379,596
Additions	-	-	7,829	786	1,587,153	1,595,768
Scrapings	-	-	(32,261)	(3,403)	-	(35,664)
Reclassified	-	380	74,225	10,539	(89,921)	(4,777)
Effect of foreign currency exchange differences	(5,350)	(67,798)	(441,838)	(29,943)	(178,655)	(723,584)
Balance at June 30, 2017	$ 688,108	$ 4,333,000	$ 15,247,533	$ 1,159,572	$ 4,783,126	$ 26,211,339
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ -	$ 1,799,401	$ 12,310,727	$ 946,238	$ 51,044	$ 15,107,410
Scrapings	-	-	(28,694)	(3,049)	-	(31,743)
Depreciation expense	-	65,375	315,448	27,445	-	408,268
Effect of foreign currency exchange differences	-	(31,505)	(352,911)	(19,271)	(1,741)	(405,428)
Balance at June 30, 2017	$ -	$ 1,833,271	$ 12,244,570	$ 951,363	$ 49,303	$ 15,078,507
Carrying amounts at January 1, 2017	$ 693,458	$ 2,601,017	$ 3,328,851	$ 235,355	$ 3,413,505	$ 10,272,186
Carrying amounts at June 30, 2017	$ 688,108	$ 2,499,729	$ 3,002,963	$ 208,209	$ 4,733,823	$ 11,132,832

The above items of property, plant and equipment are depreciated on straight-line basis and declining balance basis over the estimated useful lives of the assets as follows:

a. Straight-line basis

Buildings	
Main buildings and improvements	3 to 61 years
Electro - mechanical equipment	10 years
Engineering system	10 years
Network equipment	10 years
Equipment	3 to 22 years
Other equipment	2 to 13 years

b. Declining balance basis

Equipment	10%-20%
Other equipment	30%

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 32.

13. INVESTMENT PROPERTIES

	For the Six Months Ended June 30	
	2017	2016
Cost		
Balance at January 1	$ 182,199	$ 182,199
Disposal	(182,199)	-
Balance at June 30	$ -	$ 182,199
Accumulated depreciation		
Balance at January 1	$ (15,041)	$ (14,374)
Depreciation expense	(277)	(333)
Disposal	15,318	-
Balance at June 30	$ -	$ (14,707)
Carrying amounts at January 1	$ 167,158	$ 167,825
Carrying amounts at June 30	$ -	$ 167,492

The investment properties held by the Group are depreciated by the straight-line basis over the estimated useful lives of 55 years.

On April 27, 2017, the Company's temporary board of directors resolved to dispose of the investment property. The carrying amount of the investment property as of date of transfer was $166,881 thousand. The proceeds price was $450,000 thousand (including land value increment tax and other tax expenses $12,994 thousand). The gain on disposal was $270,125 thousand. The Company collected the total amount and completed the transfer in May 2017.

The management of the Group had used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair values was $386,705 thousand and $405,689 thousand on December 31, 2016 and June 30, 2016.

14. GOODWILL

	For the Six Months Ended June 30	
	2017	2016
Cost		
Balance at January 1	$ 784,164	$ 793,591
Effect of foreign currency exchange differences	(30,001)	(9,017)
Balance at June 30	$ 754,163	$ 784,574
Accumulated impairment losses		
Balance at January 1	$ (409,701)	$ (412,014)
Impairment losses	(111,323)	-
Effect of foreign currency exchange differences	7,359	2,212
Balance at June 30	$ (513,665)	$ (409,802)
Carrying amount at January 1	$ 374,463	$ 381,577
Carrying amount at June 30	$ 240,498	$ 374,772

The production capacity of subsidiary of the Group did not turn out as expected. The Group assessed the recoverable amount of goodwill associated with the subsidiary and impairment loss of $111,323 thousand was recognized on June 30, 2017.

The recoverable amount was determined based on a value-in-use calculation which used the cash flow projections based on financial budgets approved by management covering a 5-year period with the discount rate of 10.09%. Such assumptions were based on past performance of the cash-generating unit and management's expectations of the market development.

15. OTHER INTANGIBLE ASSETS

	Patents	Technology License Agreements	Total
Cost			
Balance at January 1, 2016	$ 704,824	$ 25,999	$ 730,823
Balance at June 30, 2016	$ 704,824	$ 25,999	$ 730,823
Accumulated amortization and impairment			
Balance at January 1, 2016	$ (313,254)	$ (19,613)	$ (332,867)
Amortization expense	(23,494)	(379)	(23,873)
Balance at June 30, 2016	$ (336,748)	$ (19,992)	$ (356,740)
Carrying amounts at January 1, 2016	$ 391,570	$ 6,386	$ 397,956
Carrying amounts at June 30, 2016	$ 368,076	$ 6,007	$ 374,083

(Continued)

	Patents	Technology License Agreements	Total
Cost			
Balance at January 1, 2017	$ 704,824	$ 25,999	$ 730,823
Disposals	-	(10,999)	(10,999)
Balance at June 30, 2017	$ 704,824	$ 15,000	$ 719,824
Accumulated amortization and impairment			
Balance at January 1, 2017	$ (360,242)	$ (20,309)	$ (380,551)
Amortization expense	(23,494)	(316)	(23,810)
Disposals	-	10,999	10,999
Balance at June 30, 2017	$ (383,736)	$ (9,626)	$ (393,362)
Carrying amounts at January 1, 2017	$ 344,582	$ 5,690	$ 350,272
Carrying amounts at June 30, 2017	$ 321,088	$ 5,374	$ 326,462

(Concluded)

The above items of other intangible assets were amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Patents	15 years
Technology license agreements	4 to 15 years

16. PREPAYMENTS FOR LEASE

	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	$ 6,425	$ 6,636	$ 6,925
Non-current assets	239,469	250,476	264,583
	$ 245,894	$ 257,112	$ 271,508

Prepayments for lease include lease prepayments for rights to use land located in the People's Republic of China; these are amortized over the lease period. The lessor is the Government of the People's Republic of China.

17. OTHER ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Excess VAT paid	$ 218,915	$ 225,709	$ 256,927
Prepayments for purchases	124,839	172,709	156,519
Other prepayments	92,442	65,818	63,941
Deferred expenses	48,277	37,450	37,089

(Continued)

	June 30, 2017	December 31, 2016	June 30, 2016
Spare parts	$ 39,451	$ 40,377	$ 41,189
Others	69,873	62,429	70,252
	$ 593,797	$ 604,492	$ 625,917
Current	$ 511,371	$ 524,807	$ 551,956
Non-current	82,426	79,685	73,961
	$ 593,797	$ 604,492	$ 625,917

(Concluded)

18. BORROWINGS

a. Short-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
Credit borrowings	$ 4,638,034	$ 3,902,813	$ 5,174,252
Secured borrowings (see Note 32)	100,000	132,682	124,883
	$ 4,738,034	$ 4,035,495	$ 5,299,135
The ranges of interest rates	1.12%-8.60%	1.12%-13.00%	1.20%-10.00%

b. Short-term bills payable

	June 30, 2017	December 31, 2016	June 30, 2016
Commercial paper	$ 240,000	$ 185,000	$ 110,000
Less: Unamortized discount on bills payable	174	172	39
	$ 239,826	$ 184,828	$ 109,961
The ranges of interest rates	0.45%-0.74%	0.50%-0.74%	1.26%-1.44%
Due date	2017.10.06	2017.03.28	2016.07.29

c. Long-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
Secured borrowings (see Note 32)	$ 1,225,088	$ 1,329,500	$ 1,271,155
Unsecured borrowings	3,793,024	2,773,519	1,392,775
	5,018,112	4,103,019	2,663,930
Less: Current portions	782,381	717,572	551,778
Long-term borrowings	$ 4,235,731	$ 3,385,447	$ 2,112,152
The ranges of interest rates	1.31%-4.24%	1.31%-4.24%	1.48%-3.94%
Due date	2021.11.23	2021.11.23	2020.07.06

On September 27, 2013, E-One Energy Technology Corp. ("E-One") entered into a new five-year syndicated loan agreement with Chinatrust Bank, Mega Bank, and 2 other banks.

"E-One" have repaid different amounts according to the amortization schedule to different banks from October 2015. The agreement required that the association guarantor (the Corporation) comply with the financial commitment regarding the following financial ratios of the semi-annual and annual consolidated financial statements during the loan period: The current ratio, the ratio of total liabilities to net tangible assets, the interest coverage ratio, and net tangible assets.

On November 23, 2016, Continental Carbon Company ("CCC") entered into a new five-year syndicated loan agreement with Chinatrust Bank and 8 other banks.

The agreement required that the association guarantor (the "Corporation") comply with the financial commitment regarding the following financial ratios of the semi-annual and annual consolidated financial statements during the loan period: The current ratio, the ratio of total liabilities to net tangible assets, the interest coverage ratio, and net tangible assets.

19. TRADE PAYABLES

No interest was charged on the trade payables. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Payable for research fee	$ 123,553	$ 170,203	$ 129,545
Payable for purchase of equipment, construction and repairing construction	85,687	98,844	123,272
Payable for salaries and bonus	63,100	81,272	64,100
Payable for tax	61,956	46,613	54,196
Payable for cash-settled share-based payment transactions	54,602	51,041	41,489
Payable for water and electricity	30,655	17,005	34,843
Payable for transportation and selling expenses	24,649	20,382	29,479
Compensation payable to directors and supervisors	15,000	18,800	19,846
Others	432,205	418,347	387,501
	$ 891,407	$ 922,507	$ 884,271

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans for the three months ended June 30, 2017 and 2016 was $8,539 thousand and $8,941 thousand, respectively; and for the six months ended June 30, 2017 and 2016 was $17,062 thousand and $18,986 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate.

The Group's long-term employee benefits on June 30, 2017, December 31, 2016 and June 30, 2016 was $996 thousand, $996 thousand and $1,159 thousand, respectively (included in the consolidated balance sheet under provisions - non-current).

22. EQUITY

a. Ordinary shares

	June 30, 2017	December 31, 2016	June 30, 2016
Number of shares authorized (in thousands)	1,000,000	1,000,000	1,000,000
Shares authorized	$ 10,000,000	$ 10,000,000	$ 10,000,000
Number of shares issued and fully paid (in thousands)	598,654	598,654	598,654
Shares issued	$ 5,986,543	$ 5,986,543	$ 5,986,543
Surplus	3,497,343	3,497,343	3,497,343
	$ 9,483,886	$ 9,483,886	$ 9,483,886

The issued ordinary shares, with a par value of NT$10, carry one voting right per share and carry a right to dividends.

b. Stock dividend to be distributed

The shareholders held their regular meeting on June 16, 2017 and, in that meeting, adopted a resolution to issue stock dividend at par value amounting to $299,327 thousand, totaling 29,933 thousand shares. The additional shares were accounted for as equity and shown as "stock dividend to be distributed". On July 24, 2017, the above transaction was approved by FSC, and the subscription base date was determined at September 5, 2017.

c. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Recognized from issuance of ordinary shares	$ 3,497,343	$ 3,497,343	$ 3,497,343
Arising from treasury shares transactions	200,925	183,991	183,991
Arising from employee stock options	13,433	13,433	13,433
	$ 3,711,701	$ 3,694,767	$ 3,694,767

The capital surplus arising from shares issued in excess of par value (including recognized from issuance of common shares and treasury share transactions) may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

The capital surplus from long-term investments and employee stock options may not be used for any purpose.

d. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 24, 2016 and, in that meeting, had resolved amendments to the Corporation's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit unless the legal reserve has reached the Corporation's paid-in capital, and then any remaining profit together with any undistributed retained earnings, setting aside or reversing a special reserve in accordance with the laws and regulations if necessary, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation may also opt to transfer retained earnings to capital and distribute stock dividends to finance its working capital requirements and major investment plans, but the cash dividend payout ratio should be up to 20% of common dividends. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, please refer to e employee benefits expense in Note 23.

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 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 Corporation, refer to Note e. special reserves.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 16, 2017 and June 24, 2016, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 147,101	$ 85,064	$ -	$ -
Cash dividends	897,981	688,452	1.50	1.15
Share dividends	299,327	-	0.50	-

e. Special reserves

If the special reserve appropriated on the first-time adoption of IFRSs relates to land, the special reserve may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Group's disposal of foreign operations, on the Group's loss of significant influence, however, the entire special reserve will be reversed.

Appropriations and reversals of special reserves were as follows:

	For the Six Months Ended June 30	
	2017	2016
Beginning at January 1	$ 648,929	$ 648,929
Reversal:		
Disposal of subsidiary	(3,613)	-
Balance at June 30	$ 645,316	$ 648,929

f. Non-controlling interests

	For the Six Months Ended June 30	
	2017	2016
Balance at January 1	$ 927,062	$ 993,942
Attributable to non-controlling interests		
Share of gain (loss) for the period	11,987	(32,146)
Exchange difference arising on translation of foreign entities	(41,528)	(15,541)
Unrealized gain (loss) on available-for-sale financial assets	(122)	641
Reduction of non-controlling interests	-	6,404
Cash dividends distributed by subsidiaries	(11)	(22)
Balance at June 30	$ 897,388	$ 953,278

g. Treasury shares

(Shares in Thousands)

Purpose	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at June 30
2017				
Shares held by its subsidiaries	11,290	-	-	11,290
2016				
Shares held by its subsidiaries	11,290	-	-	11,290

A subsidiary, CS Development & Investment Co., acquired the Corporation's shares which book value is $240,479 thousand. As of June 30, 2017, December 31, 2016 and June 30, 2016, the market value of treasury shares was $365,784 thousand, $322,319 thousand and $261,919 thousand, respectively. A subsidiary holding treasury shares, shall have shareholders' rights, except that subsidiary holding over 50% of the shares has no rights to participate in any share issuance for cash and to vote.

The Company's shares held by subsidiaries increased because the Corporation issued share dividends which are distributed by capital transferred from retained earnings.

23. INCOME BEFORE INCOME TAX

Net income from continuing operations included the following:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Interest income	$ 4,942	$ 5,497	$ 8,701	$ 11,049
Rental income	920	2,907	1,990	5,755
Technical service income	6,885	(129)	11,735	41,903
Others	16,548	22,010	22,977	31,525
	$ 29,295	$ 30,285	$ 45,403	$ 90,232

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Net gain on fair value change of financial assets held for trading	$ 726	$ 960	$ 850	$ 1,390
Net foreign exchange gains (losses)	15,235	(53,834)	(29,162)	(38,763)
Loss on scraping of property, plant and equipment	(3,858)	(4,585)	(3,921)	(4,737)
Gain on disposal of investment property (see Note 13)	270,125	-	270,125	-
Impairment loss on goodwill (see Note 14)	(111,323)	-	(111,323)	-
Gain on disposal of investments	-	-	772	338
Loss on disposal of a subsidiary	-	-	(3,333)	-
Others	(3,301)	(59,061)	(2,186)	(59,649)
	$ 167,604	$ (116,520)	$ 121,822	$ (101,421)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Interest expense (excluded in capitalized interest)	$ 75,203	$ 77,283	$ 144,151	$ 159,547
Other finance costs	414	271	802	659
	$ 75,617	$ 77,554	$ 144,953	$ 160,206

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Capitalized interest	$ 19,711	$ 780	$ 34,191	$ 1,527
Capitalization rate	2.62%	1.85%-2.12%	2.56%	1.85%-2.12%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Property, plant and equipment	$ 200,406	$ 218,849	$ 408,268	$ 436,388
Investment properties	111	166	277	333
Other intangible assets	11,905	11,905	23,810	23,873
Deferred expenses	6,418	4,777	12,269	9,874
	$ 218,840	$ 235,697	$ 444,624	$ 470,468
An analysis of depreciation by function				
Operating costs	$ 180,105	$ 195,710	$ 367,522	$ 389,917
Operating expenses	20,412	23,305	41,023	46,804
	$ 200,517	$ 219,015	$ 408,545	$ 436,721
An analysis of amortization by function				
Operating costs	$ 2,827	$ 1,407	$ 5,216	$ 2,858
Operating expenses	15,496	15,275	30,863	30,889
	$ 18,323	$ 16,682	$ 36,079	$ 33,747

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Post-employment benefits				
Defined contribution plans	$ 14,786	$ 14,039	$ 28,792	$ 28,020
Defined benefit plans (Note 21)	8,539	8,941	17,062	18,986
	23,325	22,980	45,854	47,006
Share based payments				
Cash-settled	5,493	1,352	7,399	5,517
Other employee benefits	388,549	368,767	766,374	747,062
Total employee benefit expense	$ 417,367	$ 393,099	$ 819,627	$ 799,585

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
An analysis of employee benefits expense by function				
Operating costs	$ 262,345	$ 255,054	$ 518,271	$ 510,357
Operating expenses	155,022	138,045	301,356	289,228
	$ 417,367	$ 393,099	$ 819,627	$ 799,585

(Concluded)

f. Employees' compensation and remuneration of directors and supervisors

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Corporation approved by the shareholders in their meeting in June 2016, the Corporation accrued employees' compensation and remuneration of directors at the rates 0.01%-3% and not higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

For the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, the employees' compensation and the remuneration of directors was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Employees' compensation	$ 110	$ 22	$ 172	$ 68
Remuneration of directors	$ 9,000	$ 3,378	$ 15,000	$ 6,757

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2016 and 2015 having been issued by cash and resolved by the board of directors on March 27, 2017 and March 29, 2016, respectively, were as below:

	Cash	
	For the Year Ended December 31	
	2016	2015
Employees' compensation	$ 946	$ 493
Remuneration of directors	18,800	12,720

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Current tax				
In respect of the current year	$ 248,603	$ 326,160	$ 470,460	$ 588,178
Income tax on unappropriated earnings	12,529	9,333	12,529	9,333
Adjustments for prior years	(1,569)	(124,948)	(10,241)	(124,948)
	259,563	210,545	472,748	472,563
Deferred tax				
In respect of the current year	105,789	(6,849)	201,485	89,502
Others	(38)	(39)	753	275
	105,751	(6,888)	202,238	89,777
Income tax expense recognized in profit or loss	$ 365,314	$ 203,657	$ 674,986	$ 562,340

b. Integrated income tax

	June 30, 2017	December 31, 2016	June 30, 2016
Imputed credit account - the Corporation	$ 254,815	$ 246,265	$ 297,662

	For the Year Ended December 31	
	2016 (Expected)	2015
Creditable ratio for distribution of earning	7.65%	11.68%

Under the Income Tax Act, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Corporation is calculated based on the creditable ratio as of the date of dividend distribution. The imputation credit allocated to shareholders is based on its balance as of the date of the dividend distribution. The estimated creditable ratio may change when the actual distribution of the imputation credit is made.

The unappropriated earnings as of December 31, 2016 and 2015 had no earnings generated before January 1, 1998.

c. Income tax assessments

Income tax returns of the following companies had been assessed by tax authorities:

1) Sole Energy Tech Corp. - through 2015
2) Consolidated Resource Company - through 2015
3) CS Development & Investment Co. - through 2015
4) Synpac-Kingdom Pharmaceutical Co., Ltd. - through 2015
5) E-One Energy Technology Corp. - though 2014
6) The Corporation - through 2013

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Basic earnings per share				
Total basic earnings per share	$ 1.40	$ 0.43	$ 2.22	$ 0.94
Pro forma earnings per share that adjusted retrospectively to reflect the effects of changes in the number of shares resulted from bonus issue occurred after these consolidated financial statements were approved	$ 1.34	$ 0.40	$ 2.12	$ 0.89
Diluted earnings per share				
Total diluted earnings per share	$ 1.40	$ 0.43	$ 2.22	$ 0.94
Pro forma earnings per share that adjusted retrospectively to reflect the effects of changes in the number of shares resulted from bonus issue occurred after these consolidated financial statements were approved	$ 1.34	$ 0.40	$ 2.12	$ 0.89

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

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Income for the year attributable to owners of the Corporation	$ 822,150	$ 248,098	$ 1,305,460	$ 550,099
Effect of potentially dilutive ordinary shares:				
Bonus issue to employees	-	-	-	-
Earnings used in the computation of diluted earnings per share from continuing operations	$ 822,150	$ 248,098	$ 1,305,460	$ 550,099

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	587,364	587,364	587,364	587,364
Effect of potentially dilutive ordinary shares:				
Bonus issue to employees	5	3	20	13
Weighted average number of ordinary shares used in the computation of diluted earnings per share	587,369	587,367	587,384	587,377

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus will 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.

26. CASH-SETTLED SHARE BASED PAYMENTS

Information on employee share appreciation rights issued by the Group for the six months ended June 30, 2017 and 2016, were as follows:

	For the Six Months Ended June 30			
	2017		2016	
	Number of Rights (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Rights (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	87	$ 2,123	74	$ 2,045
Rights granted	6	2,715	-	-
Rights exercised	(3)	2,377	-	-
Rights expired	-	-	(3)	3,351
Balance at June 30	90		71	
Rights exercisable, end of period	69		57	
Weighted-average fair value of rights granted ($)	$ 894		$ 828	

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February 19, 2016, the Group bought back 5.72% of the shares of Continental Carbon India, Ltd. and increased its continuing interest from 94.28% to 100%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiary.

	For the Six Months Ended June 30, 2016
Cash consideration paid	$ (131,357)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(6,404)
Differences recognized from equity transaction	$ (137,761)
Line items adjusted for equity transaction	
Capital surplus - difference between consideration received and the carrying amount of the subsidiary's net assets during actual disposal or acquisition	$ (111,073)
Retained earnings	(26,688)
	$ (137,761)

28. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The subsidiary, CCC, leases its office, warehouse and transportation equipment from third parties under several operating lease agreements, and sale and leaseback of railcar. Future minimum rentals due are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than 1 year	$ 31,842	$ 59,035	$ 75,560
Later than 1 year and not later than 5 years	21,439	23,187	45,468
	$ 53,281	$ 82,222	$ 121,028

The subsidiary, E-One Energy Technology Corp. ("E-One"), has leased land from the Tainan Scientific Industrial Park Preparatory Office (now the South Scientific Industrial Park Administrative Bureau) since October 1998 and May 2008, respectively. The lease term is from October 1, 1998 to May 30, 2028. At the end of the lease term, E-One could sign another new contract. In addition, if the government makes a land rental value adjustment, the rental will also be adjusted. Future minimum rentals due are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than 1 year	$ 10,336	$ 10,336	$ 10,485
Later than 1 year and not later than 5 years	27,214	29,098	31,169
Later than 5 years	38,133	41,110	44,709
	$ 75,683	$ 80,544	$ 86,363

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 2 years. The recent lease term is from February 2015 to January 2016 and from February 2016 to December 2016. The Group disposed of the investment property on May 15, 2017. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments receivable from operating lease were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than 1 year	$ -	$ -	$ 8,886
Later than 1 year and not later than 5 years	-	-	5,551
	$ -	$ -	$ 14,437

29. CAPITAL MANAGEMENT

The Group manages and maintains sufficient capital to expand operations and meet related capital expenditure. The Group manages its capital to maintain the profitability and financial structure, and ensure that it has sufficient financial resources to fund its working capital, capital expenditures, debt repayments and the payment of dividends to shareholders.

30. FINANCIAL INSTRUMENTS

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

The disclosures of fair value are not required for financial instruments that are not measured at fair value with carrying value approximating fair value.

For the financial assets measured at cost and prepayments for investments in unlisted shares that did not have quoted market prices in active market, the Group would spend amounts that would exceed reasonable costs to acquire verified fair value in practice. Therefore, fair value cannot be reliably measured and is not disclosed.

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

- Fair value hierarchy

June 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	$ 943,187	$ -	$ -	$ 943,187
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 5,152,491	$ -	$ -	$ 5,152,491

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	$ 1,242,338	$ -	$ -	$ 1,242,338
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 5,163,154	$ -	$ -	$ 5,163,154

June 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	$ 1,540,922	$ -	$ -	$ 1,540,922
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 4,706,125	$ -	$ -	$ 4,706,125

No transfers between Level 1 and 2 for the six months ended June 30, 2017 and 2016.

c. Categories of financial instruments

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 943,187	$ 1,242,338	$ 1,540,922
Loans and receivables (1)	12,715,828	10,150,682	10,166,338
Available-for-sale financial assets (2)	5,483,824	5,495,058	5,038,036
Financial liabilities			
Amortized cost (3)	12,794,523	10,197,164	10,672,344

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, accounts receivable from related parties, other financial assets - current, and other financial assets - non-current.

2) The balances included the carrying amount of available-for-sale financial assets - current, available-for-sale financial assets - non-current, and financial assets measured at cost - non-current.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, trade payables, trade payables to related parties, dividends payables, other payables, and long-term borrowings (included current portion).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, beneficiary certificates, accounts receivable, trade payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had 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 carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates. When New Taiwan dollars strengthen/weakening 1% against U.S. dollars, would be a pre-tax profit decrease/increase of $6,092 thousand and increase/decrease $8,497 thousand for the six months ended June 30, 2017 and 2016.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk. The exposure at the end of the reporting period did not reflect the exposure during the period because sales is seasonal.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

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

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Fair value interest rate risk			
Financial assets	$ 2,404,065	$ 1,678,408	$ 3,101,088
Financial liabilities	239,826	184,828	109,961
Cash flow interest rate risk			
Financial assets	5,743,720	4,799,923	3,554,367
Financial liabilities	9,756,146	8,138,514	7,963,065

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2017 and 2016 would decrease/increase by $10,031 thousand and $11,022 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group adopted sensitivity analysis to measure the equity price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2017 and 2016 would increase/decrease by $257,625 thousand and $235,306 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk of 58%, 56% and 61% in total accounts receivable as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively, was related to the Group's six largest customers (refer to Note 10).

3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents, high liquidity in securities, and adequate reserves for bank loan facilities, deemed adequate to ensure the Group maintain enough financial flexibility.

Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been 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 tables excluded interest cash flows.

June 30, 2017

Non-derivative financial liabilities	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-interest bearing	$ 2,798,551	$ -	$ -	$ -	$ 2,798,551
Variable interest rate liabilities	5,520,415	912,339	3,323,392	-	9,756,146
Fixed interest rate liabilities	239,826	-	-	-	239,826
	$ 8,558,792	$ 912,339	$ 3,323,392	$ -	$ 12,794,523

December 31, 2016

Non-derivative financial liabilities	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-interest bearing	$ 1,873,822	$ -	$ -	$ -	$ 1,873,822
Variable interest rate liabilities	4,753,067	847,322	2,538,125	-	8,138,514
Fixed interest rate liabilities	184,828	-	-	-	184,828
	$ 6,811,717	$ 847,322	$ 2,538,125	$ -	$ 10,197,164

June 30, 2016

Non-derivative financial liabilities	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
Non-interest bearing	$ 2,599,318	$ -	$ -	$ -	$ 2,599,318
Variable interest rate liabilities	5,850,913	1,040,730	1,071,422	-	7,963,065
Fixed interest rate liabilities	109,961	-	-	-	109,961
	$ 8,560,192	$ 1,040,730	$ 1,071,422	$ -	$ 10,672,344

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its related parties have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related parties named and categories

Related Party Name	Related Party Categories
China Steel Chemical Corporation	The Group as key management personnel of the entity
Taiwan cement Corporation	Same with key management personnel
Taiwan Transport & Storage Corporation	Same with key management personnel
TCC Information Systems Corporation	Same with key management personnel
Taiwan Prosperity Chemical Corporation	Same with key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same with key management personnel

b. Operating transactions

The prices and payment terms were comparable with those for third parties. The lease agreements between the Group and other related parties referred market price to negotiate the rentals and compliance the payment terms.

	Sale of Goods			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Same with key management personnel	$ 12,813	$ 19,273	$ 25,616	$ 44,223

	Purchase of Goods			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
The Group as key management personnel of the entity	$ 241,385	$ 211,899	$ 508,411	$ 369,314
Same with key management personnel	$ 2,598	$ 2,987	$ 5,213	$ 6,089

	Overhead and Operating Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
The Group as key management personnel of the entity	$ 41	$ -	$ 82	$ -
Same with key management personnel	$ 54,246	$ 42,396	$ 90,604	$ 78,457

	Accounts Receivable from Related Parties		
	June 30, 2017	December 31, 2016	June 30, 2016
Same with key management personnel	$ 3,944	$ 4,669	$ 6,624

	Trade Payables to Related Parties		
	June 30, 2017	December 31, 2016	June 30, 2016
The Group as key management personnel of the entity	$ 91,635	$ 80,064	$ 78,002
Same with key management personnel	-	4,216	8,152
	$ 91,635	$ 84,280	$ 86,154

	Other Payables		
	June 30, 2017	December 31, 2016	June 30, 2016
Same with key management personnel	$ 34,350	$ 18,912	$ 24,047

c. Compensation of key management personnel

The compensation of directors and other key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Short-term employee benefits	$ 28,387	$ 19,576	$ 50,810	$ 39,663
Post-employment benefits	92	92	183	183
	$ 28,479	$ 19,668	$ 50,993	$ 39,846

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for certain short-term borrowings, long-term borrowings, performance guarantees, and other credit accommodations.

	June 30, 2017		December 31, 2016		June 30, 2016	
	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount
Notes and accounts receivable	-	$ 1,208,626	-	$ 917,493	-	$ 808,418
Inventories	-	455,299	-	590,574	-	424,216
Bank deposits (included in other financial assets - current)	-	20,898	-	26,258	-	21,859
Pledged time deposits (included in other financial assets - current)	-	55,654	-	61,408	-	167,173
Property, plant and equipment	-	1,135,035	-	1,287,785	-	1,362,409
Available-for-sale financial assets - non-current						
Taiwan Cement Corporation	4,100	144,320	4,100	144,115	4,100	131,405
		$ 3,019,832		$ 3,027,633		$ 2,915,480

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

a. Under a contract effective January 1 to December 31, 2017, the Corporation should buy approximately between 3,500 tons and 4,200 tons per month of oil from China Petroleum Corporation. The Corporation also entered into oil tank lease agreements, effective January 1 to December 31, 2017, with China Petroleum Corporation. The guarantees for above amounted to $74,102 thousand, provided by Bank.

b. The Corporation has agreements with China Steel Chemical Corporation ("China Steel"). The agreements were as follows: (1) Under a contract effective January 1, 2017 to December 31, 2019, the Corporation buys approximately 5,250 tons of carbolic oil 15 per month from China Steel Chemical Corporation ("China Steel"). (2) Under a contract effective January 1, 2017 to December 31, 2019, the Corporation should buy approximately between 31,200 tons and 38,400 tons of carbolic oil 12.

c. In November 1998, Synpac (North Carolina), Inc. ("Synpac NC") entered into an option agreement with Genzyme Corporation ("Genzyme") in which Synpac NC granted Genzyme, in exchange for US$1,000 thousand, an option to enter into a development and commercialization agreement. In March 2000, Genzyme exercised its option and entered into an agreement with Synpac NC for Genzyme to have the license to use the technology and intellectual property rights on the prevention and therapy of Pompe Disease. For this license, Genzyme paid Synpac NC US$19,500 thousand, which Synpac NC recognized as license revenue since Synpac NC has no ongoing research. Under the license agreement, Genzyme will continue developing the technology and will be responsible for obtaining regulatory approval as well as the manufacture, commercialization and distribution of any product resulting from the developed technology. Synpac NC will receive milestone payments depending upon Genzyme's progress and will receive royalties on net sales, milestone, and bonus from Genzyme. Synpac NC transferred intellectual property rights on Pompe Disease to Synpac Venture Capital, L.P. Synpac Venture Capital, L.P. started to recognize license revenue in the fourth quarter of 2006.

d. In June 2011, BRC Rubber & Plastic ("BRC"), a former customer of Continental Carbon Company ("CCC"), filed a lawsuit against CCC with the U.S. District Court ("USDC") for the Northern District of Indiana, alleging that CCC repudiated a five-year supply agreement under which CCC had agreed to supply the customer all of its carbon black requirements, but CCC denied this allegation. In June 2013, USDC passed a decision in favor of BRC and required CCC to compensate BRC with US$982 thousand. CCC filed an appeal for the judgement. The Court of Appeals passed a decision in favor of CCC and remanded back to the lower court for proceedings consistent. In May 2016, CCC filed a motion for final summary judgement. In July 2017, the court passed a decision in favor of CCC.

e. The local taxation bureau levied excise tax on CCIL for using steam and electricity. CCIL filed related documents and records to raise its objection on this levy; as of June 30, 2017, there was $131,985 thousand (282,870 thousand rupee) of excise tax in progress. CCIL was further fined because it was deemed as not having properly recorded its sales when inventories were transferred to an agent; however, CCIL disagreed with the tax authorities' view that transferring inventories to an agent should be classified as sale and filed lawsuit, and raised an objection in conformity with laws. As of June 30, 2017, there was still $961 thousand (2,060 thousand rupee) of fine. The case was still in progress.

f. CCC received notification that require carbon black plants in U.S. have to conform to the standard of desulfurization denitration and dislodging particulate matter from U.S. Environment Protection Agency. To comply with U.S. air pollution laws, CCC agreed with U.S. Environment Protection Agency after received notification from the agency on March 23, 2015. CCC promised that (1) construct related environmental protection equipment by installments to conform to the regulations of emission standards before December 30, 2021; (2) advance environmental protection plans, and the related expenditure was approximately US$550 thousand. As of June 30, 2017, the related expenditure have been paid out.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 49,382	30.420 (USD:NTD)	$ 1,502,202
USD	11,119	6.7744 (USD:RMB)	338,253
USD	3,982	1.2989 (USD:CAD)	121,126
USD	17	64.6748 (USD:INR)	502
			$ 1,962,083
Financial liabilities			
Monetary items			
USD	12,706	30.420 (USD:NTD)	$ 386,504
USD	16,636	6.7744 (USD:RMB)	506,069
USD	13,132	1.2989 (USD:CAD)	399,487
USD	2,000	64.6748 (USD:INR)	60,839
			$ 1,352,899

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 41,750	32.250 (USD:NTD)	$ 1,346,447
USD	12,775	6.9370 (USD:RMB)	411,990
USD	4,570	1.3488 (USD:CAD)	147,392
			$ 1,905,829
Financial liabilities			
Monetary items			
USD	11,026	32.250 (USD:NTD)	$ 355,586
USD	35,707	6.9370 (USD:RMB)	1,151,564
USD	13,404	1.3488 (USD:CAD)	432,280
USD	2,000	68.0622 (USD:INR)	64,496
			$ 2,003,926

June 30, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 48,904	32.275 (USD:NTD)	$ 1,578,384
USD	4,375	6.6312 (USD:RMB)	141,198
USD	3,160	1.2957 (USD:CAD)	101,977
USD	10	67.6010 (USD:INR)	310
			$ 1,821,869
Financial liabilities			
Monetary items			
USD	10,620	32.275 (USD:NTD)	$ 342,756
USD	56,990	6.6312 (USD:RMB)	1,839,341
USD	12,106	1.2957 (USD:CAD)	390,734
USD	3,060	67.6010 (USD:INR)	98,757
			$ 2,671,588

For the three months and the six months ended June 30, 2017 and 2016, net foreign exchange gains (losses) were $15,235 thousand, $(53,834) thousand, $(29,162) thousand and $(38,763) 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.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held. (Table 3)

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

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 5)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (Table 6)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 7)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 8)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 11)

11) Information on investees. (Table 9)

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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 10)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)

36. 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 are carbon black, biotechnology, electronic product and others:

a. Segment revenue and results

	For the Six Months Ended June 30, 2017				
	Carbon Black	Biotechnology	Electronic Product	Others	Total
Segment revenues	$ 6,958,071	$ 1,903,982	$ 972,385	$ -	$ 9,834,438
Segment income	$ 424,438	$ 1,589,927	$ (42,533)	$ (1,671)	$ 1,970,161
Other income					45,403
Other gains and losses					121,822
Finance costs					(144,953)
Income before income tax					$ 1,992,433
Depreciation and amortization expenses					$ 444,624

	For the Six Months Ended June 30, 2016				
	Carbon Black	Biotechnology	Electronic Product	Others	Total
Segment revenues	$ 5,132,311	$ 1,917,189	$ 648,956	$ -	$ 7,698,456
Segment income	$ (263,181)	$ 1,650,801	$ (133,913)	$ (2,019)	$ 1,251,688
Other income					90,232
Other gains and losses					(101,421)
Finance costs					(160,206)
Income before income tax					$ 1,080,293
Depreciation and amortization expenses					$ 470,468

The segment revenue reported was generated from external customers. There were no intersegment sales for the six months ended June 30, 2017 and 2016.

Segment profit represented the profit before income tax earned by each segment without the allocation of interest income, interest expense, other non-operating income and expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	June 30, 2017				
	Carbon Black	Biotechnology	Electronic Product	Others	Total
Total segment assets	$ 15,691,100	$ 6,278,618	$ 2,943,239	$ 8,913,200	$ 33,826,157
Total segment liabilities	$ 10,687,631	$ 545,443	$ 2,305,440	$ 913,619	$ 14,452,133

	December 31, 2016				
	Carbon Black	Biotechnology	Electronic Product	Others	Total
Total segment assets	$ 13,598,826	$ 5,893,104	$ 2,941,543	$ 8,497,366	$ 30,930,839
Total segment liabilities	$ 8,768,549	$ 442,252	$ 2,256,776	$ 72,314	$ 11,539,891

	June 30, 2016				
	Carbon Black	Biotechnology	Electronic Product	Others	Total
Total segment assets	$ 12,230,455	$ 5,562,521	$ 2,989,502	$ 9,259,218	$ 30,041,696
Total segment liabilities	$ 8,588,659	$ 493,431	$ 2,127,026	$ 764,971	$ 11,974,087

TABLE 1

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	CSRC China Corporation	CSRC China (Anshan) Corporation	Other receivables from related parties	Yes	$ 358,880 (RMB 80,000)	$ 358,880 (RMB 80,000)	$ 271,291 (RMB 60,475)	4.35%	Short-term financing	$ -	Operating turnover	$ -	-	$ -	$ 7,439,701 (Note 1)	$ 11,159,552 (Note 2)	-
		CSRC China (Chongqing) Corporation	Other receivables from related parties	Yes	92,340 (RMB 20,000)	89,720 (RMB 20,000)	-	-	Short-term financing	-	Operating turnover	-	-	-	7,439,701 (Note 1)	11,159,552 (Note 2)	-
2	CSRC (Singapore) Pte Ltd.	CSRC China Corporation	Other receivables from related parties	Yes	435,375 (US$ 13,500)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	7,439,701 (Note 1)	11,159,552 (Note 2)	-
		CSRC China (Chongqing) Corporation	Other receivables from related parties	Yes	470,850 (US$ 14,600)	444,132 (US$ 14,600)	215,982 (US$ 7,100)	2.05%-2.12%	Short-term financing	-	Operating turnover	-	-	-	7,439,701 (Note 1)	11,159,552 (Note 2)	-

Note 1: The financing limit of corporation and foreign corporation of direct and indirect wholly owned subsidiaries for each company for borrowers with business or short-term financing need is up to 40% of financing company's net asset value

Note 2: The financing limit of corporation and foreign corporation of direct and indirect wholly owned subsidiaries is up to 60% of the financing company's net asset value.

Note 3: The consolidated subsidiaries ending balances were excluded from the consolidation.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	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	Note
		Name	Relationship											
0	China Synthetic Rubber Corporation	Synpac-Kingdom Pharmaceutical Co., Ltd.	Note 1	$ 18,599,253	$ 10,400	$ 2,400	$ 2,400	$ -	0.01%	$ 27,898,880 (Note 3)	Yes	No	No	-
		Consolidated Resource Company	Note 1		75,000	75,000	-	-	0.40%		Yes	No	No	-
		Synpac Ltd.	Note 1		25,800	24,336	-	-	0.13%		Yes	No	No	-
		CS Development & Investment Co.	Note 1		185,000	185,000	-	-	0.99%		Yes	No	No	-
		E-One Moli Energy (Canada) Ltd.	Note 1		387,000	365,040	365,040	-	1.96%		Yes	No	No	-
		E-One Energy Technology Corp.	Note 1		1,420,840	1,420,840	1,084,351	-	7.64%		Yes	No	No	-
		Continental Carbon India Ltd.	Note 1		3,301,970	3,092,801	1,464,484	-	16.63%		Yes	No	No	-
		Continental Carbon Company	Note 1		6,579,000	5,901,480	3,863,340	-	31.73%		Yes	No	No	-
		CSRC China (Chongqing) Corporation	Note 1		2,060,379	2,060,379	741,186	-	11.08%		Yes	No	Yes	-
		CSRC China (Anshan) Corporation	Note 1		1,389,879	1,275,138	655,204	-	6.86%		Yes	No	Yes	-
		CSRC China Corporation	Note 1		1,758,778	1,758,778	842,107	-	9.46%		Yes	No	Yes	-
1	E-One Energy Technology Corp.	E-One Moli Energy (Canada) Ltd.	Note 1	216,098	64,500	60,840	-	-	14.08%	216,098 (Note 4)	Yes	No	No	-

Note 1: Direct or indirect subsidiary.

Note 2: For guarantees provided to a counter-party doing business with the Corporation and E-One Energy Technology Corp., the financing limit is up to 50% of the amount of the current business transactions. In addition, the financing limit is up to 100% of the Corporation and E-One Energy Technology Corp 's respective net asset values based on current financial statements.

Note 3: The financing limit of the Corporation for all borrowing companies is up to 150% of its net asset value based on its current financial statements.

Note 4: The financing limit of E-One Energy Technology Corp. for all borrowing companies is up to 50% of its net asset value based on its current financial statements.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)	
China Synthetic Rubber Corporation (the "Corporation")	Stock(s)							
	China Steel Chemical Corporation	The Corporation is one of its directors	Available-for-sale financial assets - current	11,759,096	$ 1,369,934	4.96	$ 1,369,934	-
	Taiwan Cement Corporation	Same chairman	Available-for-sale financial assets - non-current	83,777,716	2,948,976	2.27	2,948,976	-
	O-Bank (formerly Taiwan Industrial Bank)	-	Available-for-sale financial assets - non-current	17,654,108	163,830	0.74	163,830	-
	China Investment Co., Ltd.	-	Financial assets measured at cost - non-current	14,152,796	173,372	4.48	424,741	-
	Videoland Television Network	-	Financial assets measured at cost - non-current	6,437,457	86,391	5.64	292,861	-
	BDF II L.P.	-	Financial assets measured at cost - non-current	-	2,368	-	1,349	-
	Mutual fund(s)							
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,941,760	30,467	-	30,467	-
	Shin Kong Chi-Shin Money Market Fund	-	Financial assets at fair value through profit or loss - current	19,590,557	301,254	-	301,254	-
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	24,417,838	301,926	-	301,926	-
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,054,548	301,504	-	301,504	-
CS Development & Investment Co. ("CS Development")	Stock(s)							
	Taiwan Cement Corporation	Same chairman	Available-for-sale financial assets - current	17,699,527	623,023	0.48	623,023	Note 2
	China Synthetic Rubber Corporation	Parent company	Available-for-sale financial assets - non-current	11,289,633	365,784	1.89	365,784	-
	Yieh United Steel Corporation	-	Available-for-sale financial assets - non-current	349,906	2,390	0.01	2,390	-
	China Huan Tung Cement Corp.	-	Financial assets measured at cost - non-current	972,000	9,720	0.89	5,649	-
	Mutual fund(s)							
	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	496,309	8,036	-	8,036	-
Synpac Kingdom Pharmaceutical Co., Ltd.	Stock(s)							
	China Investment Co., Ltd.	-	Financial assets measured at cost - non-current	2,367,000	28,996	0.75	71,036	-
	PhytoHealth Corporation	-	Available-for-sale financial assets - non-current	1,531,500	44,338	0.94	44,338	-
	MegaPro Biomedical Co., Ltd.	-	Financial assets measured at cost - non-current	1,617,777	21,000	4.40	17,082	-
Synpac Ltd.	Stock(s)							
	Glade Remedies Private Limited	23% investee	Financial assets measured at cost - non-current	23	US$ 311	23.00	US$ 311	-

Note 1: The bases of market value of listed stocks were as follows: Stock - closing price of listed stocks and funds, net asset value as of June 30, 2017. The bases of net asset of unlisted stocks were as follows: Domestic investees - the latest financial statements; and overseas investees - book values.

Note 2: Please refer to Note 32 to the financial statements.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustments	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
China Synthetic Rubber Corporation	Nomura Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	Nomura Asset Management Taiwan Ltd.	-	18,595,887	$ 300,000 (Note 1)	-	$ -	18,595,887	$ 300,772	$ 300,000	$ 772	$ -	-	$ -
CSRC (Singapore) Pte Ltd.	CSRC China Corporation	Investments accounted for using equity method	Original subscription of a registered stock	100% subsidiary	-	US$ 21,239	-	US$ 13,500	-	-	-	-	US$ 2,636 (Note 2)	-	US$ 37,375

Note 1: The amount excluded gain or loss on valuation of financial asset.

Note 2: The amount included share of the other comprehensive income of subsidiaries accounted for using the equity method, exchange differences on translating foreign operations, and so on.

TABLE 5

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Continental Carbon Company	Environmental protection equipment 410-15-075-CA	2017.01.01-2017.06.30	US$ 12,023 ≒ 365,740	Paid	Babcock & Wilcox Company	-	-	-	-	$ -	Bidding price, price comparison, and price negotiation.	Construction of related environmental protection equipment by installments to comply with U.S. air anti-pollution laws.	None
	Environmental protection equipment 510-10-353-CA	2017.01.01-2017.06.30	US$ 21,717 ≒ 660,631	Paid	PCE Constructors Inc. Total	-	-	-	-	-	Bidding price, price comparison, and price negotiation.	Construction of related environmental protection equipment by installments to comply with U.S. air anti-pollution laws.	None

Note: The June 30, 2017 exchange rate was US$1=NT$30.420.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
China Synthetic Rubber Corporation (the "Corporation")	Dunbei Building	April 27, 2017 (Note 1)	November 16, 1993	$ 166,881	$ 437,006 (Note 2)	Received	$ 270,125	China Life Insurance Co., Ltd.	Unrelated party	Disposal of investment property	Price was negotiated based on market prices and valuation reports issued by professional appraisers (Note 3)	-

Note 1: The date of board of directors.

Note 2: The price was the agreement price $450,000 thousand minus land value increment tax $10,902 thousand and output tax $2,092 thousand.

Note 3: Valued by Great Eastern Real Estate Appraisers Firm, the valuation amount was $423,645 thousand.

TABLE 7

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts/Trade Receivable (Payables)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
China Synthetic Rubber Corporation (the "Corporation")	China Steel Chemical Corporation	The Corporation is one of its directors	Purchase	$ 506,534	52	Payable on the 15th of the next month	$ -	-	Trade payables $ (90,770)	(40)	-
Continental Carbon Company	Continental Carbon Company Europe SPRL	Same ultimate parent company	Sale	101,023	4	Receivable on the 120th day	-	-	Accounts receivable 162,077	13	-
Continental Carbon Company Europe SPRL	Continental Carbon Company	Same ultimate parent company	Purchase	101,023	78	Payable on the 120th day	-	-	Trade payables (162,077)	(99)	-

Note The consolidated subsidiaries' ending balances were excluded from the consolidation.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
China Synthetic Rubber Corporation	Synpac Venture Capital, L.P.	Indirect 99.42% subsidiary	$ 328,546	-	$ -	-	$ -	$ -
CSRC China Corporation	CSRC China (Anshan) Corporation	Same ultimate parent company	152,869	-	-	-	-	-
SVC Management, LLC	Synpac Venture Capital, L.P.	Same ultimate parent company	150,869	-	-	-	-	-

Note: The consolidated subsidiaries' ending balances were excluded from the consolidation.

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, U.S. Dollars and Canadian Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount June 30, 2017 (Note 1)	Original Investment Amount December 31, 2016 (Note 1)	As of June 30, 2017 Shares	As of June 30, 2017 %	As of June 30, 2017 Carrying Amount (Note 1)	Net Income (Loss) of the Investee (Note 1)	Share of Profits (Loss) (Note 1)	Note
China Synthetic Rubber Corporation	CSRC (BVI) Ltd.	B.V.I.	Investment	$ 7,792,105	$ 7,596,962	249,090,790	100.00	$ 3,064,404	$ 176,592	$ 178,976	Subsidiary
	CS Development & Investment Co.	Taipei, Taiwan	Investment	198,569	198,569	21,228,800	100.00	1,060,497	34,198	17,263	Subsidiary (Note 3)
	Consolidated Resource Company	Taipei, Taiwan	Carbon black production and sale	95,878	95,878	64,440	100.00	124,266	2,552	2,551	Subsidiary (Note 3)
	Synpac-Kingdom Pharmaceutical Co., Ltd.	Taipei, Taiwan	Pharmaceutical production and sale	770,795	770,795	66,376,500	94.69	1,097,365	18,256	17,287	Subsidiary (Note 3)
	Synpac (North Carolina), Inc.	U.S.A.	Pharmaceutical research and development	3,053,037	3,053,037	11,500,000	88.46	3,705,692	677,247	575,599	Subsidiary
	Synpac Ltd.	B.V.I.	Investment	211,425	211,425	8,100,000	75.00	28,165	74	56	Subsidiary (Note 3)
	CCC USA Corp.	U.S.A.	Investment	1,462,210	1,462,210	78,667	66.67	1,320,988	84,632	56,422	Subsidiary
	E-One Energy Technology Corp.	Tainan, Taiwan	Lithium battery production and sale	2,707,253	2,707,253	140,489,933	55.90	288,281	(47,933)	(28,094)	Subsidiary
	Sole Energy Tech Corp.	Taipei, Taiwan	Fabrication of lithium battery production and sale	58,421	58,421	5,245,998	26.23	45,943	(3,514)	(922)	Subsidiary (Note 3)
CSRC (BVI) Ltd.	CSRC (Singapore) Pte. Ltd.	Singapore	Investment	US$ 249,091 ≒ 7,577,348	US$ 242,791 ≒ 7,385,702	344,110,105	100.00	US$ 99,078 ≒ 3,013,953	US$ 5,726 ≒ 175,645	Note 5	Subsidiary
CSRC (Singapore) Pte. Ltd.	CSRC China Corporation	Mainland China	Carbon black production and sale	US$ 56,441 ≒ 1,716,935	US$ 42,941 ≒ 1,306,265	-	100.00	US$ 37,375 ≒ 1,136,948	US$ 1,815 ≒ 55,675	Note 5	Subsidiary
	CSRC China (Anshan) Corporation	Mainland China	Carbon black production and sale	US$ 78,750 ≒ 2,395,575	US$ 78,750 ≒ 2,395,575	-	100.00	US$ 22,524 ≒ 685,180	US$ 885 ≒ 27,147	Note 5	Subsidiary
	CSRC China (Chongqing) Corporation	Mainland China	Carbon black production and sale	US$ 31,500 ≒ 958,230	US$ 31,500 ≒ 958,230	-	100.00	US$ 13,647 ≒ 415,142	US$ (67) ≒ (2,055)	Note 5	Subsidiary (Note 3)
	Continental Carbon India Ltd.	India	Carbon black production and sale	US$ 51,949 ≒ 1,580,289	US$ 51,949 ≒ 1,580,289	88,917,134	100.00	US$ 4,230 ≒ 128,677	US$ 3,030 ≒ 92,945	Note 5	Subsidiary (Note 3)
CS Development & Investment Co.	Sole Energy Tech Corp.	Taipei, Taiwan	Fabrication of lithium battery production and sale	72,330	72,330	7,233,000	36.17	63,354	(3,514)	Note 5	Associate (Note 3)
	SVC Services, LLC	U.S.A.	Investment service	4	4	-	99.90	22,123	169	Note 5	Subsidiary
	SVC Management, LLC	U.S.A.	Investment consultation	8,885	8,885	-	99.90	244,018	31,202	Note 5	Subsidiary
	E-One Energy Technology Corp.	Tainan, Taiwan	Lithium battery production and sale	460,385	460,385	24,467,525	9.74	37,689	(47,933)	Note 5	Associate
	Synpac-Kingdom Pharmaceutical Co., Ltd.	Taipei, Taiwan	Pharmaceutical production and sale	12,000	12,000	232,900	0.33	3,824	18,256	Note 5	Associate (Note 3)
Consolidated Resource Company	E-One Energy Technology Corp.	Tainan, Taiwan	Lithium battery production and sale	24,764	24,764	156,951	0.06	232	(47,933)	Note 5 Note 5	Associate
Synpac-Kingdom Pharmaceutical Co., Ltd.	Synpac (North Carolina), Inc.	U.S.A.	Pharmaceutical research and development	150,000	150,000	1,500,000	11.54	512,334	677,247	Note 5 Note 5	Associate
Synpac (North Carolina), Inc.	Synpac Venture Capital, L.P.	U.S.A.	Investment	US$ 2,250 ≒ 68,445	US$ 2,250 ≒ 68,445	-	99.90	US$ 124,537 ≒ 3,788,416	US$ 34,039 ≒ 1,044,146	Note 5	Subsidiary
SVC Management, LLC	Synpac Venture Capital, L.P.	U.S.A.	Investment	US$ 2 ≒ 61	US$ 2 ≒ 61	-	0.10	US$ 930 ≒ 28,291	US$ 34,039 ≒ 1,044,146	Note 5	Associate
CCC USA Corp.	Continental Carbon Company	U.S.A.	Carbon black production and sale	US$ 152,000 ≒ 4,623,840	US$ 152,000 ≒ 4,623,840	100,000	100.00	US$ 91,302 ≒ 2,777,407	US$ 2,549 ≒ 78,191	Note 5	Subsidiary
	CCC Transport Company	U.S.A.	Carbon black transport	US$ 10 ≒ 304	US$ 10 ≒ 304	10,000	100.00	US$ (292) ≒ (8,883)	US$ (175) ≒ (5,368)	Note 5	Subsidiary
	3C Infocorp	U.S.A.	Technology service	US$ 300 ≒ 9,126	US$ 300 ≒ 9,126	1,200,000	100.00	US$ 1,925 ≒ 58,559	US$ 232 ≒ 7,117	Note 5	Subsidiary
	Continental Carbon Nanotechnologies, Inc.	U.S.A.	Carbon nanotubes production and sale	US$ 6,200 ≒ 188,604	US$ 6,200 ≒ 188,604	1,000	100.00	US$ 2,134 ≒ 64,916	US$ (41) ≒ (1,258)	Note 5	Subsidiary
Continental Carbon Company	Continental Carbon Company Europe SPRL	Belgium	Carbon black production and sale	US$ 24 ≒ 730	US$ 24 ≒ 730	1,000	100.00	US$ 256 ≒ 7,788	US$ 205 ≒ 6,288	Note 5	Subsidiary
E-One Energy Technology Corp.	E-One Holdings Ltd.	B.V.I.	Investment	1,580,165	1,580,165	50,344,940	100.00	(97,674)	11,032	Note 5	Subsidiary
	Sole Energy Tech. Corp.	Taipei, Taiwan	Fabrication of lithium battery production and sale	39,600	39,600	3,300,000	16.50	28,901	(3,514)	Note 5	Associate (Note 3)
E-One Holdings Ltd.	E-One Moli Holdings (Canada) Ltd.	Canada	Investment	US$ 70,329 ≒ 2,139,408	US$ 70,329 ≒ 2,139,408	23,800	100.00	US$ (3,212) ≒ (97,709)	US$ 360 ≒ 11,043	Note 5	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2017			Net Income (Loss) of the Investee (Note 1)	Share of Profits (Loss) (Note 1)	Note
				June 30, 2017 (Note 1)	December 31, 2016 (Note 1)	Shares	%	Carrying Amount (Note 1)			
E-One Moli Holdings (Canada) Ltd.	E-One Moli Energy (Canada) Ltd.	Canada	Battery research and development	CAD 65,961 ≒ 1,544,807	CAD 65,961 ≒ 1,544,807	6,649,200	100.00	CAD (4,292) ≒ (100,519)	CAD 480 ≒ 11,040	Note 5	Subsidiary
Sole Energy Tech Corp.	Sole (BVI) Energy Tech. Co., Ltd.	B.V.I.	Investment	US$ 2,201 ≒ 66,954	US$ 2,201 ≒ 66,954	-	100.00	98,221	(7,471)	Note 5	Subsidiary (Note 3)
Sole (BVI) Energy Tech. Co., Ltd.	Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd.	Mainland China	Fabrication of lithium battery production and sale	-	US$ 2,200 ≒ 66,924	-	-	-	US$ (36) ≒ (1,158)	Note 5	Subsidiary (Notes 3 and 6)

Note 1: The average exchange rate was US$1 = NT$30.675, CAD1=NT$23.0000; the June 30, 2017 exchange rate was US$1=NT$30.420, CAD1=NT$23.4200.

Note 2: Information on investments in mainland China refer to Table 10.

Note 3. Investment income (loss) was not based on financial statements reviewed by the parent company's China Synthetic Rubber Corporation, or the "Corporation" auditors.

Note 4: The consolidated subsidiaries' ending balances and the investment amounts and income (loss) were excluded from the consolidation.

Note 5: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Note 6: Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd. has completed the cancellation of registration in January 2017. The amount of net income (loss) was translated into N.T. dollars using the exchange rate on January 2017.

(Concluded)

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2017	Accumulated Repatriation of Investment Income as of June 30, 2017	Note
					Outflow	Inflow							
CSRC China Corporation	Carbon black production and sale	US$ 53,500 ≒ 1,627,470	Indirect	US$ 42,941 ≒ 1,306,265	US$ 13,500 ≒ 410,670	$ -	US$ 56,441 ≒ 1,716,935	US$ 1,815 ≒ 55,675 (Note 1)	100.00%	US$ 1,815 ≒ 55,675 (Note 1)	US$ 37,375 ≒ 1,136,948	$ -	-
CSRC China (Anshan) Corporation	Carbon black production and sale	US$ 90,850 ≒ 2,763,657	Indirect	US$ 78,750 ≒ 2,395,575	-	-	US$ 78,750 ≒ 2,395,575	US$ 885 ≒ 27,147 (Note 1)	100.00%	US$ 885 ≒ 27,147 (Note 1)	US$ 22,524 ≒ 685,180	-	-
CSRC China (Chongqing) Corporation	Carbon black production and sale	US$ 31,500 ≒ 958,230	Indirect	US$ 31,500 ≒ 958,230	-	-	US$ 31,500 ≒ 958,230	US$ (67) ≒ (2,055) (Note 2)	100.00%	US$ (67) ≒ (2,055) (Note 2)	US$ 13,647 ≒ 415,142	-	-
Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd.	Fabrication of lithium battery production and sale	US$ 2,200 ≒ 66,924	Indirect	US$ 2,200 ≒ 66,924	-	US$ 2,200 ≒ 68,959 (Note 5)	-	US$ (36) ≒ (1,158) (Notes 2 and 5)	73.24%	US$ (36) ≒ (1,158) (Notes 2 and 5)	-	US$ 3,999 ≒ 118,020 (Note 4)	-

	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment, Commission, MOEA (Note 6)
China Synthetic Rubber Corporation	$ 5,070,740	$ 5,438,822 (US$ 178,791)	$ 11,085,981
Sole Energy Tech Corp.	-	66,924 (US$ 2,200)	105,093

Note 1: Investment income (loss) was based on financial statements reviewed by the parent company's China Synthetic Rubber Corporation, or the "Corporation" auditors.

Note 2: Investment income (loss) was not based on financial statements reviewed by the parent company's China Synthetic Rubber Corporation, or the "Corporation" auditors.

Note 3: Except Notes 4 and 5, the average exchange rate was US$1=NT$30.675; the June 30, 2017 exchange rate was US$1=NT$30.420.

Note 4: Be exchanged by historical exchange rates.

Note 5: Sole Energy Electronics Tech. (Zhang Jia Gang Free Trade Zone) Ltd. has completed the cancellation of registration in January 2017. The amount of investment flows and investment gain (loss) was translated into N.T. dollars using the exchange rate on January 2017.

Note 6: The investment limit is 60% of the Corporation's net assets

TABLE 11

CHINA SYNTHETIC RUBBER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	China Synthetic Rubber Corporation	CSRC China Corporation	1	Other receivables from related parties	$ 38,034	(Note 4)	-
		CSRC China (Anshan) Corporation	1	Accounts receivable from related parties	37,972	(Note 4)	-
		CSRC China (Anshan) Corporation	1	Other receivables from related parties	38,412	(Note 4)	-
		CSRC China (Anshan) Corporation	1	Operating revenue	32,011	(Note 4)	-
		Consolidated Resource Company	1	Operating costs	12,908	(Note 4)	-
		Synpac Venture Capital, L.P.	1	Accounts receivable from related parties	328,546	(Note 4)	1
		Continental Carbon Company	1	Management fee income	20,814	(Note 4)	-
		CSRC China (Chongqing) Corporation	1	Other receivables from related parties	17,652	(Note 4)	-
1	CSRC China Corporation	China Synthetic Rubber Corporation	2	Other payables	38,034	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Accounts receivable from related parties	152,869	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Other receivables	282,976	(Note 4)	1
		CSRS China (Anshan) Corporation	3	Trade payables to related parties	12,799	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Operating revenue	27,518	(Note 4)	-
		CSRC China (Anshan) Corporation	3	Operating costs	22,705	(Note 4)	-
2	CSRC China (Anshan) Corporation	China Synthetic Rubber Corporation	2	Trade payables to related parties	37,972	(Note 4)	-
		China Synthetic Rubber Corporation	2	Other payables	38,412	(Note 4)	-
		China Synthetic Rubber Corporation	2	Operating costs	32,011	(Note 4)	-
		CSRC China Corporation	3	Account receivables from related parties	12,799	(Note 4)	-
		CSRC China Corporation	3	Trade payables to related parties	152,869	(Note 4)	-
		CSRC China Corporation	3	Other payables	282,976	(Note 4)	1
		CSRC China Corporation	3	Operating revenue	22,705	(Note 4)	-
		CSRC China Corporation	3	Operating costs	27,518	(Note 4)	-
3	Consolidated Resource Company	China Synthetic Rubber Corporation	2	Operating revenue	12,908	(Note 4)	-
4	Synpac Venture Capital, L.P.	China Synthetic Rubber Corporation	2	Trade payables to related parties	328,546	(Note 4)	1
		SVC Management, LLC	3	Trade payables to related parties	150,869	(Note 4)	-
		SVC Management, LLC	3	Management fee	31,586	(Note 4)	-
5	SVC Management, LLC	Synpac Venture Capital, L.P.	3	Accounts receivable from related parties	150,869	(Note 4)	-
		Synpac Venture Capital, L.P.	3	Operating revenue	31,586	(Note 4)	-

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
6	Continental Carbon Company	China Synthetic Rubber Corporation	2	Management fee	$ 20,814	(Note 4)	-
		Continental Carbon Company Europe SPRL	3	Accounts receivable from related parties	162,077	(Note 4)	-
		Continental Carbon Company Europe SPRL	3	Operating revenue	101,023	(Note 4)	1
		CCC Transport Company	3	Operating costs	27,159	(Note 4)	-
		3C Infocorp	3	General and administrative expenses	30,733	(Note 4)	-
7	Continental Carbon Company Europe SPRL	Continental Carbon Company	3	Trade payables to related parties	162,077	(Note 4)	-
		Continental Carbon Company	3	Operating costs	101,023	(Note 4)	1
8	CCC Transport Company	Continental Carbon Company	3	Operating revenue	27,159	(Note 4)	-
9	3C Infocorp	Continental Carbon Company	3	Operating revenue	30,733	(Note 4)	-
10	E-One Energy Technology Corp.	E-One Moli Energy (Canada) Ltd.	3	Accounts receivable from related parties	32,732	(Note 4)	-
		E-One Moli Energy (Canada) Ltd.	3	Other payables to related parties	32,144	(Note 4)	-
		E-One Moli Energy (Canada) Ltd.	3	Management fee	61,563	(Note 4)	1
11	E-One Moli Energy (Canada) Ltd.	E-One Energy Technology Corp.	3	Other receivables	32,144	(Note 4)	-
		E-One Energy Technology Corp.	3	Trade payables to related parties	32,732	(Note 4)	-
		E-One Energy Technology Corp.	3	Other operating revenue	61,563	(Note 4)	1
12	CSRC China (Chongqing) Corporation	China Synthetic Rubber Corporation	2	Other payables	17,652	(Note 4)	-
		CSRC (Singapore) Pte Ltd.	3	Other payables	218,797	(Note 4)	1
13	CSRC (Singapore) Pte Ltd.	CSRC China (Chongqing) Corporation	3	Other receivables	218,797	(Note 4)	1

Note 1: The types of transaction companies are identified by the following numbers shown in the "No." column:

a. 0 - parent company.
b. 1 to 13 - subsidiary.

Note 2: The flow of transactions is as follows:

a. 1 - from parent company to subsidiary.
b. 2 - from subsidiary to parent company.
c. 3 - between subsidiaries.

Note 3: The ratio of consolidated revenue/assets depends on the account to which it belongs. The profit and loss account is a percentage of consolidated revenue while the assets/liabilities are a percentage of consolidated total assets.

Note 4: The transaction terms are comparable with those for third parties.

Note 5: A transaction is disclosed if it amounts to more than $10,000 thousand.

(Concluded)