Stock Code:5871

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016
(With Independent Auditors' Report Thereon)

Address: No.362, Ruiguang Rd., Neihu District, Taipei, Taiwan, (R.O.C.)
Telephone: 886-2-8752-6388

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Chailease Holding Company Limited as of and for the year ended December 31, 2017 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chailease Holding Company Limited and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Chailease Holding Company Limited
Chairman: Fong Long, Chen
Date: March 22, 2018

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Independent Auditors' Report

To the Board of Directors of Chailease Holding Company Limited:

Opinion

We have audited the consolidated financial statements of Chailease Holding Company Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor' s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

1. Impairment assessment of accounts receivable

Refer to Note (4) (g) "Financial instruments" and Note (5) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note (6) (d) "accounts receivable, net" to the consolidated financial statements for the details of the information about impairment assessment on accounts receivable.

Description of key audit matter:

The Group is engaged primarily in providing various services of leasing and financing, in which accounts receivable is a significant account of the Group. Impairment allowances are provided on accounts receivable based on management's best estimate of the potential losses in the accounts receivable portfolios at the balance sheet date. Management exercise judgment in making assumptions and estimations when calculating for impairment allowances on both individually and collectively assessed accounts receivables.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating the adequacy of the Group's impairment policy on financial assets; testing to check compliance with the internal control on the process of evaluating impairment losses on loans and receivable; evaluating the assumptions and data used in the calculation; recalculating impairment allowances and rechecking it with the assumptions and data used by management; and evaluating the adequacy of the Group's disclosure for Impairment allowances on loans and receivables.

2. Impairment of operating lease assets

Refer to Note (4) (m) "Impairment of non-financial assets" and Note (5) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note (6) (g) " Property, plant and equipment" to the consolidated financial statements for the details of the information about impairment of operating lease assets.

Description of key audit matter:

The Group is engaged primarily in providing various services of leasing and financial instruments, in which impairment of operating lease assets is another a significant account of the Group.

At each reporting date, the Group performs impairment test of the assets particularly those used for operating leases to determine any indication of impairment. Such test considers the value in use to evaluate the asset's recoverable amount. The value in use is calculated on the present value of future rental revenue and value of disposal of operating lease assets less overheads and duties. The capital cost rate on reporting date is used as the discounting rate.

Impairment of operating lease assets is one of the key audit matters for our audit, as it requires management to make estimates and assumptions that can materially affect the financial statements.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included evaluating the reasonableness of the discount rate used by the Group to estimate the recoverable amount and the residual value of the leased asset; testing compliance with the policy of appraising leased asset is consistent with the Group's policy; recalculating impairment losses based on the assumptions and data used by management; and evaluating the adequacy of the Group's disclosure on impairment of operating lease assets.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the propriety of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Yi-Chun Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditor's report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets	2017.12.31 Amount	%	2016.12.31 Amount	%
	Current assets :				
1100	Cash and cash equivalents (Notes (6)(a) and (7))	$ 19,030,593	6	12,936,615	5
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	49,572	-	113,057	-
1130	Current held-to-maturity financial assets (Note (6)(b))	6,442,807	2	5,824,814	2
1170	Accounts receivable, net (Notes (6)(d), (7) and (8))	217,964,861	67	194,395,682	68
1476	Other current financial assets (Notes (7) and (8))	3,666,543	1	3,315,724	1
1479	Other current assets-others (Notes (6)(e) and (7))	4,367,771	1	3,654,131	1
		251,522,147	77	220,240,023	77
	Non-current assets :				
1523	Non-current available-for-sale financial assets (Note (6)(b))	1,077,941	-	1,815,310	1
1528	Non-current held-to-maturity financial assets (Note (6)(b))	1,393,640	1	997,270	-
1550	Investments accounted for using equity method (Notes (6)(f) and (8))	1,146,881	-	889,608	-
1600	Property, plant and equipment (Notes (6)(g) and (8))	10,059,227	3	10,336,214	4
1780	Intangible assets (Note (6)(h))	63,860	-	77,901	-
1840	Deferred tax assets (Note (6)(m))	3,697,787	1	3,755,363	1
1930	Long-term notes and accounts receivable, net (Notes (6)(d) , (7) and (8))	57,682,774	18	46,786,877	16
1995	Other non-current assets-others (Notes (7) and (8))	932,428	-	1,184,892	1
		76,054,538	23	65,843,435	23
	TOTAL ASSETS	$ 327,576,685	100	286,083,458	100

	LIABILITIES AND EQUITY	2017.12.31 Amount	%	2016.12.31 Amount	%
	Current Liabilities :				
2100	Short-term borrowings (Notes (6)(i), (7) and (8))	$ 92,227,725	28	79,283,044	28
2125	Current derivative financial liabilities for hedging (Note (6)(b))	2,108	-	-	-
2150	Account and notes payable	3,959,867	1	3,205,667	1
2230	Current tax liabilities	1,660,227	1	1,860,322	1
2305	Other current financial liabilities (Note (7))	30,085,814	9	26,620,973	9
2320	Long-term liabilities, current portion (Notes (6)(i), (6)(j), (7) and (8))	83,886,873	26	77,542,923	27
2399	Other current liabilities-others	1,122,476	-	1,299,666	-
		212,945,090	65	189,812,595	66
	Non-current Liabilities :				
2530	Bonds payable (Notes (6)(j) and (7))	15,192,493	5	9,701,649	3
2540	Long-term borrowings (Notes (6)(i), (7) and (8))	36,640,756	11	39,363,927	14
2570	Deferred tax liabilities (Note 6(m))	1,836,902	1	1,632,086	1
2600	Other non-current liabilities (Note (6)(l))	4,797,623	1	4,064,973	1
		58,467,774	18	54,762,635	19
	Total Liabilities	271,412,864	83	244,575,230	85
	Equity attributable to owners of the Company : (Note (6)(n))				
3100	Share Capital	12,642,300	4	11,392,300	4
3200	Capital surplus	17,367,796	5	9,391,481	3
3220	Special reserve	674,779	-	-	-
3350	Unappropriated retained earnings	24,374,823	7	19,201,441	7
3400	Other equity items	(1,397,823)	-	(674,779)	-
	Total equity attributable to owners of the Company	53,661,875	16	39,310,443	14
36XX	**Non-controlling interests**	2,501,946	1	2,197,785	1
	Total equity	56,163,821	17	41,508,228	15
	TOTAL LIABILITIES AND EQUITY	$ 327,576,685	100	286,083,458	100

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2017		2016	
		Amount	%	Amount	%
	Operating revenues: (Note (7))				
4111	Sales revenue	$ 8,289,471	20	7,541,644	20
4810	Interest revenue - installment sales	7,610,318	18	7,281,132	19
4820	Interest revenue - capital leases	9,781,840	24	8,890,413	23
4300	Rental revenue - operating leases	3,080,320	7	2,883,217	8
4230	Interest revenue - loans	3,176,652	8	3,000,990	8
4240	Other interest revenue	3,191,904	8	2,857,605	8
4881	Other operating revenue	6,324,194	15	5,552,775	14
		41,454,699	100	38,007,776	100
	Operating costs: (Note (7))				
5111	Cost of sales	7,288,287	17	6,603,726	17
5240	Interest expense	4,935,249	12	4,646,899	12
5300	Cost of rental revenue	2,409,064	6	2,042,567	5
5800	Other operating costs	1,112,689	3	1,038,805	3
		15,745,289	38	14,331,997	37
	Gross profit from operation	25,709,410	62	23,675,779	63
6000	**Operating expenses (Note (7))**	13,003,258	31	14,989,235	39
6500	**Net other income and expenses (Note (6)(q))**	151,151	-	147,953	-
	Operating profit	12,857,303	31	8,834,497	24
	Non-operating income and expenses:				
7100	Interest income	81,761	-	62,690	-
7130	Dividend revenue	81,548	-	90,112	-
7020	Other gains and losses (Note (6)(r))	529,050	2	1,071,102	3
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method(Note (6)(f))	3,750	-	(1,747)	-
		696,109	2	1,222,157	3
7900	**Profit before income tax**	13,553,412	33	10,056,654	27
7950	**Less: Income tax expense (Note (6)(m))**	3,550,027	9	2,472,335	7
	Profit for the year	10,003,385	24	7,584,319	20
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit liabilities	78,348	-	37,458	-
8349	Related tax	(13,319)	-	(6,349)	-
	Total items that will not be reclassified subsequently to profit or loss	65,029	-	31,109	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(786,678)	(2)	(2,267,947)	(6)
8362	Unrealized (losses) gains on available-for-sale financial assets	(256,776)	-	43,120	-
8363	Losses of effective portion of cash flow hedges	(205)	-	(163,416)	-
8364	Gains of effective portion of hedges of net investment in foreign operations	397,071	1	28,123	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	-	-	(4,727)	-
8399	Related tax	104,748	-	43,510	-
	Total other items that maybe reclassified subsequently to profit or loss	(541,840)	(1)	(2,321,337)	(6)
8300	**Other comprehensive income (loss) for the year, net of tax**	(476,811)	(1)	(2,290,228)	(6)
8500	**Total comprehensive income for the year**	$ 9,526,574	23	5,294,091	14
	Profit attributable to:				
8610	Owners of the Company	$ 9,656,514	23	7,243,268	19
8620	Non-controlling interests	346,871	1	341,051	1
		$ 10,003,385	24	7,584,319	20
	Comprehensive income attributable to:				
8710	Owners of the Company	$ 8,998,499	22	5,009,587	13
8720	Non-controlling interests	528,075	1	284,504	1
		$ 9,526,574	23	5,294,091	14
9750	**Basic earnings per share (NT dollars) (Note (6)(o))**	$	8.29		6.36

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Stock		Retained Earnings		Other Equity Items						
	Share capital	Capital surplus	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedges of net investments in foreign operations	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of January 1, 2016	$ 11,392,300	9,407,395	-	15,497,081	1,545,063	120,270	163,416	(238,484)	37,887,041	2,143,498	40,030,539
Profit for the year	-	-	-	7,243,268	-	-	-	-	7,243,268	341,051	7,584,319
Other comprehensive income (loss) for the year	-	-	-	31,363	(2,172,871)	43,120	(163,416)	28,123	(2,233,681)	(56,547)	(2,290,228)
Total comprehensive income (loss) for the year	-	-	-	7,274,631	(2,172,871)	43,120	(163,416)	28,123	5,009,587	284,504	5,294,091
Earnings distribution and appropriation:											
Cash dividends to ordinary shareholders	-	-	-	(3,531,613)	-	-	-	-	(3,531,613)	-	(3,531,613)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	4,012	-	-	-	-	-	-	4,012	-	4,012
Changes in ownership in subsidiaries	-	(19,926)	-	(38,658)	-	-	-	-	(58,584)	-	(58,584)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(230,217)	(230,217)
Balance as of December 31, 2016	11,392,300	9,391,481	-	19,201,441	(627,808)	163,390	-	(210,361)	39,310,443	2,197,785	41,508,228
Profit for the year	-	-	-	9,656,514	-	-	-	-	9,656,514	346,871	10,003,385
Other comprehensive income (loss) for the year	-	-	-	65,029	(863,194)	(256,776)	(145)	397,071	(658,015)	181,204	(476,811)
Total comprehensive income (loss) for the year	-	-	-	9,721,543	(863,194)	(256,776)	(145)	397,071	8,998,499	528,075	9,526,574
Earnings distribution and appropriation:											
Special reserve appropriated	-	-	674,779	(674,779)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	(3,873,382)	-	-	-	-	(3,873,382)	-	(3,873,382)
Capital increase in cash	1,250,000	7,976,315	-	-	-	-	-	-	9,226,315	-	9,226,315
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(223,914)	(223,914)
Balance as of December 31, 2017	$ 12,642,300	17,367,796	674,779	24,374,823	(1,491,002)	(93,386)	(145)	186,710	53,661,875	2,501,946	56,163,821

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

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CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2017	2016
Cash flows from operating activities:		
Profit before income tax	$ 13,553,412	10,056,654
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities:		
Depreciation expense	2,075,955	1,866,849
Amortization expense	147,656	170,664
Gain on financial assets and liabilities at fair value through profit or loss	(7,513)	(48,300)
Interest expense	4,935,249	4,646,899
Interest income	(23,842,475)	(22,092,830)
Dividend income	(81,548)	(90,112)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(3,750)	1,747
Gain on disposal of property, plant and equipment	(26,215)	(30,328)
Loss on disposal of foreclosed assets	99,416	67,679
Gain on disposal of investments	(178,835)	(17,245)
Impairment loss on financial assets	4,188,577	6,214,612
Impairment loss on non-financial assets	510,442	339,987
Total adjustments to reconcile profit	(12,183,041)	(8,970,378)
Change in operating assets and liabilities:		
Change in operating assets:		
Decrease in financial assets held for trading	71,126	120,484
Decrease in non-current financial assets at fair value through profit or loss	-	721,807
Increase in accounts receivable	(41,158,894)	(31,310,488)
Increase in other current financial assets	(893,342)	(1,059,708)
(Increase) decrease in other current assets	(265,628)	105,106
Proceeds from sales of operating lease assets	1,132,735	1,062,488
Purchase of operating lease assets	(3,606,243)	(3,732,549)
Decrease in other non current assets – others	103,998	67,224
Total changes in operating assets	(44,616,248)	(34,025,636)
Changes in operating liabilities:		
Increase in accounts and notes payable	768,003	1,250,440
Increase in long-term and short-term debts	263,237,580	170,632,503
Repayment of long-term and short-term debts	(239,346,357)	(152,292,373)
Increase in other current financial liabilities	3,702,627	1,765,386
(Decrease) increase in accrued pension liabilities	(42,959)	9,863
(Decrease) increase in other current liabilities others	(158,609)	308,597
Increase in other non-current liabilities	844,773	711,587
Total changes in operating liabilities	29,005,058	22,386,003
Total changes in operating assets and liabilities	(15,611,190)	(11,639,633)
Total adjustments	(27,794,231)	(20,610,011)
Cash outflow from operation	(14,240,819)	(10,553,357)
Interest received	23,747,993	22,082,181
Dividend received	81,648	90,212
Interest paid	(4,811,585)	(4,629,050)
Income taxes paid	(3,474,381)	(2,916,301)
Net cash provided by operating activities	1,302,856	4,073,685
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(27,611)	(111,617)
Proceeds from disposal of available-for-sale financial assets	661,698	56,074
Proceeds from capital reduction of available-for-sale financial assets	18,380	3,233
Acquisition of held-to-maturity financial assets	(5,502,979)	(4,813,750)
Disposal of held-to-maturity financial assets	4,483,533	7,963,949
Acquisition of investments accounted for using equity method	(406,428)	(587,374)
Proceeds from capital reduction of investments accounted for using equity method	81,872	37,301
Acquisition of property, plant and equipment	(97,326)	(96,211)
Disposal of property, plant and equipment	224,367	2,294
Acquisition of intangible assets	(1,066)	(38,324)
Net cash (used in) provided by investing activities	(565,560)	2,415,575
Cash flows from financing activities:		
Increase capital in cash	9,226,315	-
Distribution of cash dividend	(3,873,382)	(3,531,613)
Changes in non-controlling interests	(223,914)	(230,217)
Net cash provided by (used in) financing activities	5,129,019	(3,761,830)
Effect of exchange rate changes on cash and cash equivalents	228,936	(885,352)
Net increase in cash and cash equivalents	6,095,251	1,842,078
Cash and cash equivalents, net of bank overdraft, beginning of year	12,935,342	11,093,264
Cash and cash equivalents, net of bank overdraft, end of year (Note (6)(a))	$ 19,030,593	12,935,342

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

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(1) Overview

Chailease Holding Company Limited (the "Company") is an investment holding company, which was founded on December 24, 2009 under the Company Act of Cayman Islands. The Company has been listed on the Main Board of the Taiwan Stock Exchange Corporation (TWSE) since December 13, 2011.

The Company and its subsidiaries ("the Group") were engaged primarily in providing various services of leasing and financing.

As of December 31, 2017 and 2016, the Company had outstanding common stock of $12,642,300 and $11,392,300 divided into 1,264,229,994 shares and 1,139,229,994 shares, respectively.

(2) Financial Statements Authorisation Date and Authorisation Process

The consolidated financial statements were reported to and approved for issue by the Board of Directors on March 22, 2018.

(3) New Accounting Standards and Interpretations

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

1. IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Base on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Lifetime ECL measurement is adopted if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, otherwise, 12-month ECL measurement is applied.

The Group believes that the adoption of impairment losses of IFRS 9 would not have a material impact.

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The Group estimated the application of IFRS 9's impairment requirements on January 1, 2018 resulting in the increase of $429,180 thousand in the allowance for impairment and reserves, as well as the decrease of $245,840 and $87,145 and $96,195 thousand in retained earnings, non-controlling interests and tax expenses.

3) Hedge accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group' s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component of a non-financial item, will be likely to qualify for hedge accounting. The Group does not currently undertake hedges of such risk components.

4) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

5) Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed if IFRS 9 becomes effective and is adopted. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in retained earnings and reserves as at January 1, 2018, and restatement of prior periods is not required.

2. IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts. The Group has completed an intial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

1) Sales of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Rending of services

The Group is involved in managing forest resources, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method.

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Based on the Group' s assessment, the fair value and the stand-alone selling prices of the services. Since these amounts are broadly similar, the Group does not expect significant differences in the timing of revenue recognition for these services.

3) Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under IFRS 15, the assessment will be based on the whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

Based on its assessment, the Group does not expect the application of IFRS 15 to have any significant impact on its consolidated financial statements.

4) Transition

The Group plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Group plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

3. Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date 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
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the statement of financial position. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

Except for the IFRS 16 "Leases", the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the other abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Significant Accounting Policies

The following significant accounting policies have been adopted in preparing the consolidated financial statements and have been applied consistently to all periods presented in these consolidated financial statements, except when otherwise indicated.

(a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

1.Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material accounts in the statement of financial position:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2) Available-for-sale financial assets are measured at fair value;

3) Derivative financial instruments are measured at fair value;

4) The defined net benefit obligation (or asset) is recognized as fair value of plan assets, less the present value of the defined benefit obligation and the maximum amount measurement disclosed in Note 4(o).

2.Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The Group consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. Unless otherwise specified, all financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

1.Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

2.Subsidiaries included in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2017.12.31	Shareholding Ratio 2016.12.31	Note
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	
〃	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
〃	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2017.12.31	Shareholding Ratio 2016.12.31	Note
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	
〃	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
〃	Chailease International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	
〃	Chailease Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	
〃	Chailease Royal Leasing Plc.	Leasing	60.00 %	- %	This subsidiary was established on May 10, 2016. Chailease International Company (Malaysia) Limited invested it on March 6, 2017.
〃	Chailease Berjaya Finance Corporation	Leasing and financing	60.00 %	- %	This subsidiary was established on September 29, 2017.
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	
〃	Chailease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	100.00 %	Funded on January 19, 2016.
Chailease Berjaya Credit Sdn. Bhd.	Chailease Agency Sdn. Bhd.	Insurance brokers	100.00 %	- %	Founded on April 19, 2017.
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	
〃	Chailease Specialty Finance Co., Ltd.	Installment sales	100.00 %	100.00 %	
〃	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding control of Asia SermKij Leasing Public Co., Ltd.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2017.12.31	Shareholding Ratio 2016.12.31	Note
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	
〃	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	
〃	Chailease International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	Funded on July 18, 2016.
〃	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	
〃	Chailease Credit Services Co., Ltd.	Installment sales and leasing	- %	100.00 %	Chailease Finance Co., Ltd. sold all shares of Chailease Credit Services Co., Ltd. to Fina Finance & Trading Co., Ltd. on July 21, 2017.
〃	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	
〃	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	
〃	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	
〃	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	The subsidiary was established on July 24, 2014. (Note a)
Chailease Finance Co., Ltd.	Chailease Finance Securitization Trust 2016	Special Purpose Entity	- %	- %	The subsidiary was established on August 24, 2016. (Note a)
〃	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	
〃	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	
〃	Innovation Energy Integration Co., Ltd.	Solar Power business	100.00 %	100.00 %	Funded on June 29, 2016.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	
〃	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	- %	Fina Finance & Trading Co., Ltd. bought all shares of Chailease Credit Services Co., Ltd. from Chailease Finance Co., Ltd. on July 21, 2017
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2017.12.31	Shareholding Ratio 2016.12.31	Note
Chailease Consumer Finance Co., Ltd. and Chailease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	- %	Founded on June 28, 2017.
Chailease Specialty Finance Co., Ltd. and Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	- %	Founded on June 28, 2017.
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	
〃	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	
〃	Grand Pacific Warehouse Funding Corp.	Real estate development	- %	100.00 %	Dissolved on August, 2017.
〃	Grand Pacific Business Loan LLC. 2005-1	Special purpose entity	- %	- %	The subsidiary was established on June 27, 2005. (Note a) Dissolved on October, 2017.
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special purpose entity	- %	100.00 %	Dissolved on October, 2017.
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special purpose entity	- %	- %	The subsidiary was established on June 27, 2005. (Note a)
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	
〃	SK Insurance Broker Co., Ltd.	Insurance brockers	100.00 %	- %	Founded on April 12, 2017.

Note a: For purposes of trading and investment, the Group set up a number of special purpose entities (SPE) in which it does not have any direct or indirect shareholding.

These SPEs are consolidated if the substance of the Group's relationship with the SPEs and the assessment of their risks and rewards, disclosed that the Group has control over the SPEs. The control of an SPE by the Group may exists if:

(i) the Group has power over the SPE;

(ii) the Group has exposure, or rights, to variable returns from its involvement with the SPE;

(iii) the Group has ability to use its power over to affect the amount of the SPE's returns.

3.Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign Currency

1.Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following which are recognized in other comprehensive income:

1) available-for-sale equity investment;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposed of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising thereon form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the exchange differences on translation of foreign financial statements in equity.

3.Hedge of a net investment in foreign operation

Hedge accounting is adopted for hedge of a net investment in foreign operation, regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the exchange differences on translation of foreign financial statements in equity. To the extent that the hedge is ineffective, such differences are recognized in profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits are recognized as other current and non-current financial assets.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group become a party to the contractual provisions of the instruments.

1.Financial assets

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

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A.Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise

B.Performance of the financial asset is evaluated on a fair value basis

C.Hybrid contains one or more embedded derivatives

At initial recognition, financial assets in this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to the initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, and are included in operating revenue or other income and other gains or losses of non-operating revenues and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for -sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in other income and other gains or losses of non-operating revenues and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is classified under dividend revenue of non-operating revenues and expenses.

3) Held-to-maturity financial assets

If the Group have the positive intent and ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, under interest income of operating revenues or non-operating revenues and expenses.

4) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

5) Impairment of financial assets

Except for financial assets at fair value through profit or loss, other financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group use historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its 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 is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for accounts receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance accounts are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss of financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfer substantially all the risks and rewards of ownership of financial assets.

2.Financial liabilities and equity instruments

1) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial liabilities are classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A.Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses thereon on different basis;

B.Performance of the financial liabilities is evaluated on a fair value basis;

C.Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, under other gains or losses of non-operating revenues and expenses.

2) Other financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capitalized cost is recognized in profit or loss, and is included in operating costs.

3.Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, under other gains or losses of non-operating revenues and expenses.

When a derivative is designated as a hedging instrument, its timing of recognition to profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

For derivatives that are linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of such an unquoted equity instruments, derivatives that are classified as financial assets, are measured at amortized cost, and are included in financial assets measured at cost; and those that are classified as financial liabilities are measured at cost, and are included in financial liabilities measured at cost.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instrument for a hedge of a foreign currency risk, as fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risk of firm commitments are treated as a fair value hedge.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

1) Fair value hedge

Changes in the fair value of a hedging instruments designated and qualified as fair value hedges are recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Hedged financial instruments using an effective interest rate is amortized to profit or loss when hedge accounting is discontinued over the period to maturity.

2) Cash flow hedge

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity – effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, under other gains or losses of non-operating revenue and expenses.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified as the initial cost of the non-financial asset or liability.

3) Hedge of a net investment in a foreign operation

Any effective portion of the gains or losses of a hedging instrument is recognized under other comprehensive income and presented in other equity – effective portion of a hedge of a net investment in a foreign operation gain (loss). Any ineffective portion of such gains or losses is recognized in profit or loss, under operating costs or other gains or losses of non-operating revenues and expenses.

The gains and losses of an effective portion of a hedging instrument presented in other equity – effective portion of a hedge of a net investment in a foreign operation gain (loss) is reclassified in profit or loss, under operating costs or other gains or losses of non-operating revenues and expenses, upon disposal of the investment.

(h) Financial assets securitization

Under the Regulations for Financial Assets Securitization, the Group, with the assistance of a trustee, securitize its financial assets for purposes of offering asset-backed securities in the form of related beneficiary certificates through a special-purpose trust. Once the financial asset is securitized, the Group no longer retain the ownership title of the asset, and thus, remove the asset from the consolidated balance sheet and recognize any gains or losses from securitization. The Group retain the subordinated securities, which are classified as financial assets at fair value through profit or loss, for purposes of building confidence and trust among potential investors.

Gains or losses from securitization are determined based on the difference between the proceeds from securitization and carrying value of the securitized financial assets. The cost of each class of asset-backed securities, which is determined based on the previous carrying value of the securitized financial assets, is allocated in proportion to the fair value of each class of the asset-backed securities and the retained interests on the date of transfer. As there exists no active trade market for securitized financial assets, the fair value of each class of asset-backed securities and the retained interests are evaluated based on the present value of future cash flows considering the expected credit loss rate, discount rate, and other relevant risks associated with the financial asset.

The cash receipts of subordinated seller certificates from the trustee are accounted for using the cost recovery method. On the balance sheet date, the fair value of these certificates is evaluated based on the present value of expected future cash flows, and the resulting gains or losses (if any) are recognized in profit or loss.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from business acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies of investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except when that the underlying asset is impaired.

When the Group' s share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except when the Group has an obligation or has made payments on behalf of the investee.

(j) Property, plant, and equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized under operating costs and net other income and expenses of profit or loss.

2.Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

3.Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by using straight-line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings	20~60 years
2) Transportation equipment	3~ 6 years
3) Miscellaneous equipment	4~16 years
4) Assets held for lease	1~12 years
5) Leasehold improvements	5 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Leases

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. If the Group is a lessor under finance leases, the amounts due under such leases, after deduction of unearned charges, are accounted for as 'Loans and receivables' as appropriate. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Unearned finance income is amortized and recognized as interest revenue of operating revenues over the periods of the leases in order to give a constant rate of return on the net investment in the leases.

If the Group is lessees under finance leases, leased assets are capitalized to 'Property, plant and equipment' and the corresponding liability to the lessor is accounted for as 'Other payables'. A finance lease and its corresponding liability are recognized initially at the fair value of the asset or, if lower, the present value of the minimum lease payments. Finance charges payable are recognized over the period of the lease based on the interest rate implicit in the lease in order to give a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. As a lessor, the Group classifies the assets used for operating leases as 'Property, plant and equipment' which are accounted for accordingly. Impairment losses thereon are recognized for the excess of the carrying value over the recoverable amount of those assets. As a lessee, the Group does not recognize the leased assets on the balance sheets.

Rentals expenses and revenue under operating leases are accounted for on a straight-line basis over the periods of the leases and are included in 'Costs of rental revenue', 'Other operating cost' of operating costs and 'Rental revenue' of operating revenue, respectively.

The electricity procurement agreement entered into by the Group was accounted for under IFRIC4 "Determining Whether an Arrangement Contains a Lease" and accounted for as finance leases.

(l) Intangible assets

1.Goodwill

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

2.Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. The amortizable amount is determined based on the cost of an asset less its residual values. Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date when they are made available for use. The residual value, amortization period and amortization method for an intangible asset are reviewed at least annually at each financial year end. Any change thereof is accounted for as a change in accounting estimate.

(m) Impairment of non-financial assets

The carrying amounts of the Group' s non-financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The excess of carrying amount of the asset over its recoverable amount is recognized as an impairment loss which is charged to profit or loss.

An assessment is made at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer' s cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

If the carrying amount of each of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(n) Revenue recognition

1.Sales revenue

Sales revenue is recognized when title of ownership to the product and the risks and rewards of ownership are transferred to the customer.

2.Installment sales revenue

The revenue from installment sales is calculated using ordinary sales method. Under this method, gross profit between sales determined at normal selling price and cost of sales is recognized on selling date. The excess installment sales over the sales determined at normal selling price is treated as unearned interest revenue, which is subsequently recognized as interest revenue by using the interest method. Unearned interest revenue is treated as a deduction item of installment sales receivable. The ownership of the property is transferred upon receipt of the full amount of installment sales receivable.

3.Leasing business

Lease contracts are classified as capital or operating leases based on certain criteria, such as the lease terms, the likelihood of collecting receivables under lease contracts, and future cost to be borne by the lessor. The revenues generated from leasing business are interest revenue for capital leases and rental revenue for operating leases.

4.Loans receivable

Loans are recorded at its principal amount. Interest income is recognized on accrual basis. If the collectability of interest receivable is in question, the recognition of interest income is deferred to the point of collection.

5.Accounting for factoring of accounts receivable

The Group is engaged in factoring of accounts receivable with or without recourse. Factoring of accounts receivable is treated as a purchase if it meets the conditions described below, otherwise, it is treated as financing of accounts receivable:

1) When the factoring transfers and surrenders all or part of the control over the financial assets, the factored receivables are deemed to be reasonably collectable with no restrictions.

2) Control over transferred accounts receivable is deemed to have been transferred under all of the following conditions:

A.The transferred accounts receivable are isolated from the transferor – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership situation.

B.Either (1) each transferee obtains the right – free of conditions that prevent the transferee from taking advantage of that right – to pledge or exchange the transferred accounts receivable or (2) the transferee is a qualifying special-purpose entity and the holders of beneficial interests in that entity have the right – free of conditions that prevent them from taking advantage of the right – to pledge or exchange those interests.

C.The transferor does not maintain effective control over the transferred accounts receivable through (1) an agreement that both entitle and obligates the transferor to repurchase or redeem them before their maturity or (2) an agreement that entitles the transferor to repurchase or redeem transferred accounts receivable that are not readily obtainable.

6.Fee and commission

Fee and commission income is earned from a range of services rendered by the Group to its customers, and comprises income earned from services rendered over a period of time as well as transaction-type services.

Fees earned from providing services over a period of time are recognized over the service period during which the related service is provided or credit risk is undertaken. Fee and commission income from such services comprises mainly loans, guarantees, and other management and advisory fees.

(o) Employee benefits

1.Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.Defined benefit plans

Aside from the defined contribution plan, the Group also maintains defined benefit plans, which are post-employment benefit plans, for their employees. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average vesting period. To the extent that the benefits vest immediately, pension cost is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost which had not been previously recognized.

(p) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1.Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2.Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3.Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1.the entity has the legal right to settle tax assets and liabilities on a net basis; and

2.the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(q) Business combination

Goodwill is measured at the consideration transferred less amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value) at the acquisition date. If the amounts of net assets acquired or liabilities assumed exceeds the acquisition price, the Group re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess. If the business combination is achieved in batches, any non-controlling equity interest is measured at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is re-measured and the resulting gain or loss, if any, is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated on profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated on profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding control of subsidiaries

Although the Company's ownership was lower than 50% of the subsidiary's outstanding shares, the subsidiary was consolidated. This is because the other 51.82% ownership was dispersed and no evidence of joint policy making agreement among those stockholders. Also, the low participation rate of other shareholders in past shareholders' meetings indicates that the Company owns the actual power to control.

(b) Financial asset and liability classification

At initial recognition, financial assets and liabilities are categorized or designated depending on the following circumstances:

(i) Financial assets or liabilities are designated as "trading", if they meet the criteria for being classified as trading assets and liabilities as set out in accounting policy disclosure Note 4(g).

(ii) Financial assets or liabilities are designated as at fair value through profit or loss, if they met one of the criteria for being designated as such as set out in accounting policy disclosure Note 4(g).

(iii) Financial assets are designated as held to maturity, if the Group has both the positive intention and ability to hold the assets until their maturity date in accordance with the accounting policy disclosure Note 4(g).

(c) Securitizations

In applying its accounting policies on securitized financial assets, the Group has evaluated both the extent of risks and rewards on assets transferred to another entity and the extent of the Group's control over the other entity:

(i) If the Group, in substance, controls the entity in which financial assets have been transferred, the entity is included in these consolidated financial statements and the transferred assets are recognized in the Group's consolidated balance sheet.

(ii) If the Group has transferred financial assets to another entity, but has not transferred substantially all of the risk and rewards relating to the transferred assets, the assets are recognized in the Group's consolidated balance sheet.

(iii) If the Group transfers substantially all the risk and rewards relating to the transferred assets to an entity that it does not control, the assets are derecognized from the Group' s consolidated balance sheet.

Details of the Group's securitization activities are discussed under the accounting policy disclosure Note 4(h) and Note 6(c).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment losses on loans and receivables

Impairment allowances on loans and receivables represent management's best estimate of losses incurred in the loan portfolios at the balance sheet date. Management is required to exercise judgment in making assumptions and estimations when calculating loan and receivables impairment allowances on both individually and collectively assessed loans and receivables.

The specific counterparty component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the estimated future cash flows that are expected to be received. In estimating these cash flows, management makes judgments on counterparty's financial situation and the net realizable value of any underlying collateral. The Group recognizes an impairment loss on the excess of carrying value over the recoverable amount of the estimated cash flows in profit or loss.

All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics. The current methodology used for impairment assessment is subject to estimation of uncertainty, because it is not practicable to identify losses individually due to the large number of insignificant loans in the portfolio. In addition, the statistical analyses of historical information is supplemented with significant judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to be greater or less than that suggested by historical experience. In normal circumstances, historical experience provides the most objective and relevant information from which to assess inherent loss within each portfolio. In certain circumstances, historical loss experience provides certain less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic, regulatory or behavioral conditions such that the most recent trends in the portfolio risk factors are not fully reflected in the statistical models of impairment assessment. In these circumstances, such factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment allowances derived solely from historical loss experience.

This key area of judgment is subject to uncertainty and is highly sensitive to factors such as loan portfolio growth, product mix, unemployment rates, bankruptcy trends, geographic concentrations, economic conditions such as national and local trends in housing markets, the level of interest rates, account management policies and practices, changes in laws and regulations, and other factors that can affect customer payment patterns. Different factors are applied in different regions and countries to reflect different economic and credit conditions and laws and regulations. The assumptions underlying this judgment are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience. For example, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure they remain appropriate.

(b) Impairment losses on non financial assets

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount or value in use is estimated. Determining the value in use of non financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

(c) Impairment of available for sale investment securities

Significant judgment is required in determining the impairment of the available for sale investment securities at each reporting date and this requires management to make estimates and assumptions that can affect the financial statements. Management is required to exercise judgment in determining whether there is objective evidence that an impairment loss has occurred.

The best evidence of whether there is indication of impairment loss for quoted investment securities is the quoted prices in an actively traded market. For unquoted investment securities, in the event that the market for the unquoted investment securities is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain unquoted investment securities are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs and consequently, the determination of whether there any indication of impairment is subject to a high degree of variability.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Once impairment has been identified, the amount of impairment loss is measured in relation to the fair value of the asset. Any resulting impairment losses could have an impact on the Group' s financial results.

(d) Valuation Process

The Group' s accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: 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).
- Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to notes listed below for the assumptions used in measuring fair value Note (6)(t), Financial instruments.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2017.12.31	2016.12.31
Cash and demand deposits	$ 18,708,765	11,549,315
Time deposits	321,828	368,400
Cash equivalents-repurchase bills	-	1,018,900
Cash and cash equivalents	19,030,593	12,936,615
Bank overdraft	-	(1,273)
Cash and cash equivalents in consolidated statements of cash flows	$ 19,030,593	12,935,342

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(t).

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(b) Financial instruments

1.The components of financial assets were as follows：

	2017.12.31	2016.12.31
Financial assets at fair value through profit or loss		
Held for trading		
Securities of listed companies	$ 48,977	113,057
Non-hedging derivatives	595	-
	49,572	113,057
Available-for-sale financial assets		
Securities of listed companies	980,828	244,321
Emerging stock	2,536	1,070,238
Private equity	94,577	500,751
Sub-total	1,077,941	1,815,310
Held-to-maturity financial assets		
Investment in debt securities	7,836,447	6,822,084
Total	$ 8,963,960	8,750,451

2.Sensitivity analysis — equity price risk：

If the equity price changes, the impact to other comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both period, will be as follows:

	For the years ended December 31,			
	2017		2016	
Equity price at reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	$ 75,516	3,428	127,128	7,914
Decrease 7%	$ (75,516)	(3,428)	(127,128)	(7,914)

Based on the results of the Group's assessment, impairment loss of $363 and $21 were recognized on available-for-sale financial assets for the years ended December 31, 2017 and 2016, respectively.

The Group purchased debt securities issued by real estate trust. These debt securities have maturity dates between 2016 and 2018, and bear effective annual interest rate ranging from 2.69%~8.90%.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3.Derivative instruments used for hedging

As of December 31, 2017, the Group held derivative instruments qualified for hedge accounting as follows:

Nominal Amount		2017.12.31 Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD	6,720	USD to MYR	4.58%	90 Days LIBOR + 1.4%	2017.08.08~
MYR	27,468				2020.02.29
USD	50,000	USD to CNY	5.00%	90 Days LIBOR + 1.4%	2017.10.23~
CNY	331,000				2020.01.23
USD	100,000	USD to CNY	5.00%	90 Days LIBOR + 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Days LIBOR + 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Days LIBOR + 1.4%	2017.12.20~
CNY	331,400				2020.12.18

1) Cash flow hedge

Subsidiaries entered into cross currency swap contract with a bank to hedge future cash flow out of USD loans.

Hedged item	Hedge Instrument	Fair Value 2017.12.31	Fair Value 2016.12.31	Expected Cash flow Period	Hedge Period
USD loans	Cross Currency Swap	$ (205)	-	2017~2020	2017~2020

A subsidiary named Golden Bridge (B.V.I.) Corp., entered into cross currency swap contract with a bank to hedge future cash flow out of CNY loans receivable.All related contracts were due as of June 30,2016.

Item	For the years ended December 31, 2017	2016
The fair value adjustment to other comprehensive income	$ (205)	(163,416)

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2) Hedge of net investment in foreign operation

The fair value of the equity investment in foreign investee, Golden Bridge (B.V.I.) Corp., may be influenced by the fluctuation of USD exchange rate. The Company designated its USD borrowings to hedge the exchange rate fluctuation risk from this investment. The details of net investment hedge in foreign operation and designated derivatives as of December 31, 2017 and 2016, were as follows:

	Designated Hedging Instrument		
		Fair Value	
Hedged Item	Hedge Instrument	2017.12.31	2016.12.31
Equity investment measured in USD	Foreign currency borrowings	$ 1,845,120	5,724,375

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I.) Corp., for the years ended December 31, 2017 and 2016.

(c) Financial assets securitization

1. 2011 Securitization

On January 27, 2016, the special purpose trust has fully redeemed beneficiary certificates twAAA and twA. As the process of its liquidation was completed on February 26, 2016, the Group received $721,807 from the return of subordinated certificates.

On February 23, 2016, the Group entered into an agreement with the said Special Purpose Entity to repurchase its receivable of $529,514.

(d) Accounts receivable, net

	2017.12.31	2016.12.31
Current		
Accounts receivable	$ 20,948,120	18,520,273
Less: Allowance for impairment	(607,119)	(613,897)
	20,341,001	17,906,376
Installment sales receivable	80,245,671	75,982,760
Less: Unearned interests	(7,449,734)	(7,221,132)
Allowance for impairment	(2,975,760)	(2,597,888)
	69,820,177	66,163,740
Leases receivable (included operating leases)	100,768,338	84,812,430
Less: Unearned revenue	(12,433,697)	(9,705,952)
Allowance for impairment	(3,638,173)	(3,434,935)
	84,696,468	71,671,543
Loans receivable	44,053,445	39,578,177
Less: Allowance for impairment	(946,230)	(924,154)
	43,107,215	38,654,023
Sub-total of current accounts	217,964,861	194,395,682

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2017.12.31	2016.12.31
Non Current		
Accounts receivable	7,590,737	5,436,361
Less: Allowance for impairment	(112,129)	(91,684)
	7,478,608	5,344,677
Installment sales receivable	33,914,394	28,171,965
Less: Unearned interests	(3,610,429)	(2,519,292)
Allowance for impairment	(579,098)	(393,209)
	29,724,867	25,259,464
Leases receivable	22,302,940	13,901,163
Less: Unearned revenue	(7,281,888)	(3,914,667)
Allowance for impairment	(126,135)	(109,668)
	14,894,917	9,876,828
Loans receivable	5,869,006	6,642,702
Less: Allowance for impairment	(284,624)	(336,794)
	5,584,382	6,305,908
Sub-total of non current accounts	57,682,774	46,786,877
Total accounts receivable	$ 275,647,635	241,182,559

1.The movements in allowance for impairment with respect to accounts receivable during the year were as follows:

	For the years ended December 31, 2017	2016
Opening balance	$ 8,502,229	7,360,096
Impairment loss recognized	4,188,214	6,214,591
Amounts written off	(3,344,344)	(4,770,448)
Foreign exchange gains	(76,831)	(302,010)
Ending balance	$ 9,269,268	8,502,229

2.Receivables arising from installment sales and capital leases transactions, which were partially pledged for the repayment or collaterals of bank loans, were discussed further in Note (8).

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3.The Group's capital leases receivable and related accounts were as follows:

	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
December 31, 2017			
Within operating cycle	$ 100,650,820	(12,433,697)	88,217,123
Beyond one operating cycle to 5 years	8,764,948	(1,035,424)	7,729,524
Period after 5 years	13,537,992	(6,246,464)	7,291,528
	$ 122,953,760	(19,715,585)	103,238,175
December 31, 2016			
Within operating cycle	$ 84,693,447	(9,705,952)	74,987,495
Period after operating cycle to 5 years	7,775,539	(1,048,230)	6,727,309
Period after 5 years	6,125,624	(2,866,437)	3,259,187
	$ 98,594,610	(13,620,619)	84,973,991

The Group entered into several electricity procurement agreements with Taiwan Power Company(Refer to Note(9) for details of these agreements). Under these agreements, the production of electric power will be only sold to Taiwan Power Company from the day the power plants are put into commercial operation. The average lease term is approximately twenty years.

The electricity procurement agreements mentioned above were accounted for as finance leases under IFRIC 4 "Determining whether an Agreement contains a lease" and IAS 17 "Lease".

4.The future collections of minimum operating leases receivable under non-cancellable leases were analyzed as follows:

	2017.12.31	2016.12.31
Within operating cycle	$ 2,342,669	2,309,192
Beyond one operating cycle to 5 years	2,128,073	2,282,138
Beyond 5 years	7,149	8,433
	$ 4,477,891	4,599,763

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

5.The Group's installment sales receivable and related accounts were as follows:

		Gross investment in the installment sales	Unearned interests	Present value of installment sales receivable
December 31, 2017				
Within operating cycle	$	80,245,671	(7,449,734)	72,795,937
Beyond one operating cycle to 5 years		32,828,984	(3,455,769)	29,373,215
Beyond 5 years		1,085,410	(154,660)	930,750
	$	**114,160,065**	**(11,060,163)**	**103,099,902**
December 31, 2016				
Within operating cycle	$	75,982,760	(7,221,132)	68,761,628
Beyond one operating cycle to 5 years		28,139,074	(2,518,433)	25,620,641
Beyond 5 years		32,891	(859)	32,032
	$	**104,154,725**	**(9,740,424)**	**94,414,301**

6. 2014 Securitization

In 2014, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of $6,499,797. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received $5,465,000 in cash from issuing these beneficiary certificates. Because the Group acquired all of the subordinated beneficiary certificates, the Group had control over the SPEs. The SPEs are classified as "Investments accounted under equity method". The downstream transactions are eliminated by the difference between the following two amounts.

1) The amount received from disposal of financial assets.

2) Adjusted book value of disposed financial assets.

The SPEs trusts are included in the consolidated financial statements and recognized as liabilities for issue amount.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

These beneficiary certificates are redeemable for the period from July 24, 2014 to July 24, 2021. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	5,079,000	5,079,000	1.85 %	Monthly
twA	2nd	386,000	386,000	2.65 %	Monthly
Subordinated	3rd	1,034,797	1,294,462	None	Monthly

7. 2016 Securitization

In 2016, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, fund loaning and capital leases receivable, with an aggregate carrying amount of $4,973,789. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received $4,093,200 in cash from issuing these beneficiary certificates. Because the Group acquired all of the subordinated beneficiary certificates, the Group had control over the SPEs. The SPEs are classified as "Investments accounted under equity method". The Group's downstream transactions are eliminated by the difference between the following two amounts.

1) The amount received from disposal of financial assets.

2) Adjusted book value of disposed financial assets.

The SPEs trusts are included in the consolidated financial statements and recognized as liabilities for cash obtained from issuing these beneficiary certificates.

These beneficiary certificates are redeemable for the period from August 24, 2016 to August 24, 2023. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	3,750,000	3,750,000	1.90 %	Monthly
twA	2nd	343,200	343,200	2.45 %	Monthly
Subordinated	3rd	880,589	1,118,309	None	Monthly

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(e) Other current assets - others

	2017.12.31	2016.12.31
Prepayments	$ 2,979,439	2,385,297
Prepaid expenses	1,269,825	1,215,901
Foreclosed assets	110,111	39,653
Others	8,396	13,280
	$ 4,367,771	3,654,131

As of December 31, 2017 and 2016, foreclosed assets held by the Group were as follows:

	2017.12.31	2016.12.31
Foreclosed assets	$ 154,968	56,525
Less: Accumulated impairment	(44,857)	(16,872)
	$ 110,111	39,653

For the years ended December 31, 2017 and 2016, the Group recognized an impairment loss of $27,284 and $17, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of $99,416 and $67,679 for the years ended December 31, 2017 and 2016, respectively.

(f) Investments accounted under equity method

The financial information of individually non-significant equity method affiliates included in the consolidated financial statements were as follows:

	2017.12.31	2016.12.31
Investments in affiliates	$ 1,146,881	889,608

	For the years ended December 31,	
	2017	2016
Comprehensive income attributable to the Group		
Gain (loss) for the period	$ 3,750	(1,747)
Other comprehensive income	-	(4,727)
Total comprehensive income	$ 3,750	(6,474)

Portion of the investments in associates was provided as collaterals for the issuance of short-term bills payable, as well as long and short-term debts, which were discussed further in Note (8).

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the years ended December 31, 2017 and 2016, were as follows:

		Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost:						
Balance at January 1, 2017	$	2,950,164	10,256,226	1,657,474	160,530	15,024,394
Additions		-	3,162,864	525,866	14,839	3,703,569
Reclassification		-	384	195	-	579
Disposals		-	(2,189,036)	(729,368)	-	(2,918,404)
Effect of movements in exchange rate		(15,519)	(101,347)	(5,497)	(2,285)	(124,648)
Balance at December 31, 2017	$	2,934,645	11,129,091	1,448,670	173,084	15,685,490
Balance at January 1, 2016	$	3,063,847	9,363,546	1,233,559	143,760	13,804,712
Additions		9,239	2,983,489	818,169	17,863	3,828,760
Reclassification		-	-	(38,684)	-	(38,684)
Disposals		-	(2,052,695)	(329,077)	-	(2,381,772)
Effect of movements in exchange rate		(122,922)	(38,114)	(26,493)	(1,093)	(188,622)
Balance at December 31, 2016	$	2,950,164	10,256,226	1,657,474	160,530	15,024,394
Depreciation and impairment losses:						
Balance at January 1, 2017	$	535,773	3,260,871	771,666	119,870	4,688,180
Depreciation for the year		51,803	1,825,372	184,602	14,178	2,075,955
Impairment loss		-	296,663	186,495	-	483,158
Disposals		-	(1,405,541)	(181,976)	-	(1,587,517)
Effect of movements in exchange rate		(756)	(27,685)	(4,451)	(621)	(33,513)
Balance at December 31, 2017	$	586,820	3,949,680	956,336	133,427	5,626,263
Balance at January 1, 2016	$	491,118	2,607,269	668,413	105,254	3,872,054
Depreciation for the year		54,013	1,599,020	198,734	15,082	1,866,849
Impairment loss		-	323,855	16,115	-	339,970
Disposals		-	(1,258,317)	(89,001)	-	(1,347,318)
Effect of movements in exchange rate		-	-	(5,265)	-	(5,265)
		(9,358)	(10,956)	(17,330)	(466)	(38,110)
Balance at December 31, 2016	$	535,773	3,260,871	771,666	119,870	4,688,180
Carrying amounts:						
Balance at December 31, 2017	$	2,347,825	7,179,411	492,334	39,657	10,059,227
Balance at December 31, 2016	$	2,414,391	6,995,355	885,808	40,660	10,336,214

1.Recognition and reversal of impairment losses were charged to the cost of rental revenue.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2.For the impairment test of its leasing asset, management estimated the recoverable amount based on its value in use, which was determined by using the capital cost rate of 1.31%~6.06% and 1.38%~5.72% for the years ended December 31, 2017 and 2016, respectively, to reflect the specific risk associated with its cash generating units.

3.Assets held for lease, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(h) Intangible assets

The costs of intangible assets, amortization, and the impairment loss of the Group as of and for the years ended December 31, 2017 and 2016, were as follows:

	Goodwill	Software	Total
Cost:			
Balance at January 1, 2017	$ 46,508	60,937	107,445
Additions	-	1,066	1,066
Reclassification	-	(10,159)	(10,159)
Effect of movements in exchange rate	-	324	324
Balance at December 31, 2017	$ 46,508	52,168	98,676
Balance at January 1, 2016	$ 12,680	57,652	70,332
Additions	33,828	4,496	38,324
Effect of movements in exchange rate	-	(1,211)	(1,211)
Balance at December 31, 2016	$ 46,508	60,937	107,445
Amortization and impairment losses:			
Balance at January 1, 2017	$ -	29,544	29,544
Amortization for the year	-	4,812	4,812
Impairment losses	60	-	60
Effect of movements in exchange rate	-	400	400
Balance at December 31, 2017	$ 60	34,756	34,816
Balance at January 1, 2016	$ -	24,825	24,825
Amortization for the year	-	4,995	4,995
Effect of movements in exchange rate	-	(276)	(276)
Balance at December 31, 2016	$ -	29,544	29,544
Carrying amounts:			
Balance at December 31, 2017	$ 46,448	17,412	63,860
Balance at December 31, 2016	$ 46,508	31,393	77,901

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

For the years ended December 31, 2017 and 2016, the amortization of intangible assets amounted to $4,812 and $4,995, respectively. This amortization was accounted for as operating expense of the consolidated statement of comprehensive income.

(i) Long-term and short-term borrowings

The significant terms and conditions of long-term borrowings and short-term borrowings were as follows:

	2017.12.31			
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	USD	2.17%~4.75%	2018~2019	$ 1,711,595
〃	THB	2.05%~4.12%	2018~2020	8,199,616
〃	CNY	3.91%~5.23%	2018~2020	26,558,525
〃	VND	2.88%~4.98%	2018	3,653,837
Unsecured bank loans	TWD	0.57%~2.11%	2018~2027	104,815,950
〃	USD	2.15%~4.60%	2018~2020	16,578,506
〃	EUR	0.96%~1.25%	2018	544,222
〃	THB	2.05%~3.40%	2018~2020	13,211,350
〃	JPY	1.15%~1.25%	2018	81,923
〃	CNY	4.35%~4.99%	2018~2020	24,772,560
〃	HKD	1.75%	2018	64,717
〃	MYR	4.00%~4.80%	2018	1,852,864
〃	GBP	1.47%	2018	140,385
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	6,689,879
Total				$ 208,875,929
Current				$ 172,235,173
Non-current				36,640,756
Total				$ 208,875,929

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2016.12.31			
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.09%~2.11%	2017~2021	$ 1,413,500
〃	USD	1.25%~4.25%	2017~2019	1,902,229
〃	THB	2.05%~4.75%	2017~2019	8,669,900
〃	CNY	4.13%~5.49%	2017~2019	17,814,413
〃	VND	2.50%~5.30%	2017	2,438,487
Unsecured bank loans	TWD	0.79%~1.97%	2017~2021	94,543,782
〃	USD	1.58%~3.50%	2017~2019	21,519,748
〃	EUR	1.25%	2017	230,519
〃	THB	2.05%~7.38%	2017~2019	9,670,098
〃	JPY	1.15%~1.20%	2017	81,342
〃	CNY	4.35%~4.99%	2017~2019	21,963,355
〃	HKD	1.65%	2017	54,054
〃	MYR	4.40%~4.65%	2017	621,450
〃	GBP	1.15%	2017	356,491
Other unsecured loans	THB	2.20%	2017	55,138
〃	USD	2.75%~4.90%	2019~2021	6
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	9,558,200
〃	USD	1.15%~4.82%	2030	48,123
Total				$ 190,940,835
Current				$ 151,576,908
Non-current				39,363,927
Total				$ 190,940,835

For information on the Group's interest risk, currency risk, and liquidity risk, please refers to Note (6)(t). For information on the debts of related parties, please refer to Note (7).

1.Securities for bank loans

Certain assets of the Group which were pledged for the repayment of aforementioned loans were disclosed in Note (8).

2.Financial covenants of significant loans and borrowings

1) The Company, entered into a syndicated credit agreement with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

2) A subsidiary, Chailease Finance Co., Ltd., entered into several syndicated credit agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.) Otherwise, the loans are due and payable immediately.

3) A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., also entered into several syndicated credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd. shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

4) A subsidiary, Asia Sermkij Leasing Public Co., Ltd., likewise entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, etc.) Otherwise, the loans are due and payable immediately.

5) A subsidiary, Grand Pracific Financing Corp. (California), entered into a syndicated credit agreement with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. interest coverage ratio, tangible net worth, etc.) Otherwise, the loan is due and payable immediately.

6) A subsidiary, Fina Finance & Trading Co., Ltd., entered into several syndicated credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

7) A subsidiary, Chailease International Finance Corporation entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, equity ratio, interest coverage ratio, total risk assets to net assets ratio, overdue leased assets to leased assets ratio, leasing rental recovery ratio, etc.) Otherwise, the loans are due and payable immediately.

8) A subsidiary, Chailease Finance International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, risk assets to net assets ratio, etc.) Otherwise, the loans are due and payable immediately.

9) A subsidiary, Chailease International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, the Company shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, recovery of account receivable, etc.) Otherwise, the loans are due and payable immediately.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

10) A subsidiary, Chailease Consumer Finance Co., Ltd., entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

11) A subsidiary, Chailease International Financial Services Co., Ltd., entered into several credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd., shall maintain certain parent only financial ratios on balance sheet date. (i.e. interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

As of December 31, 2017 and 2016, the Group was in compliance with the financial covenants mentioned above.

(j) Bonds payable

				2017.12.31		
Period	Annual Interest Rate	Principal Amount	Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2013.07.22~ 2018.07.22	1.600%	700,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	〃	450,000	-	〃
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	〃
2014.10.30~ 2024.10.30	2.300%	1,100,000	〃	-	1,100,000	〃
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	〃
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	〃
2016.06.28~ 2023.06.28	1.250%	300,000	〃	-	300,000	〃
2017.05.17~ 2022.05.17	1.350%	1,700,000	〃	-	1,700,000	〃
2017.05.17~ 2024.05.17	1.700%	500,000	〃	-	500,000	〃
2017.11.09~ 2022.11.09	1.100%	1,000,000	〃	-	1,000,000	〃
2017.09.26~ 2020.09.26	1.050%	3,500,000	〃	-	3,500,000	〃

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

				2017.12.31		
Period	Annual Interest Rate	Principal Amount	Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2015.03.18~ 2018.03.18	3.700%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	91,760	-	None
2015.06.04~ 2018.06.04	3.400%	THB 300,000	〃	275,280	-	〃
2015.08.13~ 2018.08.14	3.100%	THB 150,000	〃	137,640	-	〃
2015.09.03~ 2018.08.28	3.100%	THB 150,000	〃	137,640	-	〃
2016.04.27~ 2018.04.27	2.630%	THB 500,000	〃	458,800	-	〃
2016.07.29~ 2018.07.30	2.630%	THB 140,000	〃	128,464	-	〃
2016.02.02~ 2019.02.02	2.970%	THB 300,000	〃	-	275,280	〃
2016.02.17~ 2019.02.21	2.970%	THB 100,000	〃	-	91,760	〃
2016.03.29~ 2019.04.03	2.920%	THB 155,000	〃	-	142,228	〃
2016.06.16~ 2019.06.11	2.930%	THB 100,000	〃	-	91,760	〃
2016.06.24~ 2019.03.21	2.920%	THB 300,000	〃	-	275,280	〃
2016.06.28~ 2020.06.29	3.250%	THB 200,000	〃	-	183,520	〃
2016.07.13~ 2019.03.29	2.920%	THB 190,000	〃	-	174,344	〃
2016.07.25~ 2019.08.01	2.910%	THB 205,000	〃	-	188,108	〃
2016.07.28~ 2019.07.30	2.930%	THB 235,000	〃	-	215,636	〃
2017.02.24~ 2020.02.28	2.950%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	91,760	〃
2017.04.27~ 2020.05.15	2.960%	THB 150,000	〃	-	137,640	〃
2017.07.07~ 2020.07.07	2.980%	THB 110,000	〃	-	100,936	〃
2017.08.08~ 2020.08.10	2.930%	THB 1,500,000	〃	-	1,376,400	〃
Bonds payable (Gross)				3,879,584	15,194,652	
Discounts on bonds payable				(159)	(2,159)	
				$ 3,879,425	15,192,493	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

					2016.12.31		
Period	Interest Rate		Principal Amount	Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2012.06.05~ 2017.06.05	1.500%		2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,000,000	-	None
2013.07.22~ 2018.07.22	1.600%		1,400,000	〃	1,400,000	-	〃
2014.06.16~ 2019.06.16	1.500%		450,000	〃	225,000	225,000	〃
2014.10.30~ 2021.10.30	2.050%		900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	〃
2014.10.30~ 2024.10.30	2.300%		1,100,000	〃	-	1,100,000	〃
2015.06.29~ 2020.06.29	1.550%		3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	-	3,000,000	〃
2016.06.28~ 2021.06.28	1.000%		1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	〃
2016.06.28~ 2023.06.28	1.250%		300,000	〃	-	300,000	〃
2014.04.30~ 2017.04.28	4.150%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	90,500	-	〃
2014.05.15~ 2017.06.08	4.100%	THB	210,000	〃	190,050	-	〃
2014.05.27~ 2017.05.09	4.050%	THB	150,000	〃	135,750	-	〃
2014.06.27~ 2017.07.10	4.050%	THB	220,000	〃	199,100	-	〃
2014.07.18~ 2017.07.25	4.050%	THB	500,000	〃	452,500	-	〃
2014.07.25~ 2017.08.08	4.050%	THB	320,000	〃	289,600	-	〃
2014.09.26~ 2017.09.25	3.950%	THB	250,000	〃	226,250	-	〃
2014.09.26~ 2017.10.10	3.950%	THB	200,000	〃	181,000	-	〃
2014.09.29~ 2017.09.25	3.950%	THB	100,000	〃	90,500	-	〃
2014.11.10~ 2017.11.10	3.950%	THB	200,000	〃	181,000	-	〃
2014.11.24~ 2017.12.07	3.850%	THB	130,000	〃	117,650	-	〃

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

					2016.12.31		
Period	Interest Rate	Principal Amount		Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2015.01.28~ 2017.01.28	3.600%	THB	300,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	271,500	-	None
2015.03.18~ 2018.03.18	3.700%	THB	100,000	〃	-	90,500	〃
2015.05.14~ 2017.05.15	3.500%	THB	120,000	〃	108,600	-	〃
2015.06.04~ 2018.06.04	3.400%	THB	300,000	〃	-	271,500	〃
2015.08.13~ 2018.08.14	3.100%	THB	150,000	〃	-	135,750	〃
2015.09.03~ 2018.08.28	3.100%	THB	150,000	〃	-	135,750	〃
2015.12.25~ 2017.11.15	2.680%	THB	100,000	〃	90,500	-	〃
2016.02.02~ 2019.02.02	2.970%	THB	300,000	〃	-	271,500	〃
2016.02.17~ 2019.02.21	2.970%	THB	100,000	〃	-	90,500	〃
2016.03.29~ 2019.04.03	2.920%	THB	155,000	〃	-	140,275	〃
2016.04.27~ 2018.04.27	2.630%	THB	500,000	〃	-	452,500	〃
2016.06.16~ 2019.06.11	2.930%	THB	100,000	〃	-	90,500	〃
2016.06.24~ 2019.03.21	2.920%	THB	300,000	〃	-	271,500	〃
2016.06.28~ 2020.06.29	3.250%	THB	200,000	〃	-	181,000	〃
2016.07.13~ 2019.03.29	2.920%	THB	190,000	〃	-	171,950	〃
2016.07.25~ 2019.08.01	2.910%	THB	205,000	〃	-	185,525	〃
2016.07.28~ 2019.07.30	2.930%	THB	235,000	〃	-	212,675	〃
2016.07.29~ 2018.07.30	2.630%	THB	140,000	〃	-	126,700	〃
Bonds payable (Gross)					5,249,500	9,703,125	
Discounts on bonds payable					(441)	(1,476)	
					$ 5,249,059	9,701,649	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(k) Operating Leases

1.Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	2017.12.31	2016.12.31
Less than one year	$ 392,136	307,740
Between one and five years	496,975	471,991
Beyond five years	484,874	410,851
	$ 1,373,985	1,190,582

(l) Employee benefits

1.Defined benefit plans

The movement in the present value of the defined benefit obligations and fair value of plan assets was as follows:

	2017.12.31	2016.12.31
Present value of benefit obligations	$ 1,523,055	1,568,310
Fair value of plan assets	(803,103)	(772,968)
Net defined benefit liabilities	$ 719,952	795,342

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the fund, minimum earnings shall be no less than the earnings from two year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $772,688 as of December 31, 2017. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	For the years ended December 31,	
	2017	2016
Defined benefit obligations at January 1	$ 1,568,310	1,544,508
Current service costs and interest	75,322	85,934
Remeasurement on the net defined benefit liability		
—Actuarial losses (gains) arising from changes in financial assumptions	(81,900)	(46,363)
Exchange differences on translation of foreign plans	5,354	(973)
Benefits paid by the plan	(44,031)	(14,796)
Defined benefit obligations at December 31	$ 1,523,055	1,568,310

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31,	
	2017	2016
Fair value of plan assets at January 1	$ 772,968	727,012
Remeasurement on the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	10,884	14,049
—Actuarial losses arising from changes in financial assumptions	(3,552)	(8,905)
Contributions made	49,783	50,456
Benefits paid by the plan	(26,980)	(9,644)
Fair value of plan assets at December 31	$ 803,103	772,968

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Group were as follows:

	For the years ended December 31, 2017	2016
Current service costs	$ 53,029	56,210
Net interest of net liabilities for defined benefit obligations	11,409	15,675
	$ 64,438	71,885
Operating expenses	$ 64,438	71,885

5) Re-measurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's re-measurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	For the years ended December 31, 2017	2016
Cumulative amount at January 1	$ 6,726	(30,732)
Recognized during the period	78,348	37,458
Cumulative amount at December 31	$ 85,074	6,726

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the years ended December 31, 2017	2016
Discount rate at December 31	1.63%~3.20%	1.38%~3.20%
Future salary increases	2.00%~5.25%	2.00%~5.25%

The Group is expected allocation payment of $53,117 to the defined plans for the one year period after the reporting date.

The weighted average duration of the defined benefit obligation is 15.63 to 23.31 years.

7) Sensitivity analysis

If the actuarial assumption had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations: Increase 0.25%	Decrease 0.25%
December 31, 2017		
Discount rate	(46,024)	47,940
Future salary increases	46,007	(44,429)

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2016		
Discount rate	(50,702)	52,917
Future salary increases	50,690	(48,873)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the years ended December 31, 2017 and 2016.

2.Defined contribution plans

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations. Grand Pacific Holding Corp. also allocates pension expense to the labor pension personal account based on the employees' prior year wages at the specific allocating rate.

The Group's pension costs under the defined contribution method were $174,861 and $163,478 for the years ended December 31, 2017 and 2016, respectively. Payment was made to the Bureau of the Labor Insurance and designated account.

(m) Income taxes

1.Income Tax Expense

The components of income tax for the years ended December 31, 2017 and 2016 were as follows:

	For the years ended December 31,	
	2017	2016
Current tax expense		
Current period	$ 3,118,912	3,395,940
Adjustment for prior periods	81,325	144,883
	3,200,237	3,540,823
Deferred tax expense	349,790	(1,068,488)
Income tax expense from continuing operations	$ 3,550,027	2,472,335

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The components amount of income tax recognized in other comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

	For the years ended December 31,	
	2017	2016
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement actuarial gains from defined benefit plans	$ (13,319)	(6,349)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	$ 104,748	43,510

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2017 and 2016 as follows:

	For the years ended December 31,	
	2017	2016
Profit before income tax	$ 13,553,412	10,056,654
Income tax calculated on pre-tax financial income at a statutory tax rate applied by subsidiaries	3,673,339	2,315,708
Reduction in tax rate	(20,987)	(6,632)
Non-deductible expenses	(93,203)	109,550
Income tax on unappropriated earnings at a rate of 10%	5	8
Change in temporary differences	(90,452)	(91,182)
Under provision in prior periods	81,325	144,883
Income tax expense	$ 3,550,027	2,472,335

2.Deferred Tax Assets and Liabilities

1) Unrecognised Deferred Tax Liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2017 and 2016. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	2017.12.31	2016.12.31
Aggregate amount of temporary differences related to investments in subsidiaries	$ 13,258,123	9,172,361
Unrecognized deferred tax liabilitites	$ 766,569	498,921

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2) Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

	2017.12.31	2016.12.31
Tax effect of deductible temporary differences	$ 113,476	23,990
Tax losses	986,701	1,164,023
	$ 1,100,177	1,188,013

As of December 31, 2017, the Group did not recognize the prior years' loss carry-forwards as deferred tax assets. The expiry years of those loss carry forward benefits were as follows:

Year of loss	Unused amount	Year of expiry
2009	$ 62,275	2019&2029
2010	1,499,712	2020&2030
2011	433,679	2021&2031
2012	238,471	2022&2032
2013	54,437	2023&2033
2014	17,473	2024&2034
2015	1,614	2025
2016	203	2026
2017	28,857	2022&2027

3) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2017	$ 835	-	1,580,660	50,591	1,632,086
Recognized in profit or loss	-	-	283,073	(50,544)	232,529
Recognized in other comprehensive income	121	-	-	-	121
Effect in exchange rate operations	-	-	(27,815)	(19)	(27,834)
Balance at December 31, 2017	$ 956	-	1,835,918	28	1,836,902

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Balance at January 1, 2016	$ 973	-	1,684,685	85,360	1,771,018
Recognized in profit or loss	-	-	(49,355)	8,771	(40,584)
Recognized in other comprehensive income	(138)	-	-	(43,510)	(43,648)
Effect in exchange rate	-	-	(54,670)	(30)	(54,700)
Balance at December 31, 2016	$ 835	-	1,580,660	50,591	1,632,086
Deferred Tax Assets:					
Balance at January 1, 2017	$ 142,525	3,335,886	-	276,952	3,755,363
Recognized in profit or loss	725	27,392	-	(145,378)	(117,261)
Recognized in other comprehensive income	(13,198)	-	-	104,748	91,550
Effect in exchange rate	328	(28,539)	-	(3,654)	(31,865)
Balance at December 31, 2017	$ 130,380	3,334,739	-	232,668	3,697,787
Balance at January 1, 2016	$ 145,611	2,596,631	-	206,810	2,949,052
Recognized in profit or loss	3,914	944,004	-	79,986	1,027,904
Recognized in other comprehensive income	(6,487)	-	-	-	(6,487)
Effect in exchange rate	(513)	(204,749)	-	(9,844)	(215,106)
Balance at December 31, 2016	$ 142,525	3,335,886	-	276,952	3,755,363

(n) Share capital and other equity accounts

1.Share capital

As of December 31, 2017 and 2016, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth $12,642,300 and $11,392,300, respectively, with par value of $10 (NT dollars) per share.

Due to the capital needs for future development (including operating capital, investing in the subsidiaries and repaying bank loans...etc) the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas on August 10, 2017, and the offering was approved by the Financial Supervisory Commission (FSC) on September 27, 2017. As of October 17, 2017, these global depositary shares were priced at US$12.28 per unit, and the Company issued 125,000,000 common shares of stock from the conversion of 25,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. The Company has listed global depositary receipts on the Euro multilateral trading facility market (Euro MTF market) of the Luxembourg Stock Exchange.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of December 31, 2017 and 2016, the Company has listed, 855,675 and 38,028 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

1) Exercise of voting rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in "Terms and Conditions of the Global Depositary Shares-Voting Rights," as such provisions may be amended from time to time to comply with applicable ROC law.

2) Dividend distributions, pre-emptive rights and other rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company's existing common shareholders.

2.Capital surplus

The components of capital surplus were as follows:

	2017.12.31	2016.12.31
Share capital	$ 17,363,784	9,387,469
Changes in equity of associates and joint ventures accounted for using equity method	4,012	4,012
	$ 17,367,796	9,391,481

3.Retained earnings

According to the Articles of Association, the Company is required to appropriate earnings every accounting year. The after tax earnings are initially used to offset cumulative losses, and then a special reserve is appropriated from the remainder. Without necessarily violating the Cayman Islands Companies Law, the Company is able to retain reasonable amount of earnings for Company development. Dividends of at least 25% of such remaining amount of which cash dividends shall not be less than 30% of the total amount of dividends:

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the debit balance of unrealized loss on financial instruments in the stockholders' equity, is appropriated from unappropriated retained earnings pursuant to Article No.41 of the Securities and Exchange Act. When appropriating a special reserve for the first time, it is initially appropriated from current earnings and any deficiency is appropriated from the undistributed earnings of prior years. For the second year and years thereafter, the increase or decrease in the balance of unrealized loss on financial instruments in subsequent year, as shown in the statement of changes in stockholders' equity, is either subject to further appropriation for special reserve, or reversed to retained earnings.

2) Earnings distribution

During their meetings on May 26, 2017 and May 27, 2016, the shareholder's resolved to distribute the 2016 and 2015 earnings. These earnings were appropriated as follows:

	2016		2015	
	Dividend per share ($)	Amount	Dividend per share ($)	Amount
Dividends distributed to common shareholders				
Cash	$ 3.40	3,873,382	3.10	3,531,613

The information on prior year's distribution of the Company's earnings can be accessed from the Market Observation Post System on the internet.

(o) Earnings per share

The basic and diluted earnings per share were calculated as follows:

	For the years ended December 31,	
	2017	2016
Profit attributable to common stockholders of the Company	$ 9,656,514	7,243,268
Weighted average number of ordinary shares	1,165,257	1,139,230
Weighted average number of ordinary shares (Diluted)	1,165,279	1,139,268

Note: Potential ordinary shares have no dilutive effects.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(p) Employee and board of directors compensation

According to the Articles of Association, if there are surplus profits, the annual surplus profits shall be allocated in accordance with the following sequence and manner; however, if the Company has accumulated losses, such accumulated losses shall first be offset against the annual profits:

a) Between 0.01% and 1% of the surplus profits before tax of each financial years as employees' compensation;

b) Not to exceed 0.1% of the surplus profits before tax of each financial year as directors' compensation.

For the years ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounting to $1,450 and $1,087, and directors' remuneration amounting to $8,113 and $5,216, respectively. These estimated amounts were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017 and 2016. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016.

(q) Net other income and expenses

The components of net other income and expenses were as follows:

	For the years ended December 31,	
	2017	2016
Net losses on disposal of foreclosed assets	$ (99,416)	(67,679)
Losses on reversal of impairment loss of foreclosed assets	(27,284)	(17)
Gains on doubtful debt recoveries	277,752	215,561
Others	99	88
	$ 151,151	147,953

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(r) Other gains and losses

The components of other gains and losses were as follows:

	For the years ended December 31, 2017	2016
Foreign exchange (losses) gains	$ (79,357)	283,616
Net gains on disposal of properly plant, and equipment	1,170	872
Net gains on disposal of available-for-sale financial assetst	178,835	17,245
Net gains on valuation of financial assets (liabilities) measured at fair value through profit or loss	7,513	48,300
Impairment losses on available-for-sale financial assets	(363)	(21)
Others	421,252	721,090
	$ 529,050	1,071,102

(s) Adjustments to other comprehensive income

	For the years ended December 31, 2017	2016
Available-for-sale financial assets		
Net change in fair value	$ (152,607)	54,318
Net change in fair value reclassified to profit or loss	(104,169)	(11,198)
Net change in fair value recognized in other comprehensive income	$ (256,776)	43,120

(t) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group. As of December 31, 2017 and 2016, the maximum exposure to credit risks amounted to $314,972,480 and $274,467,021, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to $81,697 and $98,931 as of December 31, 2017 and 2016, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The loans and receivables originated by the Group and their related allowance for impairment at the reporting date by geographic regions were as follows:

	Taiwan	Thailand	China	Others	Total
December 31, 2017					
Gross loans and receivables:					
Neither past due nor impaired	$148,906,140	27,667,196	83,233,880	12,195,611	272,002,827
Past due	288,110	2,056,965	-	291,908	2,636,983
Impaired	5,385,707	1,630,040	2,764,710	353,761	10,134,218
	$154,579,957	31,354,201	85,998,590	12,841,280	284,774,028
Allowance for impairment					
Collectively assessed	$ 1,578,195	688,314	2,170,157	309,227	4,745,893
Individually assessed	2,104,312	439,713	1,780,722	137,450	4,462,197
	$ 3,682,507	1,128,027	3,950,879	446,677	9,208,090
December 31, 2016					
Gross loans and receivables:					
Neither past due nor impaired	$133,333,350	25,197,925	69,512,124	8,502,441	236,545,840
Past due	201,215	2,206,598	-	158,515	2,566,328
Impaired	4,925,793	1,575,616	3,581,383	325,048	10,407,840
	$138,460,358	28,980,139	73,093,507	8,986,004	249,520,008
Allowance for impairment					
Collectively assessed	$ 1,447,681	536,153	1,625,216	303,276	3,912,326
Individually assessed	2,132,172	367,826	1,889,155	134,901	4,524,054
	$ 3,579,853	903,979	3,514,371	438,177	8,436,380

2) Loans and receivables which were neither past due nor impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired includes loans and receivables with renegotiated terms.

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiating activity is designed to manage customer relationships, maximize collection opportunities and if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, approved external debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3) Loans and receivables which were past due

When loans and receivables of contractual interest or principal payments are past due, the Group consider that impairment loss has not been incurred because the level of collateral available exceeds the amounts owed to the Group.

The following table sets forth the aging of loans and receivables past due:

	2017.12.31	2016.12.31
Past due up to 30 days	$ 1,573,711	1,336,199
Past due up to 31 to 90 days	1,063,272	1,230,129
	$ 2,636,983	2,566,328

4) Impaired loans and receivables

Impaired loans and receivables are loans and receivables for which the Group determine that it will be unable to collect part of principal and interest due according to the contracted terms of the loans and receivables.

2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
December 31, 2017								
Non-derivative financial liabilities								
Secured bank loans	$ 40,123,573	41,904,072	4,159,456	2,676,874	14,003,088	21,064,654	-	-
Unsecured bank loans	162,062,477	164,697,786	35,433,838	36,808,289	44,469,051	47,667,478	319,130	-
Notes payable from securicization	6,689,879	7,218,234	10,358	20,715	93,220	7,093,941	-	-
Bonds payables	19,071,918	20,115,381	6,673	118,836	2,355,220	15,663,302	1,971,350	-
Other payables	8,795,344	8,905,103	4,860,881	1,443,733	436,636	663,730	-	1,500,123
Deposits relating to collateral of customers	30,450,484	30,480,384	719,561	1,577,209	8,161,930	19,307,703	408	713,573
Derivative financial liabilities								
Current derivative financial liabilities for hedging	2,108	2,108	-	-	2,108	-	-	-
	$ 267,195,783	273,323,068	45,190,767	42,645,656	69,521,253	111,460,808	2,290,888	2,213,696

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
December 31, 2016								
Non-derivative financial liabilities								
Bank overdraft	$ 1,273	1,273	-	-	-	-	-	1,273
Secured bank loans	32,238,529	33,113,725	6,908,885	2,395,255	11,937,083	11,872,502	-	-
Unsecured bank loans	149,039,566	151,666,554	30,058,470	39,134,721	34,902,892	47,570,471	-	-
Other unsecured loans	55,144	55,211	55,211	-	-	-	-	-
Notes payable from securicization	9,606,323	10,117,801	15,514	31,028	139,628	9,863,172	68,459	-
Bonds payables	14,950,708	15,837,280	290,475	32,549	4,319,196	9,711,660	1,483,400	-
Other payables	7,570,936	7,580,050	4,544,004	828,664	713,787	502,002	-	991,593
Deposits relating to collateral of customers	26,825,001	26,846,650	244,470	533,624	5,991,182	19,315,900	8,806	752,668
	$ 240,287,480	245,218,544	42,117,029	42,955,841	58,003,768	98,835,707	1,560,665	1,745,534

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3.Currency risks

1) Exposure to currency risks

The Group's significant exposure to foreign currency risks was as follows:

	2017.12.31			
	Foreign currency (In thousands)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 50,250.49	USD：TWD	29.7600	1,495,455
	35,376.60	USD：GBP	0.7420	1,052,808
	5,631.49	USD：VND	24,595	167,593
JPY	419,458.81	JPY： USD	0.0089	110,821
EUR	17,400.00	EUR：USD	1.1952	618,918
HKD	19,340.08	HKD：USD	0.1279	73,628
GBP	3,817.54	GBP：USD	1.3478	153,122

	2017.12.31			
	Foreign currency (In thousands)	Exchange rate		Functional currency
Financial liabilities				
Monetary items				
USD	4,513.26	USD：VND	24,595	134,315
	35,376.60	USD：GBP	0.7420	1,052,808
JPY	310,080.73	JPY：USD	0.0089	81,923
EUR	15,300.02	EUR：USD	1.1952	544,222
HKD	16,999.55	HKD：USD	0.1279	64,717
GBP	3,499.99	GBP：USD	1.3478	140,385

	2016.12.31			
	Foreign currency (In thousands)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 11,492.10	USD：TWD	32.2500	370,620
	6,353.80	USD：VND	25,000	204,911
CNY	922.39	CNY：USD	0.1432	4,259
GBP	9,301.62	GBP：USD	1.2282	368,437
Financial liabilities				
Monetary items				
USD	182,979.00	USD：TWD	32.2500	5,901,073
	4,883.80	USD：VND	25,000	157,504
GBP	9,000.02	GBP：USD	1.2282	356,491

2) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, account receivables, and loans and borrowings. A 5% depreciation or appreciation of the TWD against the USD and CNY on balance sheet date would have decreased or increased the net profit after tax by $129,538 and $33,845, for the years ended December 31, 2017 and 2016, respectively. The analysis is performed on the same basis for both years.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3) The foreign currency gain or loss on monetary items

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the years ended December 31, 2017 and 2016, the foreign currency gain (loss), including realized and unrealized, amounted to $(79,357) and $283,616, respectively.

4.Interest analysis

The Group's financial assets and financial liabilities with interest rate exposure risk were as follows:

				Fixed rate			
Ending balance as of December 31, 2017	**Effective interest rate**	**Total**	**Floating rate**	**Within 1 year**	**1~5 years**	**More than 5 years**	**Non-interest bearing**
Financial assets							
Cash and cash equivalents	0.68 %	$ 19,030,593	15,988,839	2,769,068	-	-	272,686
Debt securities	6.53 %	7,836,447	-	3,924,927	3,911,520	-	-
Total accounts receivables	9.51 %	284,916,903	34,860,444	123,851,654	112,144,265	7,540,048	6,520,492
		311,783,943	50,849,283	130,545,649	116,055,785	7,540,048	6,793,178
Financial liabilities							
Secured bank loans	4.45 %	40,123,573	32,199,237	4,165,904	3,758,432	-	-
Unsecured bank loans	2.14 %	162,062,477	83,533,151	63,888,039	14,349,204	292,083	-
Bonds payables	1.79 %	19,071,918	-	2,154,425	15,017,493	1,900,000	-
Current derivative financial liabilities for hedging	1.69 %	2,108	-	2,108	-	-	-
Notes payable from securitization	1.94 %	6,689,879	-	-	6,689,879	-	-
Deposits relating to collateral of customers	0.13 %	30,450,484	-	2,230,947	5,647,809	408	22,571,320
		258,400,439	115,732,388	72,441,423	45,462,817	2,192,491	22,571,320
Net exposure		$ 53,383,504	(64,883,105)	58,104,226	70,592,968	5,347,557	(15,778,142)
Ending balance as of December 31, 2016							
Financial assets							
Cash and cash equivalents	0.57 %	$ 12,936,615	10,194,669	886,401	-	-	1,855,545
Debt securities	7.56 %	6,822,084	-	3,499,755	3,322,329	-	-
Total accounts receivables	9.45 %	249,684,788	32,125,275	118,018,691	89,093,064	3,375,184	7,072,574
		269,443,487	42,319,944	122,404,847	92,415,393	3,375,184	8,928,119
Financial liabilities							
Secured bank loans	4.19 %	32,238,529	22,916,629	5,649,650	3,672,250	-	-
Unsecured bank loans	2.00 %	149,039,566	84,116,167	46,621,441	18,301,958	-	-
Bonds payables	2.27 %	14,950,708	-	4,324,059	9,226,649	1,400,000	-
Bank overdraft	7.38 %	1,273	1,273	-	-	-	-
Other unsecured loans	2.20 %	55,144	-	55,144	-	-	-
Notes payable from securitization	1.94 %	9,606,323	48,123	-	9,558,200	-	-
Deposits relating to collateral of customers	0.13 %	26,825,001	-	2,228,699	4,689,615	7,885	19,898,802
		232,716,544	107,082,192	58,878,993	45,448,672	1,407,885	19,898,802
Net exposure		$ 36,726,943	(64,762,248)	63,525,854	46,966,721	1,967,299	(10,970,683)

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Group's sensitivity analysis in interest rates is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's accounting and financial department reported that the increases or decreases in interest rates and the change in interest rate of 25 basis points has been determined as management's benchmark in assessing the reasonableness of the changes in the interest rates.

If the interest rate increases or decreases by 0.25%, the Group's profit will decrease or increase by $159,371 and $132,825 for the years ended December 31, 2017 and 2016, respectively. This analysis assumes that all other variables remain constant.

5. Fair value information

1) The Categories and Fair Values of Financial Instruments

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets is measured on a recurring basis. The following are the carrying amount and the fair value of the Group's financial assets and financial liabilities (including fair value hierarchy information). However, for financial instruments not measured at fair value but whose carrying amount is estimated to be reasonably close to the fair value, and for equity investments that has no quoted prices in active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Financial assets held for trading	$ 49,572	48,977	-	595	49,572
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	983,364	980,828	2,536	-	983,364
Measure the fair value of unquoted equity instruments	94,577	-	-	94,577	94,577
Sub-total	1,077,941	980,828	2,536	94,577	1,077,941
Held-to-maturity investments	7,836,447	-	-	-	-
Loans and receivable					
Cash and cash equivalents	19,030,593	-	-	-	-
Accounts receivable	275,647,635	-	-	-	-
Other financial assets	1,310,108	-	-	-	-
Refundable deposits	452,911	-	-	-	-
Restricted bank deposits	2,513,730	-	-	-	-
Sub-total	298,954,977	-	-	-	-
Total	$ 307,918,937	1,029,805	2,536	95,172	1,127,513

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Current derivative financial liabilities for hedging	$ 2,108	-	2,108	-	2,108
Measurement of financial liabilities at amortized cost					
Secured bank loans	40,123,573	-	-	-	-
Unsecured bank loans	162,062,477	-	-	-	-
Notes payable from securitization	6,689,879	-	-	-	-
Bond payables	19,071,918	-	-	-	-
Other payables	8,795,344	-	-	-	-
Deposits relating to collateral of customers	30,450,484	-	-	-	-
Total	$ 267,195,783	-	2,108	-	2,108

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Financial assets held for trading	$ 113,057	113,057	-	-	113,057
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	1,314,559	244,321	1,070,238	-	1,314,559
Measure the fair value of unquoted equity instruments	500,751	-	-	500,751	500,751
Sub-total	1,815,310	244,321	1,070,238	500,751	1,815,310
Held-to-maturity investments	6,822,084	-	-	-	-
Loans and receivable					
Cash and cash equivalents	12,936,615	-	-	-	-
Accounts receivable	241,182,559	-	-	-	-
Other financial assets	1,410,904	-	-	-	-
Refundable deposits	660,349	-	-	-	-
Restricted bank deposits	2,062,502	-	-	-	-
Sub-total	258,252,929	-	-	-	-
Total	$ 267,003,380	357,378	1,070,238	500,751	1,928,367

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Measurement of financial liabilities at amortized cost					
Bank overdraft	$ 1,273	-	-	-	-
Secured bank loans	32,238,529	-	-	-	-
Unsecured bank loans	149,039,566	-	-	-	-
Other unsecured loans	55,144	-	-	-	-
Notes payable from securitization	9,606,323	-	-	-	-
Bond payables	14,950,708	-	-	-	-
Other payables	7,570,936	-	-	-	-
Deposits relating to collateral of customers	26,825,001	-	-	-	-
Total	$ 240,287,480	-	-	-	-

2) Valuation Techniques for Financial Instruments not Measured at Fair Value

The Group' s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A.Held-to-Maturity Financial Assets

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B.Debt Investment that Has No Active Markets and Financial Liabilities Measured at Amortized Cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation Techniques for Financial Instruments Measured at Fair Value

A.Non-derivative Financial Instruments

If quoted prices in active markets are available, the prices are established as fair values. For the Group's financial instruments that have no active markets, the fair values are determined as follows:

Beneficiary Certificate that Has No Quoted Prices: The discounted cash flow model is used to estimate fair values. The main assumption for the model is to discount expected future cash flows by using a discount rate that reflects the time value of money and risks.

Equity Instrument that Has No Quoted Prices: The net asset value method is used to estimate fair values. The main assumption for the model is to use the net asset value per share as the measuring basis.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

B.Derivative Financial Instruments

Derivative financial instruments are measured by using common valuation models such as discounted cash flow model and Black-Scholes model.

4) Transfers between Level 1 and Level 2

In May, 2017, O-Bank Co., Ltd. listed its equity shares on the Taiwan Stock Exchange and they are currently actively traded in that market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 2 to Level 1 of the fair value hierarchy at June 30, 2017.

5) Change in Level 3 of the fair value's ledger

	At fair value through profit or loss	Available-for-sale financial assets	
	Designated at initial recognition	Unquoted equity instruments	Total
Opening balance, January 1, 2017	$ -	500,751	500,751
Total gains and losses recognized:			
In profit or loss	595	-	595
In other comprehensive income	-	(94,001)	(94,001)
Disposal	-	(312,173)	(312,173)
Ending balance, December 31, 2017	$ 595	94,577	95,172
Opening balance, January 1, 2016	$ 693,713	506,319	1,200,032
Total gains and losses recognized:			
In profit or loss	28,094	-	28,094
In other comprehensive income	-	(2,335)	(2,335)
Disposal	(721,807)	(3,233)	(725,040)
Ending balance, December 31, 2016	$ -	500,751	500,751

For the years ended December 31, 2017 and 2016, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierarchy that were included in "other gains and losses" and "unrealized gains and losses on available-for-sale financial assets" were as follows:

	For the years ended December 31,	
	2017	2016
Total gains and losses recognized :		
In profit or loss, and included "other gains and losses"	$ 595	28,094
In other comprehensive income, and included "unrealized gains and losses on available-for-sale financial assets "	(94,001)	(2,335)

6) The Quantified Information for Significant Unobservable Inputs (Level 3) Used in Fair Value Measurement

The Group' s financial instruments that use Level 3 inputs to measure fair values include available-for-sale financial assets-equity investments. Most of these financial instruments using Level 3 inputs to measure fair values have only one significant unobservable input.

Quantified information of significant unobservable inputs as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Available-for-sale financial assets-equity investments	Net Asset Value Method	• Net Asset Value	• Not applicable

(u) Financial risk management

1.Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2.Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's Risk Management Committee has reports to the Board of Directors, is responsible for the development of the Group-wide risk management policy and related systems and controls. The Risk Management Committee has established a set of risk management guidelines to which all subsidiaries adhere. With these guidelines, subsidiaries develop their own risk management policies in accordance to individual market conditions, operating environment and business needs. The Risk Management Committee reviews and approves such policies prior to their adoption by the subsidiaries. Subsidiaries are required to submit quarterly risk analysis reports to their respective board of directors and the Risk Management Committee.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

3.Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk can also arise from operational failures that result in unauthorized or inappropriate advance, commitment or investment of funds. The Group is exposed to credit risk primarily through its lease contracts, installment sales contracts, international and domestic factoring contracts, direct finance and commercial real estate and mezzanine finance loans, guarantees and other commitments. In the Group's past experiences, the major causes of bad debts in its portfolio include:

1) non-payment or delay in payment of customers' downstream accounts

2) poor operating and financial performance due to macroeconomic factors

3) poor investment decisions made by customers

4) poor business management

5) high default rate of private loans to small and medium enterprises

6) to a lesser extent, other factors, such as misappropriation by employees, malicious bankruptcies, sudden tightening of credit lines from banks, debt burden resulting from guarantee obligations, litigation and major exchange rate losses.

Each operating company in the Group is required to implement credit policies, procedures and lending guidelines that meet local requirements while conforming to Group standards. Each operating company is responsible for the quality and performance of all its credit portfolios and for monitoring and controlling all credit risks in them. This includes managing its own risk concentration by market sector, geography and product. Local systems are in place throughout the Group to control and monitor exposures by customer and product segments.

4.Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. The risk can arise from mismatches in the timing of cash flows. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required. The Group's primary source of liquidity risk arises from mismatches in cash flow in the maturity periods of the Group's assets and liabilities.

The Group monitors the relative maturities between its assets and liabilities and take necessary steps to maintain an appropriate balance of long-term and short-term funding sources. The Group uses a broad range of financial instruments such as bank borrowings from both domestic and foreign banks, corporate bonds, money market instruments, accounts receivable syndication and in both the United States, Thailand and Taiwan, asset securitization, to maintain a diverse and cost efficient funding base. The Group believes it holds sufficient cash to finance long-term funding needs.

The management of liquidity and funding is primarily carried out locally by the Group operating entities in each country. The Group requires its operating entities to maintain strong liquidity positions and to manage its liquidity profiles of their assets, liabilities and commitments with the objective of ensuring that their cash flows are balanced appropriately and that all their anticipated obligations can be met when due. The Group adapts its liquidity and funding risk management framework in response to changes in the mix of business that it undertakes, and to changes in the nature of the markets in which it operates. The Group has continuously monitored the impact of recent market events on the Group's liquidity position and has changed behavioral assumptions where justified. The liquidity and funding risk management framework will continue to evolve as the Group assimilates knowledge from the recent market events.

The Group's liquidity and funding management process includes:

1) projecting cash flows under various stress scenarios and considering the level of liquid assets comprising mainly cash and cash equivalents

2) maintaining a diverse range of funding sources with back-up facilities

3) managing the concentration and profile of debt maturities

4) maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises, while minimizing adverse long-term implications for the business.

The Group does not have a funding contingency plan, but manage this risk by engaging in products that have high liquidity and entering into transactions with counterparties that possess sufficient facility, information and capability to conduct the transaction in the relevant market.

The Group uses a number of standard projected cash flow scenarios designed to model both Group-specific and market-wide liquidity crisis, in which the rate and timing of receipts and drawdowns on committed lending facilities are varied, and the ability to access funding and to generate funds from assets portfolios is restricted. The appropriateness of the assumptions under each scenario is regularly reviewed. In addition to the Group's standard projected cash flow scenarios, individual entities are required to design their own scenarios tailored to reflect specific local market conditions, products and funding bases. Limit for cumulative net cash flows under stress scenarios are set for each operating entities. Cash flows limits reflect the local market conditions and the diversity of funding sources available. Compliance with entity level limits is monitored centrally by the head office in Taiwan.

5.Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

1) Management of market risk

The objective of the Group's market risk management is to manage and control market risk exposures in order to optimize return on risk while maintaining a market profile consistent with the Group's status as a provider of financial products and services.

2) Currency risk

The Group is exposed to currency risk through transactions in foreign currencies and through its investment on foreign operations. The Group's main operations are in Taiwan, PRC, and Thailand. The functional currencies of these operations are the New Taiwan Dollars, Renminbi, and Thai Baht respectively.

The Group is not exposed to significant exchange risk since the Group finances a significant proportion of its net investment in foreign operations with borrowings in the same currencies as the relevant measurement currencies to mitigate its currency risk. Further, the Group's subsidiaries in respective countries fund their operations through local funding in the local currency and lend in the same currency in which they borrow money, which creates a natural hedge. The Group have only small portion of assets and liabilities held in currencies other than the relevant measurement currencies in the respective countries.

3) Interest rate risk

Interest rate risk represents exposure to adverse movements in interest rates. The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets, including investment securities, and interest-bearing liabilities mature or reprice at different times or in different amounts. Sensitivity to interest rate movements arise from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liability funding. As interest rates and yield curves change over time, the size and nature of these mismatches may result in a loss or gain in earnings. In particular, most of the Group's financing obligations are on short-term and floating rate basis, and any sudden increase in market interest rate will result in a corresponding increase in the Group's debt servicing obligations.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Group has adopted a series of core indicators for interest rate risk management, standards for interest rate sensitivity gap analysis and guidelines for its interest rate risk management. The analysis of the Group's interest rate risk includes an assessment of the incremental gaps between interest-sensitive assets and liabilities and the results of sensitivity analysis to measure the potential exposures in the Group's investment portfolio as a result of an interest rate change. The Group manages its interest rate risk exposure by adjusting the structure of its assets and liabilities based on an assessment of potential changes in interest rates using gap analysis, which provides a measure of the repricing characteristics of the Group's assets and liabilities. In addition, the Group has entered into interest rate swap contracts with financial institutions that have good credit ratings to manage its interest rate risk.

4) Other market price risks

The management of the Group monitors the combination of debts and equity securities in its investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Risk Management Committee.

(v) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings, sell assets to reduce borrowings, or pay or adjust the amount of dividend payment, return capital to shareholders.

The Group uses the debt-to-equity ratio to manage capital. The total capital and equity include share capital, capital surplus, retained earnings, other equity and non—controlling interest plus net debt of the Group. The Group's debt to equity ratio at the reporting date was as follows:

	2017.12.31	2016.12.31
Total Liabilities	$ 271,412,864	244,575,230
Less: cash and cash equivalents	(19,030,593)	(12,936,615)
Net debt	252,382,271	231,638,615
Total Equity	56,163,821	41,508,228
Amounts accumulated in equity relating to cash flow hedges	(205)	-
Adjusted capital	$ 308,545,887	273,146,843
Debt to equity ratio	81.80 %	84.80 %

As of December 31, 2017, according to the Company's management, there were no changes in the Group's approach to capital management.

(7) Related Party Transactions

(a) The Company is the ultimate controlling party of the Group.

(b) Names and relationship of related parties

The followings are entities that have had related parties transactions during the periods covered in the consolidated financial statements.

Name of related parties	Relationship with the Group
Chung Hung Corp.	Affiliate
DMC Energy Management Services (Shenzhen) Co., Ltd.	〃
C&E Engine Leasing Limited	〃
CL Investment Partners Company Limited	〃
CTBC Bank	Other related party
Chinatrust Financial Holding Company	〃
Grand Pacific Investment & Development Co., Ltd.	〃
Chailease Construction & Development Corp.	〃
Chaico Investment Corporation	〃
Yellowstone Security Co., Ltd.	〃
Yellowstone Service Co., Ltd.	〃
Chailease Resources Technology Co., Ltd.	〃
CITC Enterprise (Thai) Co., Ltd.	〃
Chailease Business Co., Ltd.	〃
Bosser Design Engineering Co., Ltd.	〃
Global Hospitality Group Inc.	〃
Global Property Management Co., Ltd.	〃
TLG Insurance Company Limited	〃
Chailease Foundation	〃
Advance Rental Care Co., Ltd.	〃
Qin An Investment Consulting (Shanghai) Co., Ltd.	〃
Shanghai Jiasheng Decoration Engineering Co., Ltd.	〃

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of related parties	Relationship with the Group
Chailease Resources Trading (Shanghai) Corporation	Other related party
Bangkok Bank Public Company Limited	〃
Bangkok Insurance Public Company Limited	〃
Enrich Management Consultants Ltd.	〃
Grand Pacific Finance Corp. (N.Y.)	〃
Sathorn City Tower Property Fund	〃
Bangkok Granden Property Fund	〃

(c) Related-party transactions

1.Operating revenue

Operating revenue of the Group from the related parties were as follows:

	For the years ended December 31,	
	2017	2016
Affiliates	$ 114	868
Other related parties	109,604	237,127
	$ 109,718	237,995

2. Receivables from related parties

Receivables of the Group from related parties were as follows：

Account	Categories of related parties	2017.12.31	2016.12.31
Capital leases receivable	Other related parties	$ 318	385
Accounts receivable	Other related parties	18,531	1,731
Other receivables	Affiliates	-	2,774
Other receivables	Other related parties	10,898	18,253
Other current financial assets	Other related parties	1,000	1,000
Other non-current financial assets	Other related parties	1,200	4,000
		$ 31,947	28,143

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3. Payable to related parties

Payable to related parties were as follows：

Account	Categories of related parties	2017.12.31	2016.12.31
Other current financial liabilities	Other related parties	$ 1,854	90,761

4. Asset transactions

The Group' s subsidiary entered into a decoration agreement with an affiliate Zhongyou Investment Management Consultants (Shanghai) Co., Ltd. (Zhongyou) for the decoration of a Shanghai office building that the subsidiary is currently leasing. Under this agreement, Zhongyou is responsible for the design, supervision and management consulting jobs for subsidiary' s leasehold improvements project in Shanghai office building. The project expenditure is $4,944 in 2016, including project consultant fee of $124 paid to Zhongyou for 2016.
The Group purchased leasehold improvements from other related parties of $35,319 for the year ended December 31,2017.

5. Related-Party Financing
Financing to affiliates and related parties was as follows：

	2017.12.31	2016.12.31
Affiliates	$ 991,677	423,078
Other related parties	103,055	85,931
	$ 1,094,732	509,009

The loans receivable bear interest at rates ranging from 2.75% to 5.65%. As of December 31, 2017 and 2016, interest receivable from the loans receivable from affiliates amounted to $7,499 and $1,855, respectively. For the years ended December 31, 2017 and 2016, interest revenue from the loans receivable from affiliates amounted to $27,043 and $3,559, respectively.

The loans receivable bear interest at rates ranging from 2.67% to 5.25%. As of December 31, 2017 and 2016, interest receivable from the loans receivable from other related parties amounted to $476 and $325, respectively. For the years ended December 31, 2017 and 2016, interest revenue from the loans receivable from other related parties amounted to $5,284 and $2,593, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows：

	2017.12.31	2016.12.31
Other related parties	$ 2,569,280	2,535,273

The borrowings from other related parties bear interest at 3.25%. As of December 31, 2017 and 2016, interest payable from the interest bearing borrowings from other related parties amounted to $232 and $229, respectively. For the years ended December 31, 2017 and 2016, interest expense from the interest bearing borrowing from other relaied parties amounted to $82,955 and $102,110, respectively.

7. Guarantee

As of December 31, 2017 and 2016, the Group had provided a guarantee for loans taken out by affiliates. The credit limit of the guarantee was $91,300 and $92,340, and the actual drawn amount was $9,022 and $7,740 as of December 31, 2017 and 2016, respectively.

8. Others

1) As of December 31, 2017 and 2016, bank deposits in financial institutions which are related parties of the Group amounted to $444,270 and $170,694, respectively. For the years ended December 31, 2017 and 2016, interest revenue from the deposits in affiliates amounted to $458 and $317, respectively.

2) Other expense with related parties：

	For the years ended December 31,	
Other related parties	**2017**	**2016**
Rent expense	$ 30,368	30,285
Commission and service costs and expenses	1,347	1,105
Other operating costs and expenses	93,148	94,249
	$ 124,863	125,639

(d) Key management personnel compensation

	For the years ended December 31,	
	2017	**2016**
Short-term employee benefits	$ 227,817	168,276
Post-employment benefits	2,158	1,830
	$ 229,975	170,106

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2017.12.31	2016.12.31
Restricted cash in banks			
Restricted account for loans repayment	Issuance of short-term bills and as guarantee for short-term and long-term borrowings(Note)	$ 2,509,473	2,071,302
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,310,933	2,370,965
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,310	1,299
Refundable deposits	Provincial court seizure etc.	140,462	475,127
Accounts receivable and notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	97,359,907	97,419,915
Total		$ 102,322,085	102,338,608

Note：The Group issued discount coupons for car rental services and opened a trust account with Sunny Bank in accordance with mandatory and prohibitory provisions of the standard contracts for coupons.

(9) Commitments and Contingencies

(a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of December 31, 2017 and 2016, the balance of unexpired payments from these alliance transactions amounted to $6,992,638 and $7,438,573, respectively.

(b) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of December 31, 2016, the balance of financing obtained from such facilitation amounted to $12,378.

(c) The Group entered into several electricity procurement agreements with Taiwan Power Company and all of these agreements will expire on twenty years after the date the electricity generating sets are launched. Under these agreements, reselling to third parties of electric power from the renewable energy system is prohibited.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018 affecting the subsidiaries in the Republic of China (Taiwan). This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group's current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by $117,637 and $145,388, respectively.

(12) Other

(a) Liquidity analysis of assets and liabilities：

	2017.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
Cash and cash equivalents	$ 19,030,593	-	19,030,593
Current financial assets at fair value through profit or loss	49,572	-	49,572
Current held-to-maturity financial assets	3,924,927	2,517,880	6,442,807
Accounts receivable, net	139,536,660	78,428,201	217,964,861
Other current financial assets	3,601,317	65,226	3,666,543
Other current assets – others	4,367,771	-	4,367,771
	$ 170,510,840	81,011,307	251,522,147

	2017.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current liabilities			
Short-term borrowings	$ 92,227,725	-	92,227,725
Current derivation financial liabilities for hedging	2,108	-	2,108
Accounts and notes payable	3,955,785	4,082	3,959,867
Current tax liabilities	1,660,227	-	1,660,227
Other current financial liabilities	13,075,957	17,009,857	30,085,814
Long-term liabilities, current portion	41,523,666	42,363,207	83,886,873
Other current liabilities – others	1,122,466	10	1,122,476
	$ 153,567,934	59,377,156	212,945,090

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2016.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
Cash and cash equivalents	$ 12,936,615	-	12,936,615
Current financial assets at fair value through profit or loss	113,057	-	113,057
Current held-to-maturity financial assets	3,499,755	2,325,059	5,824,814
Accounts receivable, net	134,692,332	59,703,350	194,395,682
Other current financial assets	3,293,256	22,468	3,315,724
Other current assets – others	3,654,131	-	3,654,131
	$ 158,189,146	62,050,877	220,240,023

	2016.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current liabilities			
Short-term borrowings	$ 79,283,044	-	79,283,044
Accounts and notes payable	3,200,105	5,562	3,205,667
Current tax liabilities	1,860,322	-	1,860,322
Other current financial liabilities	12,472,739	14,148,234	26,620,973
Long-term liabilities, current portion	47,223,926	30,318,997	77,542,923
Other current liabilities – others	1,299,584	82	1,299,666
	$ 145,339,720	44,472,875	189,812,595

(b) The employee benefits, depreciation and amortization expenses categorized by nature were as follows:

By function / By item	For the year ended December 31, 2017			For the year ended December 31, 2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	55,819	4,428,487	4,484,306	55,715	4,031,617	4,087,332
Labor and health insurance	4,302	281,305	285,607	4,160	259,480	263,640
Pension	2,078	237,221	239,299	2,083	233,280	235,363
Others	-	304,083	304,083	-	293,739	293,739
Depreciation	1,950,951	125,004	2,075,955	1,722,701	144,148	1,866,849
Amortization	-	147,656	147,656	-	170,664	170,664

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(13) Other disclosures

(a) Information on significant transactions

The information on significant transactions of the Group, which is required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", for the years ended December 31, 2017 was as follows：

1.Fund loaning to other parties:

No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
1	Chailease Finanace Co., Ltd	A	Other receivables	N	102,498	80,333	80,333	0.04%~19.99%	1	549,750	-	956	None	-	2,657,361	26,573,614
〃	〃	A-1	〃	N	103,684	103,684	103,684	0.04%~19.99%	2	-	Working Capital	1,234	None	-	2,657,361	26,573,614
〃	〃	B	〃	N	138,000	115,500	115,500	0.04%~19.99%	2	-	Working Capital	1,374	None	-	2,657,361	26,573,614
〃	〃	C	〃	N	116,370	94,001	94,001	0.04%~19.99%	2	-	Working Capital	1,119	None	-	2,657,361	26,573,614
〃	〃	D	〃	N	110,000	82,879	82,879	0.04%~19.99%	1	260,000	-	986	None	-	2,657,361	26,573,614
〃	〃	E	〃	N	80,000	79,624	79,624	0.04%~19.99%	1	240,000	-	948	None	-	2,657,361	26,573,614
〃	〃	F	〃	N	145,948	79,536	79,536	0.04%~19.99%	2	-	Working Capital	946	None	-	2,657,361	26,573,614
〃	〃	G	〃	N	74,954	72,750	72,750	0.04%~19.99%	2	-	Working Capital	866	None	-	2,657,361	26,573,614
〃	〃	H	〃	N	70,000	66,400	66,400	0.04%~19.99%	2	-	Working Capital	790	None	-	2,657,361	26,573,614
〃	〃	I	〃	N	63,000	63,000	63,000	0.04%~19.99%	2	-	Working Capital	750	None	-	2,657,361	26,573,614
〃	〃	J	〃	N	99,602	62,542	62,542	0.04%~19.99%	2	-	Working Capital	744	None	-	2,657,361	26,573,614
〃	〃	K	〃	N	74,550	57,454	17,454	0.04%~19.99%	1	146,083	-	208	None	-	2,657,361	26,573,614
〃	〃	L	〃	N	52,000	52,000	52,000	0.04%~19.99%	2	-	Working Capital	619	None	-	2,657,361	26,573,614
〃	〃	M	〃	N	57,026	50,275	50,275	0.04%~19.99%	2	-	Working Capital	598	None	-	2,657,361	26,573,614
〃	〃	N	〃	N	50,000	50,000	50,000	0.04%~19.99%	1	150,022	-	595	None	-	2,657,361	26,573,614
〃	〃	O	〃	N	50,000	48,956	48,956	0.04%~19.99%	2	-	Working Capital	583	None	-	2,657,361	26,573,614
〃	〃	P	〃	N	28,000	15,290	15,290	0.04%~19.99%	1	176,049	-	182	None	-	2,657,361	26,573,614
〃	〃	P-1	〃	N	63,133	31,893	31,895	0.04%~19.99%	2	-	Working Capital	380	None	-	2,657,361	26,573,614
〃	〃	Q	〃	N	49,500	46,014	46,014	0.04%~19.99%	2	-	Working Capital	548	None	-	2,657,361	26,573,614
〃	〃	R	〃	N	45,000	44,100	44,100	0.04%~19.99%	2	-	Working Capital	525	None	-	2,657,361	26,573,614
〃	〃	S	〃	N	66,000	44,045	44,045	0.04%~19.99%	2	-	Working Capital	524	None	-	2,657,361	26,573,614
〃	〃	T	〃	N	77,889	42,389	42,389	0.04%~19.99%	1	118,829	-	504	Properties	35,140	2,657,361	26,573,614
〃	〃	Summary of other clients	〃	N	10,122,876	5,199,380	5,090,480	0.04%~19.99%	1	31,061,360	-	60,577	Bank Deposits/ Stocks/Properties	449,047	2,657,361	26,573,614
〃	〃	Summary of other clients	〃	N	16,426,047	7,981,188	7,981,188	0.04%~19.99%	2	-	Working Capital	263,222	Bank Deposits/ Stocks/Properties	1,603,426	2,657,361	26,573,614

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
2	Fina Finance & Trading Co., Ltd.	A	Other receivables	N	64,000	60,910	60,910	2.1525%~18.7583%	2	-	Working Capital	609	Properties	64,407	997,311	9,973,114
〃	〃	B	〃	N	60,000	45,800	45,800	2.1525%~18.7583%	2	-	Working Capital	458	None	-	997,311	9,973,114
〃	〃	B-1	〃	N	10,698	3,049	3,049	2.1525%~18.7583%	1	28,050	-	30	None	-	997,311	9,973,114
〃	〃	C	〃	N	35,000	34,303	34,303	2.1525%~18.7583%	2	-	Working Capital	343	Properties	55,174	997,311	9,973,114
〃	〃	C-1	〃	N	50,751	12,516	12,516	2.1525%~18.7583%	1	49,000	-	125	None	-	997,311	9,973,114
〃	〃	D	〃	N	45,000	45,000	45,000	2.1525%~18.7583%	2	-	Working Capital	450	None	-	997,311	9,973,114
〃	〃	E	〃	N	45,000	45,000	45,000	2.1525%~18.7583%	2	-	Working Capital	450	None	-	997,311	9,973,114
〃	〃	F	〃	N	45,000	44,722	44,722	2.1525%~18.7583%	2	-	Working Capital	447	Properites	31,754	997,311	9,973,114
〃	〃	G	〃	N	45,000	44,626	44,626	2.1525%~18.7583%	2	-	Working Capital	446	Properites	40,581	997,311	9,973,114
〃	〃	H	〃	N	65,000	44,625	44,625	2.1525%~18.7583%	2	-	Working Capital	446	Properites	59,331	997,311	9,973,114
〃	〃	I	〃	N	45,000	43,614	43,614	2.1525%~18.7583%	2	-	Working Capital	436	Properites	16,191	997,311	9,973,114
〃	〃	J	〃	N	45,000	43,468	43,468	2.1525%~18.7583%	2	-	Working Capital	435	Properites	14,751	997,311	9,973,114
〃	〃	Summary of other clients	〃	N	3,600,306	1,733,595	1,607,095	2.1525%~18.7583%	1	2,725,592	-	39,717	Properties/Vehicles	747,064	997,311	9,973,114
〃	〃	Summary of other clients	〃	N	5,213,539	2,513,200	2,506,940	2.1525%~18.7583%	2	-	Working Capital	45,116	Bank Deposits/ Properties/Vehicles/ Equipment/Stocks	559,651	997,311	9,973,114
3	Chailease Consumer Finance Co., Ltd.	A	〃	N	5,500	3,000	3,000	4%~19%	2	-	Working Capital	8	None	-	243,297	2,432,968
〃	〃	B	〃	N	2,500	1,500	1,500	4%~19%	2	-	Working Capital	4	None	-	243,297	2,432,968
〃	〃	C	〃	N	1,400	800	800	4%~19%	2	-	Working Capital	2	None	-	243,297	2,432,968
〃	〃	D	〃	N	1,000	775	775	4%~19%	2	-	Working Capital	2	None	-	243,297	2,432,968
〃		E	〃	N	1,353	753	753	4%~19%	2	-	Working Capital	2	None	-	243,297	2,432,968
〃	〃	F	〃	N	1,100	600	600	4%~19%	2	-	Working Capital	2	None	-	243,297	2,432,968
〃	〃	G	〃	N	600	600	600	4%~19%	2	-	Working Capital	2	None	-	243,297	2,432,968
〃	〃	H	〃	N	742	561	561	4%~19%	1	6,527	-	1	None	-	243,297	2,432,968
〃	〃	I	〃	N	1,000	507	507	4%~19%	1	950	-	1	None	-	243,297	2,432,968
〃	〃	J	〃	N	673	500	500	4%~19%	2	-	Working Capital	1	None	-	243,297	2,432,968
〃	〃	Summary of other clients	〃	N	2,409	705	705	4%~19%	1	24,677	-	2	None	-	243,297	2,432,968
〃	〃	Summary of other clients	〃	N	14,280	3,188	3,188	4%~19%	2	-	Working Capital	25	None	-	243,297	2,432,968

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
4	Chailease International Finance Coporation	Chailease Finance International Corp.	Receivables from related party	Y	913,200	913,000	-	4.35%~20.00%	2	-	Working Capital	-	None	-	3,316,825	8,844,866
〃	〃	Chailease International Corp.	〃	Y	913,200	913,000	-	4.35%~20.00%	2	-	Working Capital	-	None	-	3,316,825	8,844,866
〃	〃	A	Receivable-short-term financing	N	45,650	45,650	-	4.35%~20.00%	2	-	Working Capital	-	Inventory	68,475	1,105,608	8,844,866
〃	〃	B	〃	N	45,650	38,042	38,042	4.35%~20.00%	2	-	Working Capital	-	None	-	1,105,608	8,844,866
〃	〃	C	〃	N	27,390	22,064	22,064	4.35%~20.00%	2	-	Working Capital	230	None	-	1,105,608	8,844,866
〃	〃	D	〃	N	23,966	21,969	21,969	4.35%~20.00%	2	-	Working Capital	153	None	-	1,105,608	8,844,866
〃	〃	E	〃	N	20,543	20,543	-	4.35%~20.00%	2	-	Working Capital	-	Inventory	13,056	1,105,608	8,844,866
〃	〃	F	〃	N	20,543	20,543	-	4.35%~20.00%	2	-	Working Capital	-	Inventory	34,101	1,105,608	8,844,866
〃	〃	G	〃	N	22,825	19,021	19,021	4.35%~20.00%	2	-	Working Capital	193	None	-	1,105,608	8,844,866
〃	〃	H	〃	N	18,260	18,260	-	4.35%~20.00%	2	-	Working Capital	-	None	-	1,105,608	8,844,866
〃	〃	I	〃	N	18,260	18,260	9,130	4.35%~20.00%	2	-	Working Capital	-	Inventory	26,112	1,105,608	8,844,866
〃	〃	J	〃	N	18,260	18,260	-	4.35%~20.00%	2	-	Working Capital	-	None	-	1,105,608	8,844,866
〃	〃	Summary of other clients	Receivables-business relationship	N	40,514	36,232	36,232	4.35%~20.00%	1	68,484	-	263	None	-	1,105,608	8,844,866
〃	〃	Summary of other clients	Receivable-short-term financing	N	1,048,638	625,852	525,422	4.35%~20.00%	2	-	Working Capital	64,878	Vehicles/Properties/ Equipment/Inventory	254,061	1,105,608	8,844,866
5	Chailease Specialty Finance Co., Ltd.	A	Other receivables	N	228,750	127,150	127,150	0.35%~14.97%	2	-	Working Capital	1,755	None	-	2,657,361	5,234,903
〃	〃	B	〃	N	99,240	99,240	99,240	0.35%~14.97%	2	-	Working Capital	1,370	None	-	2,657,361	5,234,903
〃	〃	C	〃	N	95,000	95,000	95,000	0.35%~14.97%	2	-	Working Capital	1,311	None	-	2,657,361	5,234,903
〃	〃	D	〃	N	160,000	91,934	91,934	0.35%~14.97%	2	-	Working Capital	1,269	None	-	2,657,361	5,234,903
〃		E		N	88,000	88,000	88,000	0.35%~14.97%	2	-	Working Capital	1,214	None	-	2,657,361	5,234,903
〃	〃	F	〃	N	87,000	87,000	87,000	0.35%~14.97%	2	-	Working Capital	1,201	None	-	2,657,361	5,234,903
〃	〃	G	〃	N	85,000	67,609	67,609	0.35%~14.97%	2	-	Working Capital	933	None	-	2,657,361	5,234,903
〃	〃	H	〃	N	106,500	64,451	64,451	0.35%~14.97%	2	-	Working Capital	889	None	-	2,657,361	5,234,903
〃	〃	I	〃	N	45,000	44,234	44,234	0.35%~14.97%	2	-	Working Capital	610	None	-	2,657,361	5,234,903
〃	〃	J	〃	N	36,170	36,170	30,170	0.35%~14.97%	2	-	Working Capital	416	None	-	2,657,361	5,234,903
〃	〃	Summary of other clients	〃	N	2,231,801	881,937	876,937	0.35%~14.97%	2	-	Working Capital	51,714	Properites	108,735	2,657,361	5,234,903

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
6	Chailease Finance Securitization Trust 2016	A	Other receivables	N	65,000	24,401	24,401	4.35%~19.09%	2	-	Working Capital	195	None	-	49,738	880,589
〃	〃	B	〃	N	40,000	22,184	22,184	4.35%~19.09%	2	-	Working Capital	177	None	-	49,738	880,589
〃	〃	C	〃	N	29,978	16,151	16,151	4.35%~19.09%	2	-	Working Capital	129	None	-	49,738	880,589
〃	〃	D	〃	N	30,030	11,676	11,676	4.35%~19.09%	2	-	Working Capital	93	None	-	49,738	880,589
〃	〃	E	〃	N	22,565	8,899	8,899	4.35%~19.09%	2	-	Working Capital	71	None	-	49,738	880,589
〃	〃	F	〃	N	19,163	8,894	8,894	4.35%~19.09%	2	-	Working Capital	71	None	-	49,738	880,589
〃	〃	G	〃	N	15,080	8,702	8,702	4.35%~19.09%	2	-	Working Capital	70	None	-	49,738	880,589
〃	〃	H	〃	N	15,000	8,042	8,042	4.35%~19.09%	2	-	Working Capital	64	None	-	49,738	880,589
〃	〃	I	〃	N	21,300	7,715	7,715	4.35%~19.09%	2	-	Working Capital	62	None	-	49,738	880,589
〃	〃	J	〃	N	15,000	7,267	7,267	4.35%~19.09%	2	-	Working Capital	58	None	-	49,738	880,589
〃	〃	Summary of other clients	〃	N	11,643	5,097	5,097	4.35%~19.09%	1	16,639	-	41	None	-	49,738	880,589
〃	〃	Summary of other clients	〃	N	783,624	301,190	301,190	4.35%~19.09%	2	-	Working Capital	2,902	None	-	49,738	880,589

Note 1: (1)Those with business relationship please fill in 1;

(2)Those necessary for short-term financing please fill in 2.

Note 2: Limit on the amount for loaning fund to individual counter-party

(1)Subsidiary－The maximum fund loaning provided by Chailease Finance Co., Ltd. for individual entity cannot exceed 10% of net worth ($2,657,361).

(2)Subsidiary－The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed 10% of net worth ($997,311).

(3)Subsidiary－The maximum fund loaning provided by Chailease Consumer Finance Co., Ltd. for individual entity cannot exceed 10% of net worth ($243,297).

(4)Subsidiary－The maximum fund loaning provided by Chailease International Finance Corporation for individual entity cannot exceed 5% of net worth ($1,105,608). The maximum fund loaning cannot exceed 15% of net worth ($3,316,825) to individual affiliate.

(5)Subsidiary－The maximum fund loaning provided by Chailease Specialty Finance Co., Ltd. for individual entity cannot exceed 10% of net worth ($2,657,361) of parent company (Chailease Finance Co., Ltd.).

(6)Special purpose entities－The maximum fund loaning provided by Chailease Finance Securitization Trust 2016 for individual entity cannot exceed 1% of securitized financial assets approved by the competent authority ($49,738).

Note 3: Limit on the amount for loaning fund

(1)Subsidiary－Total amount of fund loaning provided by Chailease Finance Co., Ltd. cannot exceed net worth ($26,573,614), total amount of fund loaning for short-term financing cannot exceed 40% of net worth ($10,629,446) of the most recent financial statement.

(2)Subsidiary－Total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed net worth ($9,973,114), total amount of fund loaning for short-term financing cannot exceed 40% of net worth ($3,989,246) of the most recent financial statement.

(3)Subsidiary－Total amount of fund loaning provided by Chailease Consumer Finance Co., Ltd. cannot exceed net worth ($2,432,968), total amount of fund loaning for short-term financing cannot exceed 40% of net worth ($973,187) of the most recent financial statement.

(4)Subsidiary－Total amount of fund loaning provided by Chailease International Finance Corporation cannot exceed 40% of net worth ($8,844,866) of the most recent financial statement.

(5)Subsidiary－Total amount of fund loaning provided by Chailease Specialty Finance Co., Ltd. cannot exceed net worth ($5,234,903), total amount of fund loaning for short-term financing cannot exceed 40% of net worth ($2,093,961) of the most recent financial statement.

(6)Special purpose entities－Total amount of fund loaning provided by Chailease Finance Securitization Trust 2016 cannot exceed 10% of securitized financial assets approved by the competent authority.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Note 4: Counter parties

(1)Subsidiary－Chailease Finance Co., Ltd.: There are 4,364 counter parties altogether during the period, the above table only disclosed the related parties and the top 20 counter parties.

(2)Subsidiary－Fina Finance & Trading Co., Ltd.: There are 738 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

(3)Subsidiary－Chailease Consumer Finance Co., Ltd.: There are 45 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

(4)Subsidiary－Chailease International Finance Corporation: There are 107 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

(5)Subsidiary－Chailease Specialty Finance Co., Ltd.: There are 161 counter parties altogether during the period,the above table only disclosed the related parties and the top 10 counter parties.

(6)Special purpose entities－Chailease Finance Securitization Trust 2016: There are 120 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

Note 5: Subject to the contracts, we use letters instead of the real name of counter parties.

2.Guarantees and endorsements for other parties:

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance	Guaratee provided by parent company	Guaratee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note1)										
0	The Company	Golden Bridge (B.V.I.) Corp.	2	107,323,750	322,500	148,800	-	-	0.28 %	268,309,375	Y		
〃	〃	Chailease International Company (Malaysia) Limited	2	107,323,750	152,100	148,800	-	-	0.28 %	268,309,375	Y		
〃	〃	Chailease International Leasing Company Limited (Vietnam)	2	107,323,750	1,190,400	1,190,400	732,421	-	2.22 %	268,309,375	Y		
〃	〃	Chailease International Finance Corporation	2	107,323,750	21,231,442	19,318,130	18,674,922	-	36.00 %	268,309,375	Y		Y
〃	〃	Chailease Berjaya Credit Sdn. Bhd.	2	26,830,938	2,468,200	2,450,854	2,252,838	-	4.57 %	268,309,375	Y		
〃	〃	Chailease Royal Leasing Plc	2	26,830,938	605,200	595,200	241,354	-	1.11 %	268,309,375	Y		
〃	〃	Chailease Berjaya Finance Corporation	2	26,830,938	707,040	707,040	-	-	1.32 %	268,309,375	Y		
1	Chailease Finance Co., Ltd	Chailease Credit Services Co., Ltd	2	53,147,228	36,000	36,000	73	-	0.14 %	132,868,070	Y		
〃	〃	Apex Credit Solutions Inc.	2	53,147,228	290,000	240,000	-	-	0.90 %	132,868,070	Y		
〃	〃	Chailease Specialty Finance Co., Ltd.	2	53,147,228	900,000	900,000	5,000	-	3.39 %	132,868,070	Y		
〃	〃	Chailease Consumer Finance Co., Ltd.	2	53,147,228	2,865,000	2,865,000	2,370,000	-	10.78 %	132,868,070	Y		
〃	〃	Chailease Auto Rental Co., Ltd.	2	53,147,228	4,290,000	4,290,000	2,355,000	-	16.14 %	132,868,070	Y		
〃	〃	Chailease Energy Integration Co., Ltd.	2	53,147,228	680,000	680,000	110,000	-	2.56 %	132,868,070	Y		
〃	〃	Chailease Finance (B.V.I) Co., Ltd.	2	53,147,228	1,440,675	1,041,600	952,320	-	3.92 %	132,868,070	Y		
〃	〃	Yun Tang Inc.	2	53,147,228	1,038,500	1,021,500	921,500	-	3.84 %	132,868,070	Y		
〃	〃	Chailease International Leasing Company Limited (Vietnam)	2	53,147,228	5,569,040	5,569,040	3,436,903	-	20.96 %	132,868,070	Y		
〃	〃	Grand Pacific Financing Corp.	5	53,661,875	3,483,000	3,214,080	1,636,800	-	12.10 %	132,868,070			

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note1)										
1	Chailease Finance Co., Ltd	Chailease International Financial Services (Liberia) Co., Ltd.	5	53,661,875	499,875	282,720	282,720	-	1.06 %	132,868,070			
〃	〃	Chailease International Financial Services Co., Ltd.	5	53,661,875	30,701,054	21,508,406	13,836,367	-	80.94 %	132,868,070			
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	8,865,678	231,050	229,400	44,045	-	5.18 %	22,164,195	Y		
3	Chailease International Finance Corporation	Chailease International Corp.	2	44,224,331	7,688,970	6,586,840	3,292,024	-	29.79 %	110,560,826	Y		Y
〃	〃	Chailease Finance International Corp.	2	44,224,331	4,770,212	4,012,179	2,330,779	-	18.14 %	110,560,826	Y		Y
〃	〃	DMC Energy Management Services (Shenzhen) Co., Ltd.	4	11,056,083	92,340	91,300	9,022	-	0.41 %	110,560,826			Y

Note 1: (1)The Company has business with the receiving parties.

(2)The Company holds directly or indirectly more than 50% of the common stock of the subsidiaries.

(3)The Company hold directly or indirectly more than 50% by the investee.

(4)The stockholders of the Company provide guarantee for the investee to their stockholding percentage.

(5)Others : According to the Regulations Governing Loaning of Funds and Making of guarantees and endorsements by Public Companies article 5, paragraph 2, guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares have no restriction on the guarantees amount.

Note 2: If the financial statements included contingent loss, the amount stated shall be indicated.

Note 3: The maximum guarantees and endorsements cannot exceed five times of net worth of the Company. The maximum guarantees and endorsements for individual counter party cannot exceed 50% of net worth of the Company. The amount of guarantees and endorsements for the subsidiaries in which be hold more than 80% of its outstanding common shares cannot exceed double of net worth of the Company.

Note 4: Subsidary—The total amount of guarantees and endorsements provided by Chailease Finance Co., Ltd.(CFC) cannot exceed five times of its net worth, and guarantees for a individual entity cannot exceed 50% of its net worth. The amount of guarantees and endorsements for subsidiaries in which be hold more than 80% of its outstanding common shares cannot exceed double of its net worth; and if the guarantees and endorsements are for business purpose, the amount cannot exceed the transaction amount during last year. The total amount of guarantees and endorsements for the Company holds directly or indirectly 100% of the investee cannot exceed the net worth of the Company, the maximum guarantees and endorsements cannot excced five times of net worth of CFC.

Note 5: Subsidiary—The total amount of guarantees and endorsements provided by Chailease Finance Co., Ltd. for Chailease International Financial Services Co. Ltd., Chailease Finance (B.V.I) Company Ltd., Chailease Specialty Finance Co., Ltd. and Chailease Auto Rental Co., Ltd. is $1,141,600. The total amount has been adjusted.

Note 6: Subsidiary—The maximum guarantees and endorsements provided by Asia Sermkij Leasing Public Company Limited cannot exceed five times of its net worth. The maximum of guarantees and endorsements for individual counter party cannot exceed double of its net worth.

Note 7: Subsidary—The maximum guarantees and endorsements provided by Chailease International Finance Corporation cannot exceed five times of its net worth. The maximum guarantees and endorsements for individual counter party cannot exceed 50% of its net worth. The individual counter party holding shares to the company are exceed 50% and the maximum guarantees and endorsements cannot exceed double of its net worth.

Note 8: The total amount of guarantees and endorsements provided by the Company for Chailease International Finance Corp. and Chailease International Corp. is CNY110,000 thousand dollars ($502,150). The total amount has been disclosed in the balance of guarantees and endorsements for Chailease International Corp.

Note 9: The total amount of guarantees and endorsements provided by the Company for Golden Bridge(B.V.I.) Corp. and Chailease International Company (Malaysia) Limited is USD10,000 thousand dollars ($297,600). The total amount has been adjusted.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

3.Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) :

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Fubon SSE 180 ETF	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	300	9,606	- %	9,606	- %	
〃	China Life Insurance Company	〃	〃	350	10,492	- %	10,492	- %	
〃	Chicony	〃	〃	110	8,275	- %	8,275	- %	
〃	Chin Poon	〃	〃	180	10,458	- %	10,458	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	110,582	- %	110,582	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	160,000	- %	160,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	48,500	- %	48,500	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	74,000	- %	74,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	7,860	- %	7,860	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	238,354	- %	238,354	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	626,000	- %	626,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	84,520	- %	84,520	- %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	21,900	- %	21,900	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	47,200	- %	47,200	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	13,250	- %	13,250	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	25,800	- %	25,800	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	190,000	- %	190,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	26,500	- %	26,500	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	10,000	- %	10,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	21,440	- %	21,440	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	116,000	- %	116,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	226,400	- %	226,400	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	45,000	- %	45,000	- %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	310,000	- %	310,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	438,200	- %	438,200	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	5,400	- %	5,400	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	37,000	- %	37,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	54,000	- %	54,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	100,000	- %	100,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	241,600	- %	241,600	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	14,640	- %	14,640	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	33,786	- %	33,786	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	43,819	- %	43,819	- %	
〃	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	〃	-	95,000	- %	95,000	- %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	68,700	- %	68,700	- %	
〃	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	〃	-	84,680	- %	84,680	- %	
〃	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	〃	-	156,000	- %	156,000	- %	
〃	Bank of Panhsin's Beneficial Right of the Real Estate Trust	-	〃	-	395,453	- %	395,453	- %	
〃	Bank of BEA's Beneficial Right of the Real Estate Trust	-	〃	-	100,900	- %	100,900	- %	
〃	Bank of BEA's Beneficial Right of the Real Estate Trust	-	〃	-	800,000	- %	800,000	- %	
〃	Bank of Hwatai's Beneficial Right of the Real Estate Trust	-	〃	-	159,970	- %	159,970	- %	
〃	Bank of Taipei Sunny's Beneficial Right of the Real Estate Trust	-	〃	-	45,000	- %	45,000	- %	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	100,000	- %	100,000	- %	
〃	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	〃	-	7,600	- %	7,600	- %	
〃	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	〃	-	17,333	- %	17,333	- %	
〃	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	〃	-	18,820	- %	18,820	- %	
〃	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	〃	-	124,500	- %	124,500	- %	
〃	Bank of FEI's Beneficial Right of the Real Estate Trust	-	〃	-	25,900	- %	25,900	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	Non-urrent held-to-maturity financial assets	-	120,240	- %	120,240	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	73,800	- %	73,800	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	70,700	- %	70,700	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	195,000	- %	195,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	83,000	- %	83,000	- %	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Non-current held-to-maturity financial assets	-	172,000	- %	172,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	90,500	- %	90,500	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	180,000	- %	180,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	21,000	- %	21,000	- %	
〃	Bank of Shin Kong Beneficial Right of the Real Estate Trust	-	〃	-	171,400	- %	171,400	- %	
〃	Bank of BEA's Beneficial Right of the Real Estate Trust	-	〃	-	55,000	- %	55,000	- %	
〃	Bank of FEI's Beneficial Right of the Real Estate Trust	-	〃	-	3,000	- %	3,000	- %	
〃	O-Bank	Investee at fair value	Non-current available-for-sale finanical assets	92,694	825,904	3.88 %	825,904	3.88 %	
〃	Subton Technology Co., Ltd.	〃	〃	288	2,536	0.10 %	2,536	0.10 %	
〃	Spring House Entertainment Tech Inc.	〃	〃	857	6,519	4.67 %	6,518	4.67 %	
〃	Tekcon Electronics Corp.	〃	〃	137	2,272	0.52 %	2,272	0.52 %	
〃	Ecomsoftware Inc.	〃	〃	130	2,181	2.60 %	2,181	2.60 %	
〃	Kingmax Technology Inc.	〃	〃	1,698	11,489	2.90 %	11,489	2.90 %	
〃	Everterminal Co., Ltd.	〃	〃	490	5,300	0.40 %	5,300	0.40 %	
〃	Crownpo Technology Inc.	〃	〃	57	803	0.51 %	803	0.51 %	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Chailease Finance Co., Ltd.	Book4u Co., Ltd.	Investee at fair value	Non-current available-for-sale finanical assets	9	88	0.19 %	88	0.19 %	
〃	Enova Technology Corp.	〃	〃	550	1,773	3.07 %	1,773	3.07 %	
〃	Information Technology Total Services Corp.	〃	〃	51	678	0.25 %	678	0.25 %	
〃	Sampotech Co., Ltd.	〃	〃	369	-	0.10 %	-	0.10 %	(Note 2)
〃	Skanhex Technology Inc.	〃	〃	5,273	-	4.53 %	-	4.53 %	(Note 2)
〃	Rosun Technologies, Inc.	〃	〃	182	-	- %	-	- %	(Note 2) percentage of ownership less than 0.01%
〃	EastWest Pharmaceuticals	〃	〃	242	-	5.84 %	-	5.84 %	(Note 2)
〃	Bexcom Pte Ltd.	〃	〃	197	-	- %	-	- %	(Note 2) percentage of ownership less than 0.01%
〃	TECO Nanotech Co., Ltd.	〃	〃	95	-	0.38 %	-	0.38 %	(Note 2)
〃	Azanda Network Devices	〃	〃	714	-	- %	-	- %	(Note 2) percentage of ownership less than 0.01%
〃	Forcera Materials Co., Ltd.	〃	〃	102	-	0.56 %	-	0.56 %	(Note 2)
〃	Aisa Cement Corp.	〃	〃	750	21,150	0.02 %	21,150	0.02 %	
〃	China Steel Chemical Corp.	〃	〃	135	17,213	0.06 %	17,213	0.06 %	
〃	U-Ming Marine Transport Corp.	〃	〃	270	9,855	0.03 %	9,855	0.03 %	
〃	Chicony	〃	〃	647	48,509	0.09 %	48,509	0.09 %	
〃	CTCI Corp.	〃	〃	800	36,120	0.10 %	36,120	0.10 %	
〃	Chin Poon	〃	〃	380	22,078	0.10 %	22,078	0.10 %	
〃	Inventec energy Corp.	〃	〃	51	-	0.05 %	-	0.05 %	(Note 2)
〃	Webi &Net Internet Services Inc.	〃	〃	250	-	10.53 %	-	10.53 %	(Note 2)
〃	Deerport	〃	〃	-	-	10.48 %	-	10.48 %	(Note 2) shareholding less than 1,000 shares

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance: Shares/Units	Ending Balance: Carrying Value	Ending Balance: Percentage of Ownership	Ending Balance: Market Value (Note 1)	Maximum of the Period: Percentage of Ownership	Note
Chailease Speciality Finance Co., Ltd.	Linkou amusement Co., Ltd. (Stock)	Investee at fair value	Non-current available-for-sale finanical assets	-	36,708	- %	36,708	- %	shareholding less than 1,000 shares
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	60,000	- %	60,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	129,200	- %	129,200	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	48,000	- %	48,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	98,000	- %	98,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	295,000	- %	295,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	82,000	- %	82,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	4,000	- %	4,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	〃	-	155,000	- %	155,000	- %	
〃	Bank of TC's Beneficial Right of the Real Estate Trust	-	Non-current held-to-maturity financial assets	-	158,000	- %	158,000	- %	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Maximum of the Period	Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	Percentage of Ownership	
Bangkok Grand Pacific Lease Public Company Limited	Bangkok Club Co., Ltd (Stock)	Investee at fair value	Non-current available-for-sale finanical assets	64	193	0.14 %	193	0.14 %	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	950	8,717	19.00 %	8,717	19.00 %	
"	Bumrungrad Hospital (Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	59	10,146	0.01 %	10,146	0.01 %	
Chailease International Financial Services Co., Ltd.	Clean Focus Yield Limited	"	"	-	595	- %	595	- %	
Grand Pacific Holding Corp.	Mobileshift, Inc.	Investee at fair value	Non-current available-for-sale finanical assets	359	7,440	3.50 %	7,440	3.50 %	
"	Stemcyte Inc.	"	"	38	1,488	0.15 %	1,488	0.15 %	
Grand Pacific Financing Corp.	Swabplus Inc.	"	"	10	-	- %	-	- %	
"	Mobileshift, Inc.	"	"	358	7,440	3.50 %	7,440	3.50 %	
"	Stemcyte Inc.	"	"	38	1,488	0.15 %	1,488	0.15 %	

Note 1: Listed companies use price in the open market, and non-listed companies use its net worth. The aforementioned net worths were calculated in financial statements audit by accountants.
Note 2: The chance of recover of the decrease in net worth and continuous losses is insignificant; therefore, they belong to permanent reduction.
Note 3: The aforementioned inter-company transactions have been eliminated upon the consolidation.

4.Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more：

Name of Company	Type and Name of Marketable Securities(Note 1)	Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling Price	Cost	Disposal gain or loss	Shares/Units	Amount
The Company	Chailease International Company (Malaysia) Limited	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
"	Chailease International Financial Services Co., Ltd.	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease Finance Co., Ltd.	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	Current held-to-maturity financial assets	-	-	-	870,000	-	-	-	870,000	870,000	-	-	-
"	Bank of TC's Beneficial Right of the Real Estate Trust	"	-	-	-	-	-	510,000	-	71,800	71,800	-	-	438,200
"	"	"	-	-	-	337,000	-	-	-	337,000	337,000	-	-	-
"	"	"	-	-	-	-	-	626,000	-	-	-	-	-	626,000
"	Fina Finance & Trading Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: Securities accounted under equity method only need to fill in the first two columns.
Note 2: The aforementioned inter-company transactions have been eliminated upon consolidation.

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

5.Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6.Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

7.Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None.

8.Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Name of Related Party	Counter-party	Nature of Relationships	Ending Balance of Receivables from Related Party	Turnover Rate	Past-due Receivables from Related Party		Amount of Receivables Received in Subsequent Period from Related Party	Allowance for Bad Debts
					Amount	Action Taken		
Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	Subsidiaries	432,437	-	-		-	-
My Leasing (B.V.I) Co., Ltd.	Golden Bridge (B.V.I) Corp.	Associates	1,625,166	-	-		-	-
Chailease International Financial Services Co., Ltd.	Chailease International Company (Malaysia) Limited	Associates	995,715	-	-		-	-
〃	Chailease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	563,943	-	-		-	-
Chailease Financial (B.V.I) Company Co., Ltd.	Chailease International Financial Services Co., Ltd.	Associates	4,485,650	-	-		-	-
〃	Chailease International Financial Services (Liberia) Co., Ltd.	Associates	447,328	-	-		-	-
Chailease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	537,186	-	-		-	-
〃	Chailease International Company (UK) Limited	Subsidiaries	997,954	-	-		-	-
Chailease International Company (UK) Limited	C&E Engine Leasing Limited	Associates	951,980	-	-		-	-

Note: The aforementioned inter-company transactions have been eliminated upon consolidation.

9.Trading in derivative instruments：Please reference to note (6)(b).

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

10.Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chailease Finance Co., Ltd.	Chailease International Company (Malaysia) Limited、Chailease Berjaya Credit Sdn. Bhd.、Chailease Finance (B.V.I.) Company Ltd. 、Chailease Auto Rental Co., Ltd.、Chailease Credit Services Co., Ltd.、Chailease Finance Securitization Trust 2014、Yun Tang Inc.、Chailease Energy Integration Co., Ltd.、Chailease Finance Securitiization Turst 2016、Chailease International Leasing Company Limited (Vietnam)、Chailease Consumer Finance Co., Ltd.、Golden Bridge (B.V.I.) Corp.、Chailease International Finance Corporation、Chailease International Financial Services Co., Ltd.、Chailease International Financial Services (Liberia) Corp.、Grand Pacific Holdings Corp.、Chialease Royal Leasing Plc、Chialease Insurance Brokers Co., Ltd.、Sing Chung Limited Partnership	3	Other current financial assets	318,817	Same as normal transactions	0.10 %
1	〃	Chailease Specialty Finance Co., Ltd.	3	Payables and notes	432,437	〃	0.13 %
1	〃	Chailease Auto Rental Co., Ltd.、Chung Ju Limited、Chailease International Finance Corporation	3	Other current financial liabilities	20,078	〃	0.01 %
1	〃	Chailease International Company (UK) Limited、Fina Finance & Trading Co., Ltd.、Apex Credit Solutions Inc.、Chailease Auto Rental Co., Ltd.、Chialease Consumer Fiance Co., Ltd.	3	Operating cost and expenses	154,952	〃	0.34 %

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chailease Finance Co., Ltd.	Chailease International Company (Malaysia) Limited、Fina Finance & Trading Co., Ltd.、Chailease Finance (B.V.I.) Co., Ltd.、Chailease Consumer Finance Co., Ltd.、Apex Credit Solutions Inc.、Chailease International Leasing Company Limited. (Vietnam)、Chailease Auto Rental Co., Ltd.、Chailease Insurance Brokers Co., Ltd.、Chailease Finance Securitization Trust 2014、Yun Tang Inc.、Chailease Cloud Service Co., Ltd.、Chailease Credit Services Co., Ltd.、Chailease Specialty Finance Co., Ltd.、Chailease International Financial Services (Liberia) Corp.、Chailease Energy Integration Co., Ltd.、Innovation Energy Integration Co., Ltd.、Chailease Finance Securitization Turst 2016、Asia Sermkij Leasing Public Co., Ltd.、Bangkok Grand Pacific Lease Public Company Limited、Chailease International Finance Corporation、Chailease International Financial Services Co., Ltd.、Grand Pacific Holdings Corp.、Chailease Berjaya Credit Sdn. Bhd.、Chialease Royal Leasing Plc、Sing Chung Limited Partnership、Chung Ju Limited Partnership、Golden Bridge (B.V.I) Corp.	3	Operating revenues and non-operating income	603,124	Same as normal transactions	1.45 %
2	Chailease Finance (B.V.I) Co., Ltd.	Chailease International Financial Services Co., Ltd.、Chailease International Financial Services (Liberia) Corp.	3	Financing and interest receivable	4,932,978	"	1.51 %
2	"	Chailease International Financial Services Co., Ltd.、Chailease International Financial Services (Liberia) Corp.	3	Interest revenue-loans	139,064	"	0.34 %
3	Chailease International Finance Corporation	Chailease Finance Co., Ltd.、Jirong Real Estate Co., Ltd.	3	Other current financial liabilities	193,948	"	0.06 %
3	"	Chailease Finance Co., Ltd.、Jirong Real Estate Co., Ltd.	3	Operating expense	240,140	"	0.58 %
4	Golden Bridge(B.V.I) Corp.	Chailease Finance Co., Ltd.	3	Other current financial liabilities	39,455	"	0.01 %
4	"	Chailease International Company (Malaysia) Limited、My Leasing (B.V.I) Corp.、My leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,251,918	"	0.69 %
5	My leasing (Mauritius) Corp.	Golden Bridge(B.V.I) Corp.	3	Financing and interest receivable	89,567	"	0.03 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited、SK Insurance Broker Co., Ltd.	3	Other current financial assets	1,745,649	"	0.53 %

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	3	Interest revenue-loans	47,790	Same as normal transactions	0.12 %
7	Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Labuan) Co., Ltd. 、Chailease International Company (Malaysia) Limited	3	Financing and interest receivable	1,000,666	〃	0.31 %
7	〃	Chailease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	558,993	〃	0.17 %
7	〃	Chailease Finance (BVI) Company, Ltd.	3	Borrowings and interest payable	4,485,650	〃	1.37 %
7	〃	Chailease Finance Co., Ltd. 、Chailease Finance (B.V.I.) Co., Ltd.	3	Operating cost and Operating expense	185,048	〃	0.45 %
8	Chailease International Company (Malaysia) Limited	Chailease International Company (UK) Limited 、Golden Bridge (BVI) Corp.	3	Financing and interest receivable	1,535,140	〃	0.47 %
8	〃	Chailease International Financial Servises Co., Ltd.	3	Borrowings and interest payable	995,715	〃	0.30 %

Note 1: Descriptions of numbers are as follows:
1.Parent company is coded "0".
2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is categorized as follows:
1.Transactions from parent company to subsidiary.
2.Transactions from subsidiary to parent company.
3.Transactions from subsidiary to subsidiary.

Note 3: Business transaction less than 30 millions is not required to be disclosed.

Note 4: The aforementioned inter-company transactions have been eliminated upon consolidation.

(b) Information on investees：

The information on investees of the Group for the nine months ended September 30, 2017 is as follows (excluding information on investment in Mainland China)：

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Orginal Investment Amount		Ending Balance			Maximum of the period percentage of ownership	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value				
The Company	Chailease International Company (Malaysia) Limited	Malaysia	Investment	17,070,127	16,415,408	1,017,247	100.00 %	29,062,269	100.00 %	5,017,217	5,017,217	
〃	Chailease International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	2,440,320	1,101,120	82,000	100.00 %	4,238,777	100.00 %	982,409	982,409	
〃	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	145,556	145,556	3,927	51.00 %	753,546	51.00 %	242,313	123,580	
〃	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	10,733,480	10,733,480	337,150	100.00 %	20,302,298	100.00 %	3,900,503	3,900,503	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Orginal Investment Amount December 31, 2017	December 31, 2016	Ending Balance Shares	Percentage of Ownership	Carrying Value	Maximum of the period percentage of ownership	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
Chailease International Company (Malaysia) Limited	Chailease International (B.V.I.) Corp.	British Virgin Islands	Investment	675,850	675,850	22,550	100.00 %	689,838	100.00 %	(1,778)	(1,778)	
〃	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	463,540	463,540	40,698	11.57 %	512,879	11.57 %	672,177	77,771	
〃	Chailease International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	19,102,663	18,890,281	346,567	100.00 %	26,464,166	100.00 %	4,953,163	4,953,163	
〃	Chailease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	247,520	123,760	-	70.00 %	269,814	70.00 %	34,476	24,134	
〃	Chailease Royal Leasing Plc.	Cambodia	Leasing	62,496	-	-	60.00 %	55,799	60.00 %	(11,372)	(6,843)	
〃	Yellowstone Holding AG	Swiss	Venture capital investment	106,593	-	350,000	35.00 %	97,583	35.00 %	(23,464)	(5,171)	
〃	Chailease Berjaya Finance Corporation	Philippines	Leasing and financing	88,380	-	150,000	60.00 %	78,021	60.00 %	(18,161)	(10,896)	
Chailease Berjaya Credits Sdn. Bhd.	Chailease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	707	-	100	100.00 %	2,938	100.00 %	2,145	2,145	
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	21,366,834	21,366,834	1,136,000	100.00 %	26,573,614	100.00 %	5,481,613	5,481,613	
〃	C&E Engine Leasing Limited	Ireland	Leasing	354,781	148,800	11,921	50.00 %	365,027	50.00 %	19,847	9,924	
Chailease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	48.00 %	(2,480)	-	
〃	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	48.00 %	4,772	-	
〃	Chailease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	386,600	418,882	-	48.00 %	430,773	48.00 %	64,810	21,374	
〃	Diamond Rain Group Limited	British Virgin Islands	Investment funds	258,496	258,496	8,686	35.28 %	231,583	35.28 %	(65,429)	(23,083)	
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	5,891,242	4,391,242	431,528	100.00 %	10,007,404	100.00 %	1,473,199	1,473,199	
〃	Chailease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,234,903	100.00 %	171,162	171,162	
〃	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	505,920	505,920	17,000	100.00 %	1,676,805	100.00 %	45,418	45,418	
〃	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	771,797	771,797	128,837	36.61 %	1,622,862	36.61 %	672,177	246,084	
〃	Chailease Finance (B.V.I.) Co., Ltd.	British Virgin Islands	Installment sales, financing overseas and financial consulting	1,217,482	1,217,482	40,910	100.00 %	4,544,429	100.00 %	166,641	166,641	

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Orginal Investment Amount		Ending Balance			Maximum of the period	Net Income	Share of	Notes
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value	percentage of ownership	(Losses) of the Investee	Profits/Losses of Investee	
Chailease Finance Co., Ltd.	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	151,375	100.00 %	30,755	30,755	
〃	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,310	28.57 %	389	111	
〃	Chailease International Leasing Company Limited (Vietnam)	Vietnam	Leasing	635,365	635,365	-	100.00 %	1,069,049	100.00 %	139,005	139,005	
〃	Chailease International Trading Company Limited (Vietnam)	Vietnam	Trading	134,673	134,673	-	100.00 %	141,182	100.00 %	5,370	5,370	
〃	Chailease Auto Rental Co., Ltd.	Taiwan	Leasing	952,227	952,227	95,000	100.00 %	944,023	100.00 %	(5,131)	(5,131)	
〃	Chailease Credit Services Co.,Ltd.	Taiwan	Installment sales and leasing	-	10,002	-	- %	-	100.00 %	41	547	
〃	Chailease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	47,202	100.00 %	30,950	30,950	
〃	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Leasing, real estate, and mortgage	122,275	122,275	3,773	49.00 %	723,996	100.00 %	242,313	118,733	
〃	Chailease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,773	100.00 %	(345)	(345)	
〃	Chailease Finance Securitization Trust 2014	Taiwan	Special purpose entity	1,034,797	1,034,797	-	- %	790,865	- %	270,185	270,185	
〃	Chailease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	- %	798,536	- %	273,316	273,316	
〃	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	492,197	100.00 %	46,693	46,693	
〃	Chailease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	496,047	100.00 %	425,823	425,823	
〃	Innovation Energy Integration Co., Ltd.	Taiwan	Solar power business	250,000	25,000	25,000	100.00 %	249,807	100.00 %	(118)	(118)	

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Orginal Investment Amount		Ending Balance			Maximum of the period	Net Income	Share of	Notes
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value	percentage of ownership	(Losses) of the Investee	Profits/Losses of Investee	
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co.,Ltd.	Taiwan	Installment sales and factoring	1,652,436	852,436	147,100	100.00 %	2,432,968	100.00 %	204,517	204,517	
〃	Chailease Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	10,001		1,000	100.00 %	9,595	100.00 %	41	(506)	
Chailease Consumer Finance Co.,Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	800,000	-	-	- %	803,828	- %	3,828	3,828	(Note 2)
Chailease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	-	-	- %	1,504,101		4,101	4,101	(Note 3)
Chailease Credit Services Co.,Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10		-	-	(Note 2)
Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10		-	-	(Note 3)
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Liberia	Leasing	298	298	-	100.00 %	113,327	100.00 %	31,264	31,264	shareholding less than 1,000 shares
〃	Chailease International Financial Services (Labuan) Corp.	Malaysia	Leasing	893	893	30	100.00 %	6,900	100.00 %	3,106	3,106	〃

Note 1: The aforementioned inter-company transactions have been eliminated upon consolidation.
Note 2: Chailease Consumer Financial Co., Ltd. is limited partner, and Chailease Credit Services Co., Ltd. is general partner.
Note 3: Chailease Specialty Financial Co., Ltd. is limited partner, and Chailease Cloud Services Co., Ltd. is general partner.

(c) Information on investment in Mainland China:

1.Related information on investment in Mainland China:

Name of the Investee Company	Principal Business Activities	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net Income (Losses) of the Investee	Percentage of Ownership	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017
					Outflow	Inflow							
Chailease International Finance Corporation	Leasing	9,225,600	(2)	-	-	-	-	4,088,592	100.00 %	100.00 %	4,088,592	22,112,165	3,065,280
Chailease Finance International Corp.	Leasing	1,190,400	(2)	-	-	-	-	412,044	100.00 %	100.00 %	412,044	2,686,389	-
Chailease International Corp.	Trading	913,000	(2)	-	-	-	-	639,614	100.00 %	100.00 %	639,614	2,862,025	-
Jirong Real Estate Co., Ltd.	House property leasing and management	776,050	(2)	-	-	-	-	7,047	100.00 %	100.00 %	7,047	811,580	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	114,125	(2)	-	-	-	-	2,984	20.00 %	20.00 %	597	20,605	-

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

2.Limit on the amount of investment in Mainland China area: None.

Note 1: The methods for engaging in investment in Mainland China include the following:

1.Direct investment in China companies.

2.Indirectly invested in China company through third region.

3.Others.

Note 2: Investment gains and losses are recognized based on financial reports audited by certified public accountants.
Note 3: The limit isn't calculated because the Company is foreign company.
Note 4: All numbers are disclosed in NT dollars. The amounts involved with foreign currency are converted to NT dollars by using exchange rates on the financial report date.
Note 5: Current investment gains and losses and book values at the end of the period are included the amounts of direct and indirect investments.
Note 6: The aforementioned inter-company transactions have been eliminated upon consolidation.

3.Significant transactions:

The aforementioned inter company transaction have been eliminated upon consolidation for the nine months ended December 31, 2017, please refer to Note (13) (a).

(14) Segment Information

(a) The Group's reportable segments include operations in Taiwan, China, Thailand and other areas. These segments engage mainly in installment sales and leasing. The Group uses operating profit as the measurement for segment profit and the basis of performance assessment.

(b) Information about profit or loss and assets and liabilities the report amount is similar to that in the report used by the chief operating decision maker.

Operating segments financial information:

For the years ended December 31, 2017	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 19,411,071	18,134,092	2,644,869	1,264,667	-	41,454,699
Intersegment revenue	995,111	78,574	-	44,834	(1,118,519)	-
Interest revenue	4,485	67,441	215	9,620	-	81,761
Total revenue	$ 20,410,667	18,280,107	2,645,084	1,319,121	(1,118,519)	41,536,460
Interest expenses	$ 1,880,457	1,935,627	691,050	428,115	-	4,935,249
Depreciation and amortization	$ 1,992,357	194,364	24,682	12,208	-	2,223,611
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ 111	597	-	3,042	-	3,750
Reportable segment profit or loss	$ 5,954,829	3,946,053	672,177	(569,674)	-	10,003,385
Reportable segment assets	$ 190,980,646	98,045,160	31,198,725	17,940,131	(10,587,977)	327,576,685
Reportable segment liabilities	$ 160,457,062	78,512,503	26,765,886	16,265,390	(10,587,977)	271,412,864

(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

For the years ended December 31, 2016	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 18,027,403	16,602,299	2,585,032	793,042	-	38,007,776
Intersegment revenues	960,526	155,806	-	11,373	(1,127,705)	-
Interest revenue	3,809	53,629	166	5,086	-	62,690
Total revenue	$ 18,991,738	16,811,734	2,585,198	809,501	(1,127,705)	38,070,466
Interest expenses	$ 1,801,281	1,806,926	757,527	281,165	-	4,646,899
Depreciation and amortization	$ 1,746,410	256,816	25,880	8,407	-	2,037,513
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ 111	(2,249)	-	391	-	(1,747)
Reportable segment profit or loss	$ 5,022,420	2,086,569	649,018	(173,688)	-	7,584,319
Reportable segment assets	$ 174,495,082	80,760,555	28,694,418	11,492,640	(9,359,237)	286,083,458
Reportable segment liabilities	$ 149,729,146	64,737,268	24,551,020	14,917,033	(9,359,237)	244,575,230

(c) Information about the products and services

Revenue from the external customers of the Group was as follows:

Products and services	For the years ended December 31, 2017	2016
Sales revenue	$ 8,289,471	7,541,644
Interest revenue - installment sales	7,610,318	7,281,132
Interest revenue - capital lease	9,781,840	8,890,413
Rental revenue - operating leases	3,080,320	2,883,217
Interest revenue - loans	3,176,652	3,000,990
Other interest revenue	3,191,904	2,857,605
Other operating revenue	6,324,194	5,552,775
Total	$ 41,454,699	38,007,776

(d) Geographical information

Please refer to (Note14(b)) for the related information on the Group's reportable segments by geographical location.

(e) Information about major customers

The Group does not have more than 10% revenue generated from a single customer.