

**(English Translation of Financial Report Originally Issued in Chinese)**  
**CHAILEASE HOLDING COMPANY LIMITED AND ITS**  
**SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**MARCH 31, 2016 AND 2015**  
**(With Independent Accountants' Review Report Thereon)**

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## Table of contents

<u>Contents</u>	<u>Page</u>
1. Cover Page	1
2. Table of Contents	2
3. Independent Accountants' Review Report	3
4. Condensed Consolidated Balance Sheets	4
5. Condensed Consolidated Statements of Comprehensive Income	5
6. Condensed Consolidated Statements of Changes in Equity	6
7. Condensed Consolidated Statements of Cash Flows	7
8. Notes to the Condensed Interim Consolidated Financial Statements	
(1) Overview	8
(2) Financial Statements Authorisation Date and Authorisation Process	8
(3) New Accounting Standards and Interpretations	8~9
(4) Significant Accounting Policies	9~13
(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty	13
(6) Explanation to Significant Accounts	13~55
(7) Related Party Transactions	56~58
(8) Pledged Assets	58
(9) Commitments and Contingencies	59
(10) Losses Due to Major Disasters	59
(11) Subsequent Events	59
(12) Other	60~63
(13) Segment Information	63



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## Independent Accountants' Review Report

The Board of Directors of Chailease Holding Company Limited :

We have reviewed the accompanying condensed consolidated balance sheets of Chailease Holding Company Limited (the "Company") and its subsidiaries (the "Group") as of March 31, 2016 and 2015, the related condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity, and condensed cash flows for the three month periods then ended. These condensed consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these condensed consolidated financial statements based on our reviews.

Except as described in paragraphs 3 and 4, we reviewed these condensed consolidated financial statements in accordance with the Statements of Auditing Standard No.36 "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of Group's personnel and applying analytical procedures to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Included in the accompanying condensed consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of NT\$87,835,719 thousand and NT\$67,625,639 thousand constituting 32% and 28%, of the Company's consolidated total assets as of March 31, 2016 and 2015, respectively; total liabilities of NT\$65,984,638 thousand and NT\$55,152,698 thousand constituting 28% and 27% of the Company's consolidated total liabilities as of March 31, 2016 and 2015, respectively; comprehensive income of NT\$748,630 thousand, and NT\$393,677 thousand constituting 48% and 25% of the Company's consolidated comprehensive income for the three months ended March 31, 2016 and 2015, respectively.

Furthermore, long term investments under equity method of NT\$432,876 thousand and NT\$212,760 thousand as of March 31, 2016 and 2015, respectively, and related investment income (loss) thereof amounting to NT\$(2,484) thousand and NT\$(8,272) thousand for the three months ended March 31, 2016 and 2015, respectively, were recognized based upon financial statements prepared by investee companies.



Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity method investees as described in paragraphs 3 and 4 above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements described in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Report by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by Financial Supervisory Commission, R.O.C.

We have previously audited the consolidated balance sheets of Chailease Holding Company Limited and its subsidiaries as of December 31, 2015, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and auditing standards generally accepted in the Republic of China and we expressed an unqualified opinion on those audited financial statements in our report dated March 17, 2016. In our opinion, the accompanying condensed interim consolidated balance sheets and related disclosures of the Group as of December 31, 2015, are consistent, in all material respects, with the audited consolidated financial statements from which they have been derived.

KPMG

CPA : Chung Yi, Chiang  
Yi Chun, Chen

Taipei, Taiwan, R.O.C.  
May 12, 2016

**Note to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and consolidated cash flows in accordance with the Guidelines Governing the Preparation of Financial Report by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent account's review 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 financial statements, the Chinese version shall prevail.

**CHAILLEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

**March 31, 2016, December 31, 2015, and March 31, 2015**  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

	2016.3.31		2015.12.31		2015.3.31	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets :</b>						
Cash and cash equivalents (Notes (6)(a) and (7))	11,910,953	4	11,097,812	4	12,872,757	5
Current financial assets at fair value through profit or loss (Note (6)(b))	280,124	-	235,545	-	290,810	-
Current held-to-maturity financial assets (Note (6)(b))	8,345,759	3	7,658,388	3	5,459,810	2
Current derivative financial assets for hedging (Notes (6)(b))	117,459	-	163,416	-	35,062	-
Accounts receivable, net (Notes (6)(d), (7) and (8))	187,136,752	69	185,606,083	69	166,736,038	68
Inventories	278	-	207	-	207	-
Other current financial assets (Notes (7) and (8))	3,566,300	1	3,513,245	1	4,935,393	2
Other current assets - others (Notes (6)(c) and (7))	2,937,698	1	2,720,371	1	3,050,055	2
	<u>214,295,323</u>	<u>78</u>	<u>210,995,067</u>	<u>78</u>	<u>193,380,132</u>	<u>79</u>
<b>Non-current assets :</b>						
Non-current financial assets at fair value through profit or loss (Notes (6)(b) and (6)(c))	-	-	693,713	-	702,869	-
Non-current available-for-sale financial assets (Notes (6)(b) and (8))	1,770,516	1	1,704,727	1	1,629,099	-
Non-current held-to-maturity financial assets (Note (6)(b))	2,211,800	1	2,317,394	1	2,217,928	1
Investments accounted under equity method (Notes (6)(f) and (8))	432,876	-	365,278	-	212,760	-
Property, plant and equipment (Notes (6)(g), (7) and (8))	9,931,587	4	9,932,658	4	9,127,712	4
Intangible assets (Note (6)(h))	45,375	-	45,507	-	38,874	-
Deferred tax assets	2,966,923	1	2,949,052	1	2,326,651	1
Long-term accounts receivable, net (Notes (6)(d), (7) and (8))	40,395,752	15	37,073,556	14	33,946,440	14
Other non-current assets - others (Notes (7) and (8))	1,673,377	-	1,492,870	-	1,798,276	-
	<u>59,432,206</u>	<u>22</u>	<u>56,574,755</u>	<u>22</u>	<u>52,000,709</u>	<u>21</u>
	<u>273,727,529</u>	<u>100</u>	<u>267,569,822</u>	<u>100</u>	<u>245,380,841</u>	<u>100</u>
<b>TOTAL ASSETS</b>						
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities :</b>						
Short-term borrowings (Notes (6)(f), (7) and (8))	80,352,622	29	78,844,180	29	63,887,391	26
Current derivative financial liabilities for hedging (Note (6)(b))	-	-	-	-	1,040	-
Accounts and notes payable	3,376,477	1	3,235,819	1	2,146,662	1
Current tax liabilities	1,404,185	-	1,295,601	-	1,289,074	1
Other current financial liabilities (Note (7))	26,248,621	10	26,274,248	10	22,862,785	9
Long-term liabilities - current portion (Notes (6)(f), (6)(i), (7) and (8))	75,845,717	28	74,456,126	28	64,015,757	26
Other current liabilities - others	931,515	-	1,017,178	-	900,043	-
	<u>188,859,137</u>	<u>68</u>	<u>185,123,152</u>	<u>68</u>	<u>155,102,752</u>	<u>63</u>
<b>Non-current Liabilities :</b>						
Bonds payable (Notes (6)(j) and (7))	9,686,983	4	9,440,820	4	9,683,725	4
Long-term borrowings (Notes (6)(i), (7) and (8))	30,036,240	11	28,891,972	11	38,507,094	16
Deferred tax liabilities	1,920,334	1	1,771,018	1	1,731,202	1
Other non-current liabilities (Note (6)(i))	2,140,034	-	2,312,321	-	2,328,126	-
	<u>43,783,591</u>	<u>17</u>	<u>42,416,131</u>	<u>17</u>	<u>52,250,147</u>	<u>22</u>
<b>Total Liabilities</b>	<u>232,642,728</u>	<u>85</u>	<u>227,539,283</u>	<u>85</u>	<u>207,352,899</u>	<u>85</u>
<b>Equity attributable to owners of parent : (Note (6)(a))</b>						
Share capital	11,392,300	4	11,392,300	4	10,954,134	4
Capital surplus	9,407,395	3	9,407,395	3	9,407,459	4
Unappropriated retained earnings	17,117,969	6	15,497,081	6	13,842,264	5
Other equity items	1,428,053	-	1,590,265	-	1,649,395	-
Total equity attributable to owners of parent	39,945,717	14	37,887,041	14	35,853,252	14
Non-controlling interests	2,237,084	1	2,143,498	1	2,174,690	1
Total equity	41,582,801	15	40,030,539	15	38,027,942	15
	<u>273,727,529</u>	<u>100</u>	<u>267,569,822</u>	<u>100</u>	<u>245,380,841</u>	<u>100</u>
<b>TOTAL LIABILITIES AND EQUITY</b>						

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

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REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY ACCEPTED AUDITING STANDARDS.

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2016		2015	
		Amount	%	Amount	%
<b>Operating revenue : (Note (7))</b>					
4111	Sales revenue	\$ 1,485,359	17	1,635,983	19
4810	Interest revenue - installment sales	1,769,537	20	1,653,794	20
4820	Interest revenue - capital leases	2,251,802	26	2,214,950	26
4300	Rental revenue - operating leases	688,067	8	567,646	7
4230	Interest revenue - loans	750,056	9	614,995	7
4240	Other interest revenue	651,229	7	526,687	6
4881	Other operating revenue	1,175,550	13	1,288,994	15
		<u>8,771,600</u>	<u>100</u>	<u>8,503,049</u>	<u>100</u>
<b>Operating costs : (Note (7))</b>					
5111	Cost of sales	1,328,761	15	1,442,862	17
5240	Interest expense	1,220,137	14	1,203,844	14
5300	Cost of rental revenue	475,835	5	388,796	5
5800	Other operating costs	222,641	3	189,381	2
		<u>3,247,374</u>	<u>37</u>	<u>3,224,883</u>	<u>38</u>
<b>Gross profit from operation</b>		<u>5,524,226</u>	<u>63</u>	<u>5,278,166</u>	<u>62</u>
6000	Operating expenses (Note (7))	3,353,641	38	3,001,129	35
6500	Net other income and expenses (Note (6)(q))	29,275	-	65,191	1
	<b>Operating profit</b>	<u>2,199,860</u>	<u>25</u>	<u>2,342,228</u>	<u>28</u>
<b>Non-operating income and expenses :</b>					
7100	Interest income	17,327	-	20,834	-
7020	Other gains and losses (Note (6)(r))	84,231	1	33,120	-
7060	Share of loss of associates and joint ventures accounted for using equity method (Note (6)(f))	(2,484)	-	(8,272)	-
		<u>99,074</u>	<u>1</u>	<u>45,682</u>	<u>-</u>
7900	<b>Profit before income tax</b>	<u>2,298,934</u>	<u>26</u>	<u>2,387,910</u>	<u>28</u>
7950	Less: Income tax expense (Note (6)(m))	595,317	7	592,734	7
	<b>Profit for the period</b>	<u>1,703,617</u>	<u>19</u>	<u>1,795,176</u>	<u>21</u>
<b>Other comprehensive income (loss):</b>					
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurement of defined benefit plans	(620)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently (Note (6)(m))	123	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>(497)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(222,052)	(2)	(246,316)	(3)
8362	Unrealized gains on available-for-sale financial assets (Note (6)(s))	35,517	-	11,691	-
8363	Losses of effective portion of cash flow hedges	(45,957)	-	(917)	-
8364	Gains of effective portion of hedges of net investment in foreign operations	51,248	1	24,801	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method (Note (6)(f))	1,793	-	-	-
8399	Income tax relating to items that are or may be reclassified subsequently to profit or loss (Note (6)(m))	28,593	-	14,426	-
	<b>Total other items that maybe reclassified subsequently to profit or loss</b>	<u>(150,858)</u>	<u>(1)</u>	<u>(196,315)</u>	<u>(2)</u>
	<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>(151,355)</u>	<u>(1)</u>	<u>(196,315)</u>	<u>(2)</u>
8500	<b>Total comprehensive income for the period</b>	<u>\$ 1,552,262</u>	<u>18</u>	<u>1,598,861</u>	<u>19</u>
<b>Profit attributable to :</b>					
8610	Owners of parent	\$ 1,621,126	18	1,709,446	20
8620	Non-controlling interests	82,491	1	85,730	1
		<u>\$ 1,703,617</u>	<u>19</u>	<u>1,795,176</u>	<u>21</u>
<b>Comprehensive income attributable to :</b>					
8710	Owners of parent	\$ 1,458,676	17	1,514,540	18
8720	Non-controlling interests	93,586	1	84,321	1
		<u>\$ 1,552,262</u>	<u>18</u>	<u>1,598,861</u>	<u>19</u>
9750	<b>Basic earnings per share (NT dollars) (Note (6)(o))</b>	<u>\$ 1.42</u>		<u>1.50</u>	

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

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**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Condensed Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2016 and 2015**  
**(Amounts Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total equity		
	Share capital	Capital surplus	Retained Earnings 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 hedge of net investment in foreign operations		Equity attributable to owners of parent	Non controlling interests
<b>Balance as of January 1, 2015</b>	\$ 10,954,134	9,407,459	12,132,818	1,818,240	152,325	34,939	(161,203)	34,338,712	2,090,369	36,429,081
Net income for the period	-	-	1,709,446	-	-	-	-	1,709,446	85,730	1,795,176
Other comprehensive income (loss) for the period	-	-	-	(230,481)	11,691	(917)	24,801	(194,906)	(1,409)	(196,315)
Total comprehensive income for the period	-	-	1,709,446	(230,481)	11,691	(917)	24,801	1,514,540	84,321	1,598,861
<b>Balance as of March 31, 2015</b>	\$ 10,954,134	9,407,459	13,842,264	1,587,759	164,016	34,022	(136,402)	35,853,252	2,174,690	38,027,942
<b>Balance as of January 1, 2016</b>	\$ 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
Net income for the period	-	-	1,621,126	-	-	-	-	1,621,126	82,491	1,703,617
Other comprehensive income (loss) for the period	-	-	(238)	(203,020)	35,517	(45,957)	51,248	(162,450)	11,095	(151,355)
Total comprehensive income for the period	-	-	1,620,888	(203,020)	35,517	(45,957)	51,248	1,458,676	93,586	1,552,262
<b>Balance as of March 31, 2016</b>	\$ 11,392,300	9,407,395	17,117,969	1,342,043	155,787	117,459	(187,236)	39,345,717	2,237,084	41,582,801

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

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**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Condensed Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2016 and 2015**  
**(Amounts Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2016	2015
<b>Cash flows from operating activities :</b>		
Profit before income tax	\$ 2,298,934	2,387,910
Adjustments :		
Adjustments to reconcile profit before income tax to net cash provided by operating activities :		
Depreciation expense	437,710	382,037
Amortization expense	53,745	33,974
Gain on financial assets and liabilities at fair value through profit or loss	(15,893)	(17,578)
Interest expense	1,220,137	1,203,844
Interest income	(5,439,951)	(5,031,260)
Share of loss of associates and joint ventures accounted for using equity method	2,484	8,272
Gain on disposal of property, plant and equipment	(6,687)	(24,784)
Loss on disposal of foreclosed assets	17,604	-
Gain on disposal of investments	(1,993)	-
Impairment loss on financial assets	1,186,590	993,959
Impairment loss on non-financial assets	86,411	52,045
Total adjustments to reconcile (profit) loss	<u>(2,459,843)</u>	<u>(2,399,491)</u>
Change in operating assets and liabilities :		
Change in operating assets :		
Increase in financial assets held for trading	(56,733)	(61,556)
Decrease in non-current financial assets at fair value through profit or loss	721,807	-
Increase in accounts receivable	(6,881,023)	(4,097,737)
Increase in inventories	(71)	-
Increase in other current financial assets	(31,463)	(1,430,546)
(Increase) decrease in other current assets	(227,284)	224,205
Proceeds from sales of operating lease assets	255,917	142,892
Purchase of operating lease assets	(784,294)	(706,243)
Increase in other non-current assets – others	(242,165)	(751,518)
Total changes in operating assets	<u>(7,245,309)</u>	<u>(6,680,503)</u>
Change in operating liabilities :		
Increase (decrease) in accounts and notes payable	153,015	(182,381)
Increase in long-term and short-term debts	77,284,902	59,762,961
Repayment of long-term and short-term debts	(72,158,593)	(52,803,617)
Increase (decrease) in other current financial liabilities	85,637	(258,735)
(Decrease) increase in accrued pension liabilities	(106)	3,929
(Decrease) increase in other current liabilities-others	(76,708)	1,304
(Decrease) increase in other non-current liabilities	(174,901)	40,254
Total changes in operating liabilities	<u>5,113,246</u>	<u>6,563,715</u>
Total changes in operating assets and liabilities	<u>(2,132,063)</u>	<u>(116,788)</u>
Total adjustments	<u>(4,591,906)</u>	<u>(2,516,279)</u>
Cash outflow from operation	(2,292,972)	(128,369)
Interest received	5,445,743	5,044,235
Interest paid	(1,215,374)	(1,159,686)
Income taxes paid	(340,176)	(516,817)
Net cash provided by operating activities	<u>1,597,221</u>	<u>3,239,363</u>
<b>Cash flows from investing activities :</b>		
Acquisition of available-for-sale financial assets	(41,708)	(48,730)
Proceeds from disposal of available-for-sale financial assets	10,793	-
Proceeds from capital reduction of available-for-sale financial assets	472	-
Acquisition of held-to-maturity financial assets	(1,726,070)	(984,340)
Disposal of held-to-maturity financial assets	1,140,774	2,433,198
Acquisition of investments accounted under equity method	(114,428)	-
Acquisition of property, plant and equipment	(11,975)	(40,024)
Disposal of property, plant and equipment	551	13,118
Acquisition of intangible assets	(1,085)	(785)
Net cash (used in) provided by investing activities	<u>(742,676)</u>	<u>1,372,437</u>
Effect of exchange rate changes on cash and cash equivalents	(53,571)	(74,861)
Net increase in cash and cash equivalents	800,974	4,536,939
Cash and cash equivalents, net of bank overdraft, beginning of period	11,093,264	8,330,204
Cash and cash equivalents, net of bank overdraft, end of period	<u>\$ 11,894,238</u>	<u>12,867,143</u>

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

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**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

**(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 financial instruments.

As of March 31, 2016 and 2015, the Company had outstanding common stock of \$11,392,300 and \$10,954,134 divided into 1,139,229,994 shares and 1,095,413,456 shares, respectively.

**(2) Financial Statements Authorisation Date and Authorisation Process**

The condensed interim consolidated financial statements were reported to and approved for issue by the Board of Directors on May 12, 2016.

**(3) New Accounting Standards and Interpretations**

**(a) New standards, interpretations and amendments not yet endorsed by the FSC**

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC :

<b>New Standards, Interpretations and Amendments</b>	<b>IASB Effective Date</b>
IFRS 9, "Financial instruments"	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Not yet endorsed by IASB
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Acquisition for acquisitions of an interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14 "Regulatory deferral accounts"	January 1, 2016
IFRS 15 "Revenue from contracts with customers"	January 1, 2018
IFRS 16 "Lease"	January 1, 2019
IFRS 15 (clarifications to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

<u>New Standards, Interpretations and Amendments</u>	<u>IASB Effective Date</u>
Bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Services related contributions from employees or third parties (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
The Annual Improvements : 2010-2012 & 2011-2013 Cycles	July 1, 2014
The Annual Improvements to IFRS : 2012-2014 Cycles	January 1, 2016
IFRIC 21, "Levies"	January 1, 2014

The Group is assessing the potential impact of these new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

**(4) Significant Accounting Policies**

**(a) Statement of compliance**

The accompanying condensed interim consolidated 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 guidelines of IAS 34 "Interim Financial Reporting," endorsed by FSC. Such condensed interim consolidated financial statements, however, do not include all of the information required for full annual financial statements by International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS as endorsed by the FSC").

Except as described in the following paragraphs, the significant accounting policies adopted in the preparation of the accompanying condensed interim consolidated financial statements are applied consistently with those of the consolidated financial statements for the year ended December 31, 2015. For other related information, please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2015.

**(b) Basis of consolidation**

The accounting principles applied in the preparation of the consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2015. For full disclosure of the accounting principles, please refer to Note (4)(c) of the consolidated financial statements for the year ended December 31, 2015.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

1. Subsidiaries included in the condensed interim consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2016.3.31	2015.12.31	2015.3.31	
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	100.00 %	
"	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
"	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailease International Company (UK) Limited	Solar power business and investment	100.00 %	100.00 %	-	% Funded in March 26, 2015
"	Chilease Berjaya Credit Sdn. Bhd.	Leasing	70.00 %	70.00 %	-	% Funded in September 9, 2015
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	-	-	% Funded in January 19, 2016
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	99.55 %	99.55 %	99.54 %	
"	China Leasing Co., Ltd.	Installment sales	100.00 %	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2016.3.31	2015.12.31	2015.3.31	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	(Note a)
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	
"	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	100.00 %	
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	
"	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note b)
"	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	100.00 %	
"	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	- %	Funded in November 4, 2015
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	100.00 %	
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2016.3.31	2015.12.31	2015.3.31	
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Warehouse Funding Corp.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Business Loan LLC. 2005-1	Special Purpose Entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note b)
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special Purpose Entity	100.00 %	100.00 %	100.00 %	
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 b)
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	

Note a: Although the Company's ownership was lower than 50% of the subsidiary's outstanding shares, the subsidiary was consolidated because the ownership of the other 51.82% interest 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 has the actual power to control.

Note b: 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 exist if:

- (i) the SPE conducts its business to meet the specific needs of the Group;
- (ii) the Group has decision making powers to obtain the majority of the benefits of the SPE's activities;
- (iii) the Group is able to obtain the majority of the benefits of the SPE's activities through an "auto-pilot" mechanism;
- (iv) by having a right to the majority of SPE's benefits, the Group is exposed to the SPE's risks; and
- (v) the Group has the majority of the residual interest of the SPE.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

2. Subsidiaries excluded from the condensed interim consolidated financial statements: None.

(c) Income taxes

Income tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by management. This is charged to profit or loss as income tax expense for the current period.

Deferred income taxes are determined based on difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect during the years in which the difference are expected to reverse.

(d) Employee benefits

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

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

The accompanying condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by FSC, which 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 principles for the preparation of consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with those disclosed in Note (5) of the consolidated financial statements for the year ended December 31, 2015.

**(6) Explanation to Significant Accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note (6) of the 2015 annual consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(a) Cash and cash equivalents

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Cash and demand deposits	\$ 11,005,765	10,859,886	12,830,263
Time deposits	179,182	217,935	42,494
Cash equivalents – RP bills	<u>726,006</u>	<u>19,991</u>	<u>-</u>
Cash and cash equivalents	11,910,953	11,097,812	12,872,757
Bank overdraft	<u>(16,715)</u>	<u>(4,548)</u>	<u>(5,614)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 11,894,238</u>	<u>11,093,264</u>	<u>12,867,143</u>

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

(b) Financial instruments

1.Details of financial assets were as follows :

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Financial assets at fair value through profit or loss			
Held for trading			
Securities of listed companies	\$ 275,018	213,429	246,828
Derivative instruments not used for hedging	<u>5,106</u>	<u>22,116</u>	<u>43,982</u>
Sub-total	<u>280,124</u>	<u>235,545</u>	<u>290,810</u>
Designated as at fair value through profit or loss			
2011 securitization	<u>-</u>	<u>693,713</u>	<u>702,869</u>
	<u>280,124</u>	<u>929,258</u>	<u>993,679</u>
Available-for-sale financial assets			
Securities of listed companies	208,573	163,350	84,857
Emerging stock	1,058,154	1,035,058	1,046,242
Private equity	<u>503,789</u>	<u>506,319</u>	<u>498,000</u>
Sub-total	<u>1,770,516</u>	<u>1,704,727</u>	<u>1,629,099</u>
Held-to-maturity financial assets			
Investment in debt securities	<u>10,557,559</u>	<u>9,975,782</u>	<u>7,677,738</u>
Derivative financial assets used for hedging	<u>117,459</u>	<u>163,416</u>	<u>35,062</u>
Total	<u>\$ 12,725,658</u>	<u>12,773,183</u>	<u>10,335,578</u>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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 periods, will be as follows:

Equity price at reporting date	For the three months ended March 31,			
	2016		2015	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	\$ <u>123,991</u>	<u>19,251</u>	<u>114,093</u>	<u>17,278</u>
Decrease 7%	\$ <u>(123,991)</u>	<u>(19,251)</u>	<u>(114,093)</u>	<u>(17,278)</u>

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 5.12%~8.83%.

Portion of investments in equity securities 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).

3. Details of financial liabilities were as follows:

	2015.3.31
Financial liabilities at fair value through profit or loss	
Derivative financial liabilities used for hedging	\$ <u>(1,040)</u>

4. Derivative instruments not used for hedging

Derivative financial instruments are used to manage certain interest risk, arising from the Group's operating, financing and investing activities. As of March 31, 2016, December 31, 2015 and March 31, 2015, derivative financial instruments accounted for as held-for-trading financial assets (liabilities) were as follows:

Cross currency swap contracts

Nominal Amount		2016.3.31			
	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

		<b>2015.12.31</b>			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	

  

		<b>2015.3.31</b>			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~	
CNY 123,510				2016.04.29	
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~	
CNY 183,300				2016.04.29	
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~	
CNY 121,580				2016.04.29	

**5. Derivative instruments used for hedging**

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group held derivative instruments qualified for hedge accounting as follows:

		<b>2015.12.31</b>			
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years	

  

		<b>2015.3.31</b>			
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period	
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years	
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years	

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

1) Cash flow hedge

The subsidiaries namely, Chailease Finance Co., Ltd. and Golden Bridge (B.V.I.) Corp., entered into interest swap contract and cross currency swap contract with a bank to hedge future cash flows out of unsecured corporate bonds and CNY loans receivable.

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2016.3.31	2015.12.31	2015.3.31		
Unsecured corporate bonds	Interest Swap	\$ -	1,385	(1,040)	2010~2016	2010~2016
CNY loans receivable	Cross Currency Swap contract	117,459	162,031	35,062	2013~2016	2013~2016

  

Item	For the three months ended March 31,	
	2016	2015
The fair value adjustment to other comprehensive income	\$ (45,957)	(917)

2) Hedge of net investment in foreign operation

The fair value of an equity investment in a 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 March 31, 2016, December 31, 2015 and March 31, 2015, were as follows:

Hedged Item	Hedge Instrument	Designated Hedging Instrument		
		Fair Value		
		2016.3.31	2015.12.31	2015.3.31
Equity investment measured in USD	Foreign currency borrowings	\$ <u>2,529,741</u>	<u>2,432,333</u>	<u>2,269,250</u>

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation of Golden Bridge (B.V.I.) Corp., for the three months ended March 31, 2016 and 2015.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(c) Financial assets securitization

1. 2011 Securitization

In 2011, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of \$5,000,229. 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 \$4,154,000 in cash from issuing these beneficiary certificates, resulting in a loss of \$9,533 from this asset securitization. These beneficiary certificates are redeemable for the period from November 24, 2011 to November 24, 2018. Specific terms and conditions of the beneficiary certificates are as follows:

<b>Class of beneficiary certificates issued</b>	<b>Order of principal repayment</b>	<b>Issue amount /par value</b>	<b>Issue price</b>	<b>Interest rate</b>	<b>Payment frequency</b>
twAAA	1st	3,830,000	3,830,000	2.20 %	Monthly
twA	2nd	324,000	324,000	3.00 %	Monthly
Subordinated	3rd	846,229	991,210	None	Monthly

Key assumptions at the securitization date:

	<u>November 24, 2011 (securitization date)</u>
Repayment rate	9.4500 %
Expected return rate on securitized financial assets	9.4000 %
Weighted-average life (in years)	4.83
Expected credit loss rate	1.65%~3.07%
Discount rate for cash flows	2.56 %

The Group holds subordinated beneficiary certificates and retains the right to interest (if any) in excess of the amount paid to the holders of twAAA and twA beneficiary certificates. If debtors default, neither the investor nor trustee has the right of recourse to the Group. The repayment of the principal amount of subordinated beneficiary certificates is subordinate to the investors' certificates and their value is affected by the credit risk, prepayment rate and change in interest rate of the securitized financial assets.

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

1) Key assumptions used in measuring retained interests:

The key assumptions used in measuring subordinated seller certificates arising from the financial assets securitization at each reporting date were as follows:

	<u>2015.12.31</u>	<u>2015.3.31</u>
Repayment rate	28.06 %	15.50 %
Expected return rate on securitized financial assets	6.57 %	8.40 %
Weighted-average life (in years)	0.92	1.67
Expected credit loss rate (Note)	1.85%~7.88%	1.85%~6.30%
Discount rate for residual cash flows	4.00 %	4.00 %

2) Sensitivity analysis

At each reporting date, the key assumptions and sensitivity analysis of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	<u>2015.3.31</u>
Carrying amount of retained interests	702,869
Weighted — average life (in years)	1.67
Repayment rate	15.50 %
Effect on fair value with 10% adverse change	(6,551)
Effect on fair value with 20% adverse change	(12,179)
Expected credit losses	4.58%
Effect on fair value with 10% adverse change	(14,751)
Effect on fair value with 20% adverse change	(29,502)
Discount rate for residual cash flows	4.00 %
Effect on fair value with 10% adverse change	(3,035)
Effect on fair value with 20% adverse change	(6,053)

3) Expected static pool credit losses

As the securitized conditional sales receivable, installment sales receivable, and capital leases receivable do not have actual credit losses as of the balance sheet date, the expected static pool credit losses are, therefore, equal to the expected credit losses.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

4) Cash flows

The cash flows received from securitization trusts were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Other cash flows received on retained interests	\$ 5,154	65,147
Service fees received	138	965

Note: The securitization of debts is revolving and the expected credit loss rate of retained interests is evaluated and adjusted during the issue period.

The special purpose trust has fully redeemed beneficiary certificates twAAA and twA on January 27, 2016. 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

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
<b>Current</b>			
Accounts receivable	\$ 15,060,237	14,741,271	11,300,841
Less: Allowance for impairment	(602,560)	(539,361)	(601,003)
	<u>14,457,677</u>	<u>14,201,910</u>	<u>10,699,838</u>
Installment sales receivable	73,594,305	71,073,596	66,752,802
Less: Unearned interests	(6,652,743)	(6,421,195)	(6,123,098)
Allowance for impairment	(2,250,441)	(2,109,303)	(1,846,489)
	<u>64,691,121</u>	<u>62,543,098</u>	<u>58,783,215</u>
Leases receivable (included operating leases)	83,003,772	83,335,162	76,987,845
Less: Unearned revenue	(9,412,395)	(9,593,354)	(9,253,181)
Allowance for impairment	(3,080,676)	(3,222,114)	(2,721,651)
	<u>70,510,701</u>	<u>70,519,694</u>	<u>65,013,013</u>
Loans receivable	38,472,028	39,255,476	33,127,771
Less: Allowance for impairment	(994,775)	(914,095)	(887,799)
	<u>37,477,253</u>	<u>38,341,381</u>	<u>32,239,972</u>
<b>Sub-total of current accounts</b>	<u>187,136,752</u>	<u>185,606,083</u>	<u>166,736,038</u>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
<b>Non-Current</b>			
Accounts receivable	3,333,120	2,653,946	2,796,550
Less: Allowance for impairment	<u>(63,212)</u>	<u>(52,402)</u>	<u>(53,576)</u>
	<u>3,269,908</u>	<u>2,601,544</u>	<u>2,742,974</u>
Installment sales receivable	27,016,573	26,769,295	26,379,742
Less: Unearned interests	(2,498,192)	(2,478,530)	(2,307,825)
Allowance for impairment	<u>(344,485)</u>	<u>(350,817)</u>	<u>(308,962)</u>
	<u>24,173,896</u>	<u>23,939,948</u>	<u>23,762,955</u>
Leases receivable	11,496,574	8,684,859	6,331,275
Less: Unearned revenue	(3,298,982)	(2,308,150)	(1,704,414)
Allowance for impairment	<u>(84,330)</u>	<u>(70,046)</u>	<u>(51,683)</u>
	<u>8,113,262</u>	<u>6,306,663</u>	<u>4,575,178</u>
Loans receivable	4,949,045	4,327,359	2,936,296
Less: Allowance for impairment	<u>(106,359)</u>	<u>(101,958)</u>	<u>(70,963)</u>
	<u>4,842,686</u>	<u>4,225,401</u>	<u>2,865,333</u>
<b>Sub-total of non-current accounts</b>	<u>40,399,752</u>	<u>37,073,556</u>	<u>33,946,440</u>
<b>Total accounts receivable</b>	<u>\$ 227,536,504</u>	<u>222,679,639</u>	<u>200,682,478</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Opening balance	\$ 7,360,096	6,485,351
Impairment loss recognized	1,186,590	993,959
Amounts written off	(991,128)	(902,054)
Foreign exchange gains	<u>(28,720)</u>	<u>(35,130)</u>
Ending balance	<u>\$ 7,526,838</u>	<u>6,542,126</u>

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).

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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

	<u>Gross investment in the leases</u>	<u>Unearned revenue</u>	<u>Present value of minimum leases receivable</u>
March 31, 2016			
Within operating cycle	\$ 82,850,903	(9,412,395)	73,438,508
Beyond one operating cycle to 5 years	6,302,775	(836,923)	5,465,852
Over 5 years	5,193,799	(2,462,059)	2,731,740
	<u>\$ 94,347,477</u>	<u>(12,711,377)</u>	<u>81,636,100</u>
December 31, 2015			
Within operating cycle	\$ 83,182,946	(9,593,354)	73,589,592
Beyond one operating cycle to 5 years	5,294,353	(756,927)	4,537,426
Over 5 years	3,390,506	(1,551,223)	1,839,283
	<u>\$ 91,867,805</u>	<u>(11,901,504)</u>	<u>79,966,301</u>
March 31, 2015			
Within operating cycle	\$ 76,848,958	(9,253,181)	67,595,777
Beyond one operating cycle to 5 years	4,095,879	(703,165)	3,392,714
Over 5 years	2,235,396	(1,001,249)	1,234,147
	<u>\$ 83,180,233</u>	<u>(10,957,595)</u>	<u>72,222,638</u>

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 minimum operating leases receivable under non-cancellable leases was analyzed as follows:

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Within operating cycle	\$ 2,109,647	2,076,579	1,863,885
Beyond one operating cycle to 5 years	2,438,686	2,497,887	2,618,298
Over 5 years	11,977	13,147	13,147
	<u>\$ 4,560,310</u>	<u>4,587,613</u>	<u>4,495,330</u>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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

	<u>Gross investment in the installment sales</u>	<u>Unearned interests</u>	<u>Present value of installment sales receivable</u>
March 31, 2016			
Within operating cycle	\$ 73,594,305	(6,652,743)	66,941,562
Beyond one operating cycle to 5 years	26,986,550	(2,497,309)	24,489,241
Over 5 years	<u>30,023</u>	<u>(883)</u>	<u>29,140</u>
	<u>\$ 100,610,878</u>	<u>(9,150,935)</u>	<u>91,459,943</u>
December 31, 2015			
Within operating cycle	\$ 71,073,596	(6,421,195)	64,652,401
Beyond one operating cycle to 5 years	26,733,062	(2,477,169)	24,255,893
Over 5 years	<u>36,233</u>	<u>(1,361)</u>	<u>34,872</u>
	<u>\$ 97,842,891</u>	<u>(8,899,725)</u>	<u>88,943,166</u>
March 31, 2015			
Within operating cycle	\$ 66,752,802	(6,123,098)	60,629,704
Beyond one operating cycle to 5 years	26,349,636	(2,307,023)	24,042,613
Over 5 years	<u>30,106</u>	<u>(802)</u>	<u>29,304</u>
	<u>\$ 93,132,544</u>	<u>(8,430,923)</u>	<u>84,701,621</u>

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, resulting in a gain of \$87,457 from this asset securitization. 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.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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

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

(e) Other current assets - others

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Prepayments	\$ 1,617,360	1,316,868	1,544,781
Prepaid expenses	1,281,190	1,357,203	1,447,898
Foreclosed assets	34,185	35,914	48,320
Others	<u>4,963</u>	<u>10,386</u>	<u>9,056</u>
	<u>\$ 2,937,698</u>	<u>2,720,371</u>	<u>3,050,055</u>

As of March 31, 2016, December 31, 2015 and March 31, 2015, foreclosed assets held by the Group were as follows:

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Foreclosed assets	\$ 55,925	52,948	71,220
Less: Accumulated impairment	<u>(21,740)</u>	<u>(17,034)</u>	<u>(22,900)</u>
	<u>\$ 34,185</u>	<u>35,914</u>	<u>48,320</u>

For the three months ended March 31, 2016 and 2015, the Group recognized an impairment loss of \$4,708 and a gain on reversal of impairment loss \$18,774, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$17,604 was recognized thereon for the three months ended March 31, 2016.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(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:

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Investments in affiliates	\$ <u>432,876</u>	<u>365,278</u>	<u>212,760</u>
	<u>For the three months ended March 31,</u>		
	<u>2016</u>	<u>2015</u>	
Comprehensive income attributable to the Group			
Loss for the period	\$ (2,484)		(8,272)
Other comprehensive income	<u>1,793</u>	<u>-</u>	
Total comprehensive income	\$ <u>(691)</u>		<u>(8,272)</u>

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).

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the three months ended March 31, 2016 and 2015, were as follows:

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:					
Balance at January 1, 2016	\$ 3,063,847	9,363,546	1,233,559	143,760	13,804,712
Additions	-	684,335	111,474	460	796,269
Reclassification	-	-	6	-	6
Disposals	-	(497,725)	(90,740)	-	(588,465)
Effect of movements in exchange rate	<u>(7,070)</u>	<u>(25,869)</u>	<u>(1,017)</u>	<u>(678)</u>	<u>(34,634)</u>
Balance at March 31, 2016	\$ <u>3,056,777</u>	<u>9,524,287</u>	<u>1,253,282</u>	<u>143,542</u>	<u>13,977,888</u>
Balance at January 1, 2015	\$ 3,060,206	8,055,558	1,098,529	125,923	12,340,216
Additions	16,982	674,165	55,120	-	746,267
Reclassification	-	281	-	-	281
Disposals	-	(312,084)	(164,087)	-	(476,171)
Effect of movements in exchange rate	<u>(15,575)</u>	<u>(18,764)</u>	<u>(5,834)</u>	<u>(170)</u>	<u>(40,343)</u>
Balance at March 31, 2015	\$ <u>3,061,613</u>	<u>8,399,156</u>	<u>983,728</u>	<u>125,753</u>	<u>12,570,250</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Depreciation and impairment losses:					
Balance at January 1, 2016	\$ 491,118	2,607,269	668,413	105,254	3,872,054
Depreciation for the period	13,900	377,930	42,351	3,529	437,710
Impairment loss	-	72,703	9,000	-	81,703
Reclassification	-	-	6	-	6
Disposals	-	(301,347)	(37,337)	-	(338,684)
Effect of movements in exchange rate	(578)	(4,456)	(1,116)	(338)	(6,488)
Balance at March 31, 2016	<u>\$ 504,440</u>	<u>2,752,099</u>	<u>681,317</u>	<u>108,445</u>	<u>4,046,301</u>
Balance at January 1, 2015	\$ 438,336	1,966,842	842,851	94,331	3,342,360
Depreciation for the period	13,516	335,847	29,881	2,793	382,037
Impairment loss	-	70,819	-	-	70,819
Disposals	-	(191,152)	(153,793)	-	(344,945)
Effect of movements in exchange rate	(603)	(2,359)	(4,662)	(109)	(7,733)
Balance at March 31, 2015	<u>\$ 451,249</u>	<u>2,179,997</u>	<u>714,277</u>	<u>97,015</u>	<u>3,442,538</u>
Carrying amounts:					
Balance at January 1, 2016	<u>\$ 2,572,729</u>	<u>6,756,277</u>	<u>565,146</u>	<u>38,506</u>	<u>9,932,658</u>
Balance at March 31, 2016	<u>\$ 2,552,337</u>	<u>6,772,188</u>	<u>571,965</u>	<u>35,097</u>	<u>9,931,587</u>
Balance at January 1, 2015	<u>\$ 2,621,870</u>	<u>6,088,716</u>	<u>255,678</u>	<u>31,592</u>	<u>8,997,856</u>
Balance at March 31, 2015	<u>\$ 2,610,364</u>	<u>6,219,159</u>	<u>269,451</u>	<u>28,738</u>	<u>9,127,712</u>

Recognition and reversal of impairment losses were charged to operating costs under the cost of rental revenue.

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

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2016	<u>\$ 12,680</u>	<u>32,827</u>	<u>45,507</u>
Balance at March 31, 2016	<u>\$ 12,680</u>	<u>32,695</u>	<u>45,375</u>
Balance at January 1, 2015	<u>\$ 12,680</u>	<u>22,911</u>	<u>35,591</u>
Balance at March 31, 2015	<u>\$ 12,680</u>	<u>26,194</u>	<u>38,874</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2016 and 2015. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(i) of the 2015 annual consolidated financial statements for other related information.

(i) Long-term and short-term borrowings

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

<b>2016.3.31</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Year of Maturity</b>	<b>Amount</b>
Secured bank loans	TWD	1.20%~2.11%	2016~2021	\$ 1,394,461
"	USD	1.30%~4.25%	2016~2017	1,788,602
"	THB	2.20%~4.75%	2016~2018	8,508,065
"	CNY	4.13%~6.76%	2016~2019	15,889,216
"	VND	3.70%~5.60%	2016~2017	1,868,526
Unsecured bank loans	TWD	0.87%~2.00%	2016~2019	91,759,885
"	USD	1.40%~3.19%	2016~2019	21,643,141
"	EUR	1.35%	2016	222,711
"	THB	2.18%~7.38%	2016~2019	7,869,747
"	JPY	1.20%~1.46%	2016	20,051
"	CNY	4.27%~6.76%	2016~2018	23,707,915
"	HKD	1.65%	2016	87,148
Other unsecured loans	THB	2.20%~2.30%	2016	999,467
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
"	USD	1.15%~1.18%	2030	191,910
Total				<u>\$ 181,415,845</u>
Current				\$ 151,379,605
Non-current				30,036,240
Total				<u>\$ 181,415,845</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

<b>2015.12.31</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Secured bank loans	TWD	1.27%~1.58%	2016~2019	\$ 364,854
"	USD	1.30%~4.00%	2016~2017	1,708,037
"	THB	2.20%~4.75%	2016~2018	8,423,466
"	CNY	4.13%~6.76%	2016~2018	18,012,131
"	VND	3.60%~5.40%	2016	1,868,104
Unsecured bank loans	TWD	0.91%~1.97%	2016~2018	87,054,898
"	USD	1.27%~3.09%	2016~2017	21,957,824
"	EUR	1.35%	2016	229,632
"	THB	2.20%~7.38%	2016~2018	7,776,650
"	JPY	1.20%~1.51%	2016	189,579
"	CNY	4.27%~6.76%	2016~2018	22,586,286
Other unsecured loans	THB	2.20%~2.30%	2016	1,523,738
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
"	USD	0.82%~1.01%	2030	197,792
Total				<b>\$ 177,357,991</b>
Current				\$ 148,466,019
Non-current				28,891,972
Total				<b>\$ 177,357,991</b>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

<b>2015.3.31</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Year of Maturity</b>	<b>Amount</b>
Secured bank loans	TWD	1.30%~1.65%	2015~2019	\$ 727,587
"	USD	1.80%~2.61%	2015~2017	1,386,791
"	THB	2.50%~4.75%	2015~2018	9,172,085
"	CNY	4.75%~6.77%	2015~2018	15,585,143
"	VND	4.00%~6.70%	2015~2016	1,176,633
Unsecured bank loans	TWD	0.94%~1.98%	2015~2018	76,869,807
"	USD	1.00%~2.08%	2015~2017	17,933,178
"	EUR	1.37%	2015	80,760
"	THB	2.45%~7.50%	2015~2016	7,183,648
"	JPY	1.20%	2015	321,614
"	CNY	4.75%~6.77%	2015~2018	22,294,234
Other unsecured loans	THB	2.55%~2.90%	2015	2,379,367
"	TWD	7.83%	2015	4,909
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
"	USD	0.82%~0.86%	2030	<u>208,294</u>
Total				<u>\$ 160,789,050</u>
Current				\$ 122,281,956
Non-current				<u>38,507,094</u>
Total				<u>\$ 160,789,050</u>

For information on the Group's interest risk, currency risk, and liquidity risk, please refer 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) 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, etc.) Otherwise, the loans are due and payable immediately.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

- 2) 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.
- 3) 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.
- 4) A subsidiary, Grand Pacific 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.
- 5) 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.
- 6) 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, and 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.
- 7) 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.
- 8) 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.
- 9) 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.
- 10) 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.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

As of December 31, 2015 the Group was in compliance with the financial covenants mentioned above.

(j) Bonds payable

Period	Interest Rate	Principal Amount	Repayment Terms	2016.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
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.	\$ 2,000,000	-	None
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	700,000	700,000	"
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	"	-	3,000,000	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	220,440	-	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	1,194,050	-	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	91,850	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	192,885	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	137,775	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	202,070	"
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	197,478	-	"
2014.07.18~ 2017.07.25	4.050%	THB 500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	459,250	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	-	293,920	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	183,700	"

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Period	Interest Rate	Principal Amount	Repayment Terms	2016.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.09.26~ 2017.09.25	3.950%	THB 250,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	229,625	None
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	-	91,850	"
2014.11.07~ 2016.11.07	3.700%	THB 160,000	"	146,960	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	183,700	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	119,405	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	110,220	-	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	174,515	-	"
2015.01.28~ 2017.01.28	3.600%	THB 300,000	"	275,550	-	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	-	91,850	"
2015.05.14~ 2017.05.15	3.500%	THB 120,000	"	-	110,220	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	-	275,550	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	-	137,775	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	-	137,775	"
2015.12.25~ 2017.11.15	2.680%	THB 100,000	"	-	91,850	"
2016.02.02~ 2019.02.02	2.970%	THB 300,000	"	-	275,550	"
2016.02.17~ 2019.02.17	2.970%	THB 100,000	"	-	91,850	"
2016.03.29~ 2019.04.03	2.920%	THB 155,000	"	-	142,368	"
Bonds payable (Gross)				5,019,213	9,690,818	
Discounts on bonds payable				(479)	(1,835)	
				<b>\$ 5,018,734</b>	<b>9,688,983</b>	

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Period	Interest Rate	Principal Amount	Repayment Terms	2015.12.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	50,000	-	None
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	"	50,000	-	"
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.	2,000,000	-	"
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	700,000	700,000	"
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	"	-	3,000,000	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	219,504	-	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	1,188,980	-	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	91,460	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	192,066	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	137,190	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	201,212	"
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	196,639	-	"

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Period	Interest Rate	Principal Amount	Repayment Terms	2015.12.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.07.18~ 2017.07.25	4.050%	THB 500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	457,300	None
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	-	292,672	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	182,920	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	-	228,650	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	-	91,460	"
2014.11.07~ 2016.11.07	3.700%	THB 160,000	"	146,336	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	182,920	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	118,898	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	109,752	-	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	173,774	-	"
2015.01.28~ 2017.01.28	3.600%	THB 300,000	"	-	274,380	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	-	91,460	"
2015.05.14~ 2017.05.15	3.500%	THB 120,000	"	-	109,752	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	-	274,380	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	-	137,190	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	-	137,190	"
2015.12.25~ 2017.11.15	2.680%	THB 100,000	"	-	91,460	"
Bonds payable (Gross)				4,834,985	9,442,560	
Discounts on bonds payable				(698)	(1,740)	
				<u>\$ 4,834,287</u>	<u>9,440,820</u>	

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Period	Interest Rate	Principal Amount	Repayment Terms	2015.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2010.11.17~ 2015.11.17	2.058%~ 2.088%	400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	\$ 400,000	-	None
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	"	50,000	-	"
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	"	50,000	-	"
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	1,000,000	"
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	-	1,400,000	"
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	"
2013.02.22~ 2015.08.21	4.550%	THB 350,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	338,275	-	"
2014.05.09~ 2016.05.16	3.820%	THB 240,000	"	-	231,960	"
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	"	-	1,256,450	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	96,650	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	-	202,965	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	-	144,975	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	-	212,630	"

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Period	Interest Rate	Principal Amount	Repayment Terms	2015.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	207,797	None
2014.07.18~ 2017.07.25	4.050%	THB 500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	483,250	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	-	309,280	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	193,300	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	-	241,625	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	-	96,650	"
2014.11.07~ 2016.11.07	3.700%	THB 160,000	"	-	154,640	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	193,300	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	125,645	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	-	115,980	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	-	183,635	"
2015.01.28~ 2017.01.28	3.600%	THB 300,000	"	-	289,950	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	-	96,650	"
2012.04.05~ 2015.04.05	5.000%	CNY 750,000	"	3,782,996	-	"
Bonds payable (Gross)				5,621,271	9,687,332	
Discounts on bonds payable				(79)	(3,607)	
				<u>\$ 5,621,192</u>	<u>9,683,725</u>	

Financial covenants of significant loans and borrowings:

A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., issued three-year CNY bonds in Hong Kong, under which, Chailease Finance Co., Ltd. shall maintain certain consolidated financial ratios on balance sheet date. (i.e. equity ratio, tangible net worth, interest coverage ratio, etc.) Otherwise, the bonds are due and payable immediately. These bonds have been paid as of April 5, 2015.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(k) Operating Leases

1. Leases entered into as lessee

Future lease commitments under these non-cancellable operating leases were as follows:

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Within 1 year	\$ 183,829	175,383	246,794
Beyond 1 year but up to 5 years	489,693	520,656	594,148
Over 5 years	<u>127,209</u>	<u>132,604</u>	<u>133,245</u>
	<u>\$ 800,731</u>	<u>828,643</u>	<u>974,187</u>

(l) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2015 and 2014.

The Group's pension costs recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Operating expenses	\$ <u>19,076</u>	<u>18,644</u>

2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Operating costs	\$ 495	461
Operating expenses	<u>37,418</u>	<u>23,677</u>
Total	<u>\$ 37,913</u>	<u>24,138</u>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(m) Income taxes

1. Income Tax Expense

The components of income tax were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Total income tax expense from continuing operations	\$ <u>595,317</u>	<u>592,734</u>

The amount of income tax recognized in other comprehensive income was as follows:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Items that will not be reclassified subsequently to profit loss:		
Remeasurement actuarial gains from defined benefit plans	\$ <u>123</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	\$ <u>28,593</u>	<u>14,426</u>

(n) Share capital and other equity accounts

Except for the following, there were no significant changes in capital and reserves for the three months ended March 31, 2016 and 2015. Please refer to Note (6)(o) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

1. Share capital

Due to the capital required 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 March 31, 2016, December 31, 2015 and March 31, 2015, the Company has listed, 1,365,667, 1,365,667, and 2,744,313 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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. Retained earnings

According to the Articles of Association, which was revised through a resolution approved by the stockholders' meeting on May 30, 2014, 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. The remaining earnings for each accounting period and the unappropriated retained earnings are distributed according to the stockholders' approval in compliance with the following order of distribution:

- a) between 0.01% and 1% of such remaining amount as employees' bonus for each accounting period;
- b) between 0.01% and 0.1% of such remaining amount as directors' bonus for each accounting period; and
- c) dividends of at least 20% of such remaining amount of which cash dividends shall not be less than 30% of the total amount of dividends.

According to the Articles of Association, which was approved by the board of directors but yet to be amended by the stockholders, 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.

1) Earnings distribution

For the three months ended March 31, 2015, the Company accrued employee benefits of \$259, and the board of directors' remuneration of \$1,382. These amounts were estimated from the Group's net profit attributed to owners of parent for the three months ended March 31, 2015, according to the earnings allocation method, priority and factor for employee benefits and the board of directors' remuneration as stated under the Articles of Association. These benefits were charged to profit or loss under operating expenses for the three months ended March 31, 2015 when the employee service is rendered.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

In its financial statements for the years 2014, the Company accrued employee benefits of \$1,024, and the board of directors' remuneration of \$5,460. There were no differences between the actual distributions of 2014 earnings in 2015 and those which were estimated and accrued in the financial statements for the periods.

On March 17, 2016, the Company's board of directors resolved to appropriate the 2015 earnings. On May 28, 2015, the shareholder's meetings resolved to distribute the 2014 earnings. These earnings were appropriated as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Dividend per share (\$)</u>	<u>Amount</u>	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to common shareholders				
Cash	\$ 3.10	3,531,613	2.80	3,067,157
Stock	-	-	0.40	438,166
Total		<u>\$ 3,531,613</u>		<u>3,505,323</u>

The related information of the Company's earnings distribution 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:

	<u>For the three months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Profit attributable to common stockholders of the Company	<u>\$ 1,621,126</u>	<u>1,709,446</u>
Weighted average number of ordinary shares	<u>\$ 1,139,230</u>	<u>1,139,230</u>
Weighted average number of ordinary shares (Diluted)	<u>\$ 1,139,249</u>	<u>1,139,234</u>

Note: Potential ordinary shares have no dilutive effects.

(p) Employee and board of directors compensation

According to the Articles of Association, which was approved by the board of directors on March 3, 2016, but yet to be amended by the stockholders, 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:

- Between 0.01% and 1% of the surplus profits before tax of each financial years as employees' compensation;
- Not to exceed 0.1% of the surplus profits before tax of each financial year as directors' compensation.

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

For the three months ended March 31, 2016, compensation for employees and the board of directors amounted to \$244 and \$1,137, respectively. These amounts were estimated using the Company's profit before tax before remuneration of employee and the board of directors for the periods described above, and were determined according to the earnings allocation method, priority and factor for employee benefits and the board of directors' remuneration as stated under the Company's Articles of Association. These estimated compensation costs were accrued and charged to profit or loss in the period when the employee service is rendered. According to management, the difference between the actual distribution and estimated amounts of employee as well as the board of directors compensation, if any, will be treated as a change in accounting estimate and adjusted in profit or loss in the following year.

(q) Net other income and expenses

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

	For the three months ended March 31,	
	2016	2015
Losses on disposal of foreclosed assets	\$ (17,604)	-
(Losses) gains on reversal of impairment loss of foreclosed assets	(4,708)	18,774
Gains on doubtful debt recoveries	51,587	46,406
Others	-	11
	<u>\$ 29,275</u>	<u>65,191</u>

(r) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2016	2015
Foreign exchange gains	\$ 9,589	2,942
Net gains on disposal of property, plant, and equipment	8	274
Net gains on disposal of available-for-sale financial assets	1,993	-
Net gains on valuation of financial assets (liabilities) measured at fair value through profit or loss	15,893	17,578
Others	56,748	12,326
	<u>\$ 84,231</u>	<u>33,120</u>

(s) Adjustments to other comprehensive income

	For the three months ended March 31,	
	2016	2015
Available-for-sale financial assets		
Net change in fair value	\$ 37,510	11,691
Net change in fair value reclassified to profit or loss	(1,993)	-
Net change in fair value recognized in other comprehensive income	<u>\$ 35,517</u>	<u>11,691</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

(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 March 31, 2016, December 31, 2015 and March 31, 2015, the Group's maximum exposure to credit risks amounted to \$267,110,735, \$262,748,664 and \$244,277,787, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$137,213, \$149,905 and \$195,812 as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

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

	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
<b>March 31, 2016</b>					
<b>Gross loans and receivables:</b>					
Neither past due nor impaired	\$ 123,691,012	24,710,825	68,474,821	5,734,450	222,611,108
Past due	153,088	-	-	148,293	301,381
Impaired	<u>4,206,526</u>	<u>3,360,339</u>	<u>3,974,407</u>	<u>393,579</u>	<u>11,934,851</u>
	<u>\$128,050,626</u>	<u>28,071,164</u>	<u>72,449,228</u>	<u>6,276,322</u>	<u>234,847,340</u>
<b>Allowance for impairment</b>					
Collectively assessed	\$ 1,340,300	434,000	1,427,377	297,037	3,498,714
Individually assessed	<u>1,644,517</u>	<u>306,501</u>	<u>1,829,697</u>	<u>168,620</u>	<u>3,949,335</u>
	<u>\$ 2,984,817</u>	<u>740,501</u>	<u>3,257,074</u>	<u>465,657</u>	<u>7,448,049</u>
<b>December 31, 2015</b>					
<b>Gross loans and receivables:</b>					
Neither past due nor impaired	\$ 117,467,121	24,370,296	70,501,289	5,852,828	218,191,534
Past due	147,748	-	-	181,061	328,809
Impaired	<u>3,488,715</u>	<u>3,398,415</u>	<u>4,089,842</u>	<u>325,473</u>	<u>11,302,445</u>
	<u>\$121,103,584</u>	<u>27,768,711</u>	<u>74,591,131</u>	<u>6,359,362</u>	<u>229,822,788</u>
<b>Allowance for impairment</b>					
Collectively assessed	\$ 1,325,639	417,484	1,449,065	305,778	3,497,966
Individually assessed	<u>1,438,024</u>	<u>269,634</u>	<u>1,926,341</u>	<u>161,089</u>	<u>3,795,088</u>
	<u>\$ 2,763,663</u>	<u>687,118</u>	<u>3,375,406</u>	<u>466,867</u>	<u>7,293,054</u>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
<b>March 31, 2015</b>					
<b>Gross loans and receivables:</b>					
Neither past due nor impaired	\$ 102,412,382	25,209,489	64,638,364	4,248,328	196,508,563
Past due	102,384	-	-	169,711	272,095
Impaired	<u>2,583,515</u>	<u>3,521,975</u>	<u>3,667,246</u>	<u>402,655</u>	<u>10,175,391</u>
	<u>\$105,098,281</u>	<u>28,731,464</u>	<u>68,305,610</u>	<u>4,820,694</u>	<u>206,956,049</u>
<b>Allowance for impairment</b>					
Collectively assessed	\$ 1,209,636	350,209	1,407,265	363,857	3,330,967
Individually assessed	<u>1,309,958</u>	<u>291,262</u>	<u>1,331,802</u>	<u>205,394</u>	<u>3,138,416</u>
	<u>\$ 2,519,594</u>	<u>641,471</u>	<u>2,739,067</u>	<u>569,251</u>	<u>6,469,383</u>

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.

3) Loans and receivables which were past due

The results of the Group's review disclosed that the level of collateral pledged by customers exceed the carrying amounts of these past due loans and receivables so that no impairment loss was recognized thereon.

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

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Past due up to 30 days	\$ 266,162	181,037	138,873
31 to 90 days	35,219	73,200	109,607
91 to 180 days	-	74,572	23,615
	<u>\$ 301,381</u>	<u>328,809</u>	<u>272,095</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

4) Impaired loans and receivables

Impaired loans and receivables are loans and receivables for which the Group determines 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:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>On demand</u>
<b>March 31, 2016</b>								
<b>Non-derivative financial liabilities</b>								
Bank overdraft	\$ 16,715	16,715	-	-	-	-	-	16,715
Secured bank loans	29,448,870	29,854,713	4,880,219	4,752,474	9,514,915	10,707,105	-	-
Unsecured bank loans	145,293,883	145,972,233	46,999,618	28,370,442	28,839,652	41,762,521	-	-
Other unsecured loans	999,467	1,004,840	238,810	261,773	504,257	-	-	-
Notes payable from securitization	5,656,910	5,976,301	8,871	17,743	79,842	5,656,393	213,452	-
Bonds payables	14,707,717	15,667,019	3,746	2,544,749	1,092,486	9,906,388	2,119,650	-
Other payables	6,266,943	6,281,374	4,079,974	553,748	692,594	381,444	-	573,614
Deposits relating to collateral of customers	25,611,358	25,630,747	252,777	813,038	5,055,003	18,744,215	-	765,714
	<u>\$ 228,001,863</u>	<u>230,403,942</u>	<u>56,464,015</u>	<u>37,313,967</u>	<u>45,778,749</u>	<u>87,158,066</u>	<u>2,333,102</u>	<u>1,356,043</u>
<b>December 31, 2015</b>								
<b>Non-derivative financial liabilities</b>								
Bank overdraft	\$ 4,548	4,548	-	-	-	-	-	4,548
Secured bank loans	30,376,592	32,148,711	4,464,274	3,222,045	9,942,150	14,520,242	-	-
Unsecured bank loans	139,790,321	143,397,987	55,853,154	18,216,341	30,549,409	38,779,083	-	-
Other unsecured loans	1,523,738	1,529,211	237,796	985,024	306,391	-	-	-
Notes payable from securitization	5,662,792	6,004,991	8,850	17,699	79,648	5,681,410	217,384	-
Bonds payables	14,275,107	15,244,116	118,105	37,776	3,306,104	9,662,481	2,119,650	-
Other payables	6,932,789	6,935,189	4,467,353	871,553	547,407	347,044	-	701,832
Deposits relating to collateral of customers	25,089,282	25,104,584	228,586	570,606	5,410,706	18,258,444	-	636,242
	<u>\$ 223,655,169</u>	<u>230,369,337</u>	<u>65,378,118</u>	<u>23,921,044</u>	<u>50,141,815</u>	<u>87,248,704</u>	<u>2,337,034</u>	<u>1,342,622</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>On demand</u>
<b>March 31, 2015</b>								
<b>Non-derivative financial liabilities</b>								
Bank overdraft	\$ 5,614	5,614	-	-	-	-	-	5,614
Secured bank loans	28,048,239	23,769,688	1,553,390	2,743,425	5,457,739	14,015,134	-	-
Unsecured bank loans	124,677,627	125,937,125	32,311,104	21,981,669	29,596,690	42,047,662	-	-
Other unsecured loans	2,384,276	2,396,721	659,713	1,160,514	576,494	-	-	-
Notes payable from securitization	5,673,294	6,117,809	8,832	17,663	79,485	5,784,728	227,101	-
Bonds payables	15,304,917	16,290,029	3,791,067	84,326	1,068,895	9,182,341	2,163,400	-
Other payables	4,856,367	4,662,709	3,111,251	256,001	559,981	213,130	-	522,346
Deposits relating to collateral of customers	22,565,998	20,197,001	173,959	362,573	4,273,145	14,630,283	-	757,041
	<u>\$ 203,516,332</u>	<u>199,376,696</u>	<u>41,609,316</u>	<u>26,606,171</u>	<u>41,612,429</u>	<u>85,873,278</u>	<u>2,390,501</u>	<u>1,285,001</u>

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:

		<b>2016.3.31</b>		
		<u>Foreign currency (In thousands)</u>	<u>Exchange rate</u>	<u>Functional currency</u>
<b>Financial assets</b>				
<b>Monetary items</b>				
USD	\$	10,665.28	USD : TWD 32.1850	343,262
		7,322.22	USD : VND 24,383	235,666
CNY		6,865.97	CNY : USD 0.1545	34,138
<b>Financial liabilities</b>				
<b>Monetary items</b>				
USD	\$	83,460.50	USD : TWD 32.1850	2,686,176
		4,772.53	USD : VND 24,383	153,604

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

		2015.12.31		
		Foreign currency (In thousand)	Exchange rate	Functional currency
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	12,519.75	USD : TWD 32.8250	410,961
		8,258.00	USD : VND 23,363	271,069
CNY		6,828.63	CNY : USD 0.1522	34,109
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		79,136.00	USD : TWD 32.8250	2,597,639
		5,334.63	USD : VND 23,363	175,109
		2015.3.31		
		Foreign currency (In thousands)	Exchange rate	Functional currency
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	3,000.00	USD : TWD 31.3000	93,887
		7,788.00	USD : VND 22,278	243,757
CNY		21,641.00	CNY : USD 0.1612	109,158
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$	72,810.00	USD : TWD 31.3000	2,278,953
		5,906.00	USD : VND 22,278	184,871
CNY		750,000.00	CNY : USD 0.1612	3,782,996

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 \$12,994 and \$11,389, for the three months ended March 31, 2016 and 2015, respectively. Such analysis was performed on the same basis for both periods.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

**(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 three months ended March 31, 2016 and 2015, the foreign currency gain or loss, including realized and unrealized, amounted to \$9,589 of gain and \$2,942 of gain, respectively.

4. Interest analysis

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

Ending balance as of March 31, 2016	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
<b>Financial assets</b>							
Cash and cash equivalents	0.60 %	\$ 11,910,953	8,992,547	1,087,359	-	-	1,831,047
Debt securities	6.24 %	10,557,559	-	4,646,979	5,910,580	-	-
Total accounts receivables	10.69 %	235,063,342	28,333,964	117,024,940	85,541,025	1,240,756	2,922,657
Cross currency swap contracts	1.16 %	122,565	122,565	-	-	-	-
		<u>257,654,419</u>	<u>37,449,076</u>	<u>122,759,278</u>	<u>91,451,605</u>	<u>1,240,756</u>	<u>4,753,704</u>
<b>Financial liabilities</b>							
Secured bank loans	4.86 %	29,448,870	18,257,571	5,898,538	5,292,761	-	-
Unsecured bank loans	2.27 %	145,293,883	86,847,668	45,004,681	13,441,534	-	-
Bonds payables	2.55 %	14,707,717	-	3,318,734	9,388,983	2,000,000	-
Bank overdraft	7.38 %	16,715	16,715	-	-	-	-
Other unsecured loans	2.22 %	999,467	-	999,467	-	-	-
Notes payable from securitization	2.25 %	5,656,910	191,910	-	5,465,000	-	-
Deposits relating to collateral of customers	0.46 %	25,611,358	-	2,399,950	5,134,396	336	18,076,676
		<u>221,734,920</u>	<u>105,313,864</u>	<u>57,621,370</u>	<u>38,722,674</u>	<u>2,000,336</u>	<u>18,076,676</u>
<b>Net exposure</b>		<b>\$ <u>35,919,499</u></b>	<b><u>(67,864,788)</u></b>	<b><u>65,137,908</u></b>	<b><u>52,728,931</u></b>	<b><u>(759,580)</u></b>	<b><u>(13,322,972)</u></b>

Ending balance as of December 31, 2015	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
<b>Financial assets</b>							
Cash and cash equivalents	0.87 %	\$ 11,097,812	8,351,786	1,052,911	-	-	1,693,115
Debt securities	6.30 %	10,669,495	693,713	4,117,714	5,858,068	-	-
Total accounts receivables	11.37 %	230,039,735	26,689,972	108,703,310	83,340,548	1,240,458	10,065,447
Interest rate swap contracts	1.80 %	1,385	1,385	-	-	-	-
Cross currency swap contracts	1.30 %	184,147	184,147	-	-	-	-
		<u>251,992,574</u>	<u>35,921,003</u>	<u>113,873,935</u>	<u>89,198,616</u>	<u>1,240,458</u>	<u>11,758,562</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

Ending balance as of December 31, 2015	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1-5 years	More than 5 years	
<b>Financial liabilities</b>							
Secured bank loans	4.97 %	30,376,592	21,754,766	2,949,232	5,672,594	-	-
Unsecured bank loans	2.30 %	139,790,321	78,799,981	45,922,791	15,067,549	-	-
Bonds payables	2.53 %	14,275,107	100,000	3,034,287	9,140,820	2,000,000	-
Bank overdraft	7.38 %	4,548	4,548	-	-	-	-
Other unsecured loans	2.26 %	1,523,738	-	1,523,738	-	-	-
Notes payable from securitization	1.88 %	5,662,792	197,792	-	5,465,000	-	-
Deposits relating to collateral of customers	0.30 %	25,089,282	-	1,995,033	5,080,473	-	18,013,776
		<u>216,722,380</u>	<u>100,857,087</u>	<u>55,425,081</u>	<u>40,426,436</u>	<u>2,000,000</u>	<u>18,013,776</u>
<b>Net exposure</b>		<u>\$ 35,270,194</u>	<u>(64,936,084)</u>	<u>58,448,854</u>	<u>48,772,180</u>	<u>(759,542)</u>	<u>(6,255,214)</u>

Ending balance as of March 31, 2015	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1-5 years	More than 5 years	
<b>Financial assets</b>							
Cash and cash equivalents	0.73 %	\$ 12,872,757	10,795,460	656,463	-	-	1,420,834
Debt securities	6.60 %	8,380,607	702,868	2,812,525	4,865,214	-	-
Total accounts receivables	11.46 %	207,224,604	23,351,603	105,037,964	75,128,633	1,213,569	2,492,835
Interest rate swap contract	1.59 %	79,044	79,044	-	-	-	-
		<u>228,557,012</u>	<u>34,928,975</u>	<u>108,506,952</u>	<u>79,993,847</u>	<u>1,213,569</u>	<u>3,913,669</u>
<b>Financial liabilities</b>							
Secured bank loans	5.50 %	28,048,239	18,717,044	4,155,175	5,176,020	-	-
Unsecured bank loans	2.56 %	124,677,627	68,659,854	42,035,296	13,982,477	-	-
Bonds payables	3.70 %	15,304,917	500,000	4,121,192	8,683,725	2,000,000	-
Bank overdraft	7.50 %	5,614	5,614	-	-	-	-
Other unsecured loans	2.88 %	2,384,276	-	2,384,276	-	-	-
Notes payable from securitization	1.87 %	5,673,294	208,294	-	5,465,000	-	-
Deposits relating to collateral of customers	0.17 %	22,565,998	-	2,782,263	3,470,328	-	16,313,407
Interest rate swap contract	0.95 %	1,040	1,040	-	-	-	-
		<u>198,661,005</u>	<u>88,091,846</u>	<u>55,478,202</u>	<u>36,777,550</u>	<u>2,000,000</u>	<u>16,313,407</u>
<b>Net exposure</b>		<u>\$ 29,896,007</u>	<u>(53,162,871)</u>	<u>53,028,750</u>	<u>43,216,297</u>	<u>(786,431)</u>	<u>(12,399,738)</u>

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.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

If the interest rate increases or decreases by 0.25%, the Group's net profit will decrease or increase by \$134,091 and \$120,187 for the three months ended March 31, 2016 and 2015, respectively. This analysis assumes that all other variables remain constant.

**5. Fair value information**

**1) The Categories and Fair Values of Financial Instruments**

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, the fair value information need not be disclosed:

	March 31, 2016				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
<b>Financial assets at fair value though profit or loss</b>					
Financial assets held for trading	\$ 280,124	275,018	5,106	-	280,124
<b>Hedging of derivative financial assets</b>	117,459	-	117,459	-	117,459
<b>Available-for-sale financial assets</b>					
Domestic and foreign market (OTC) stocks	1,266,727	208,573	1,058,154	-	1,266,727
Measure the fair value of unquoted equity instruments	503,789	-	-	503,789	503,789
Sub-total	1,770,516	208,573	1,058,154	503,789	1,770,516
<b>Held-to-maturity investments</b>	10,557,559	-	-	-	-
<b>Loan and receivable</b>					
Cash and cash equivalents	11,910,953	-	-	-	-
Accounts receivable	227,536,504	-	-	-	-
Other financial assets	1,533,493	-	-	-	-
Refundable deposits	1,130,530	-	-	-	-
Restricted bank deposits	2,112,735	-	-	-	-
Sub-total	244,224,215	-	-	-	-
<b>Total</b>	<b>\$ 256,949,873</b>	<b>483,591</b>	<b>1,180,719</b>	<b>503,789</b>	<b>2,168,099</b>



(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	December 31, 2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Measurement of financial liabilities at amortized cost</b>					
Bank overdraft	\$ 4,548	-	-	-	-
Secured bank loans	30,376,592	-	-	-	-
Unsecured bank loans	139,790,321	-	-	-	-
Unsecured other loans	1,523,738	-	-	-	-
Notes payable from securitization	5,662,792	-	-	-	-
Bonds payable	14,275,107	-	-	-	-
Accounts payable	6,932,789	-	-	-	-
Guarantee deposits	25,089,282	-	-	-	-
Sub-total	223,655,169	-	-	-	-
Total	\$ 223,655,169	-	-	-	-
	March 31, 2015				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets held for trading	\$ 290,810	246,828	43,982	-	290,810
Financial assets at fair value through profit or loss	702,869	-	-	702,869	702,869
Sub-total	993,679	246,828	43,982	702,869	993,679
<b>Hedging of derivative financial assets</b>	35,062	-	35,062	-	35,062
<b>Available-for-sale financial assets</b>					
Domestic and foreign market (OTC) stocks	1,131,099	84,857	1,046,242	-	1,131,099
Measure the fair value of unquoted equity instruments	498,000	-	-	498,000	498,000
Sub-total	1,629,099	84,857	1,046,242	498,000	1,629,099
<b>Held-to maturity investments</b>	7,677,738	-	-	-	-

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	March 31, 2015				Total
	Book value	Fair value			
		Level 1	Level 2	Level 3	
<b>Loan and receivable</b>					
Cash and cash equivalents	12,872,757	-	-	-	-
Accounts receivable	200,682,478	-	-	-	-
Other financial assets	1,638,722	-	-	-	-
Refundable deposits	882,350	-	-	-	-
Restricted bank deposits	3,669,059	-	-	-	-
Sub-total	219,745,366	-	-	-	-
Total	<u>\$ 230,080,944</u>	<u>331,685</u>	<u>1,125,286</u>	<u>1,200,869</u>	<u>2,657,840</u>
<b>Hedging of derivative financial liabilities</b>	\$ 1,040	-	1,040	-	1,040
<b>Measurement of financial liabilities at amortized cost</b>					
Bank overdrafts	5,614	-	-	-	-
Secured bank loans	28,048,239	-	-	-	-
Unsecured bank loans	124,677,627	-	-	-	-
Unsecured other loans	2,384,276	-	-	-	-
Notes payable from securitization	5,673,294	-	-	-	-
Bonds payable	15,304,917	-	-	-	-
Accounts payable	4,856,367	-	-	-	-
Guarantee deposits	22,565,998	-	-	-	-
Sub-total	203,516,332	-	-	-	-
Total	<u>\$ 203,517,372</u>	<u>-</u>	<u>1,040</u>	<u>-</u>	<u>1,040</u>

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.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

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.

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

	<u>At fair value through profit or loss</u>	<u>Available-for-sale financial assets</u>	
	<u>Designated at initial recognition</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
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	-	(2,058)	(2,058)
Disposal	<u>(721,807)</u>	<u>(472)</u>	<u>(722,279)</u>
Ending balance, March 31, 2016	<u>\$ -</u>	<u>503,789</u>	<u>503,789</u>
Opening balance, January 1, 2015	\$ 710,059	517,217	1,227,276
Total gains and losses recognized:			
In profit or loss	(7,190)	-	(7,190)
In other comprehensive income	-	(19,217)	(19,217)
Ending balance, March 31, 2015	<u>\$ 702,869</u>	<u>498,000</u>	<u>1,200,869</u>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

For the three months ended March 31, 2016 and 2015, 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:

	<b>For the three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Total gains and losses recognized :		
In profit or loss, and included “other gains and losses”	\$ 28,094	(7,190)
In other comprehensive income, and included “unrealized gains and losses on available-for-sale financial assets ”	(2,058)	(19,217)

**5) 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 financial assets measured at fair value through profit or loss-subordinated beneficiary certificate and 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, except that the subordinated beneficiary certificate has multiple significant unobservable inputs. For subordinated beneficiary certificate that has no active markets, the significant unobservable inputs are independent and therefore unrelated.

Quantified information of significant unobservable inputs as follows:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Non-observable Input</b>	<b>The Relationship between Significant Non-observable Input and Fair Value</b>
Financial assets measured at fair value through profit or loss - subordinated beneficiary certificate	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Expected Asset Repayment Rate (As of December 31 and March 31, 2015 the interest rate is 28.06% and 15.50%, respectively)</li> <li>• Expected Loss Given Default Rate (As of December 31 and March 31, 2015 the interest rate is 7.88% and 4.58%, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the expected asset repayment rate, the higher the fair value.</li> <li>• The lower the expected loss given default rate, the higher the fair value.</li> </ul>
Available-for-sale financial assets-equity investments	Net Asset Value Method	• Net Asset Value	• Not applicable

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

6) Sensitivity Analysis for Fair Values of Financial Instruments Using Level 3 Inputs

Management believes their fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using Level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss are as follows:

	Input	Variation	Impact or Fair Value Change on Net income or loss		Impact of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
March 31, 2015						
Financial asset at fair value through profit or loss - subordinated beneficiary certificate	Expects Asset Repayment Rate	10%	\$ <u>6,551</u>	<u>(6,551)</u>	<u>-</u>	<u>-</u>
"	Expected Loss Given Default Rate	10%	\$ <u>14,751</u>	<u>(14,751)</u>	<u>-</u>	<u>-</u>

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on different levels of unobservable inputs. The table above shows the impact of a single input. Therefore, the relations and variations between inputs are not considered.

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(v) of the consolidated financial statements for the year ended December 31, 2015.

(v) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2015. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2015. Please refer to Note (6)(w) of the consolidated financial statements for the year ended December 31, 2015 for further details.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

**(7) Related Party Transactions**

**(a) Related-party transactions**

**1. Operating revenue**

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

	<b>For the three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Affiliates	<u>\$ 72,920</u>	<u>45,082</u>

**2. Receivables from related parties**

Receivables of the Group from related parties were as follows :

<b>Account</b>	<b>Category of related party</b>	<b>2016.3.31</b>	<b>2015.12.31</b>	<b>2015.3.31</b>
Capital leases receivable	Affiliates	\$ 263	216	391
Accounts receivable	Affiliates	1,623	2,038	1,963
Other receivables	Affiliates	79,942	38,763	34,610
Other current financial assets	Affiliates	1,000	1,000	1,000
Other non-current financial assets	Affiliates	12,600	10,900	5,100
		<u>\$ 95,428</u>	<u>52,917</u>	<u>43,064</u>

**3. Payable to related parties**

Payable of the Group from related parties were as follows :

<b>Account</b>	<b>Category of related party</b>	<b>2016.3.31</b>	<b>2015.12.31</b>	<b>2015.3.31</b>
Other current financial liabilities	Affiliates	\$ 203	709	223

**4. Asset transactions**

The Group entered into an agreement of Shanghai office building with an affiliate Zhongyou Investment Management Consultants (Shanghai) Co., Ltd. (Zhongyou). Zhongyou is responsible for design, supervision and management consulting jobs for leasehold improvements project. The project expenditure amounted to \$4,944 and \$9,295 for the three months ended March 31, 2016 and 2015, respectively, including project consultant fee of \$124 and \$9,295 paid to Zhongyou for the three months ended March 31, 2016 and 2015, respectively.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

5. Related-Party Financing

Financing to related parties was as follows :

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Affiliates	\$ <u>69,766</u>	<u>71,153</u>	<u>345,546</u>

The loans receivable bear interest at rates ranging from 4.25%. As of March 31, 2016, December 31, 2015 and March 31, 2015, interest receivable from the loans receivable from affiliates amounted to \$10,923, \$10,263 and \$8,513, respectively. For the three months ended March 31, 2016 and 2015, interest revenue from the loans receivable from affiliates amounted to \$885 and \$3,014, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Affiliates	\$ <u>2,588,515</u>	<u>2,839,808</u>	<u>2,315,549</u>

The borrowings from affiliates bear interest at rates ranging from 2.30% to 7.38%. As of March 31, 2016, December 31, 2015 and March 31, 2015, interest payable from the interest bearing borrowings from affiliates amounted to \$303, \$379 and \$335, respectively. For the three months ended March 31, 2016 and 2015 interest expense from the interest bearing borrowing from affiliates amounted to \$28,140 and \$26,626, respectively.

Bonds payable of the Group from related parties was as follows :

	<u>2016.3.31</u>	<u>2015.12.31</u>	<u>2015.3.31</u>
Affiliates	\$ <u>45,925</u>	<u>45,730</u>	<u>48,325</u>

The bonds payable bear interest at rates ranging from 4.50%~4.60%. As of March 31, 2016, December 31, 2015 and March 31, 2015, interest payable from bonds payable to affiliates amounted to \$28, \$28, and \$30, respectively. For the three months ended March 31, 2016 and 2015, interest expenses from bonds payable to affiliates amounted to \$524 and \$538, respectively.

7. Others

1) As of March 31, 2016, December 31, 2015 and March 31, 2015, bank deposits in financial institutions which are related parties of the Group amounted to \$243,325, \$315,004 and \$279,430, respectively. For the three months ended March 31, 2016 and 2015, interest revenue from the deposits in affiliates amounted to \$39 and \$22, respectively.

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

2) Other expense with related parties :

	For the three months ended March 31,	
	2016	2015
<u>Affiliates</u>		
Rent expense	\$ 7,628	7,537
Commission and service costs and expenses	234	156
Other operating costs and expenses	11,201	7,108
	<u>\$ 19,063</u>	<u>14,801</u>

(b) Key management personnel compensation

	For the three months ended March 31,	
	2016	2015
Short-term employee benefits	\$ 62,358	67,213
Post-employment benefits	463	357
	<u>\$ 62,821</u>	<u>67,570</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2016.3.31	2015.12.31	2015.3.31
Restricted cash in banks				
Restricted account for loans repayment (demand deposits)	Issuance of short-term bills and as guarantee for short-term and long-term borrowings and alliance contract guarantee	\$ 2,468,266	2,146,875	3,670,959
Property, plant and equipment	As guarantee for short-term and long-term borrowings	4,533,067	4,569,992	3,938,990
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,049,508	1,174,967	1,138,861
Refundable deposits	Provincial court seizure etc.	960,768	806,718	656,044
Accounts receivable and notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	98,691,857	94,670,046	88,477,321
Total		<u>\$ 107,703,466</u>	<u>103,368,598</u>	<u>97,882,175</u>

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.

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

**(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 March 31, 2016, December 31, 2015 and March 31, 2015, the balance of unexpired payments from these alliance transactions amounted to \$10,130,953, \$11,524,705 and \$14,010,217, respectively.
- (b) Chailease Finance Co., Ltd. (CFC), together with third parties/co-facilitators, entered into an agreement with CFC customers for purposes of facilitating the extension of loans to these customers by financial institutions, under which, CFC will share with these co-facilitators in the facilitating fee that they earn from this agreement. If the customers default on their payments, CFC is required to pay to the financial institutions its share of the loans on behalf of these customers. As of March 31, 2016, December 31, 2015 and March 31, 2015, the payable balance from these transactions amounted to \$0, \$11,119 and \$111,815, respectively.
- (c) 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 March 31, 2016, December 31, 2015 and March 31, 2015, the balance of financing obtained from such facilitation amounted to \$40,763, \$19,812 and \$62,641, respectively.
- (d) 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.

**(10) Losses Due to Major Disasters : None.**

**(11) Subsequent Events : None.**

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY

ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

**(12) Other**

**(a) Liquidity analysis of assets and liabilities :**

	<b>2016.3.31</b>		
	<b>Expected to be collected or paid within 12 months</b>	<b>Expected to be collected or paid after 12 months</b>	<b>Total</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	\$ 11,910,953	-	11,910,953
Current financial assets at fair value through profit or loss	280,124	-	280,124
Current held-to-maturity financial assets	4,646,979	3,698,780	8,345,759
Current derivative financial assets for hedging	117,459	-	117,459
Accounts receivable, net	129,641,878	57,494,874	187,136,752
Inventories	278	-	278
Other current financial assets	3,548,448	17,852	3,566,300
Other current assets – others	<u>2,937,698</u>	<u>-</u>	<u>2,937,698</u>
	<b><u>\$ 153,083,817</u></b>	<b><u>61,211,506</u></b>	<b><u>214,295,323</u></b>
<b><u>Current liabilities</u></b>			
Short-term borrowings	\$ 80,552,622	-	80,552,622
Accounts and notes payable	2,933,422	443,055	3,376,477
Current tax liabilities	1,404,185	-	1,404,185
Other current financial liabilities	9,826,189	16,422,432	26,248,621
Long-term liabilities – current portion	42,351,184	33,494,533	75,845,717
Other current liabilities – others	<u>931,515</u>	<u>-</u>	<u>931,515</u>
	<b><u>\$ 137,999,117</u></b>	<b><u>50,360,020</u></b>	<b><u>188,359,137</u></b>

(English Translation of Financial Report Originally Issued in Chinese)

**AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.**

**CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<b>2015.12.31</b>		
	<b>Expected to be collected or paid within 12 months</b>	<b>Expected to be collected or paid after 12 months</b>	<b>Total</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	\$ 11,097,812	-	11,097,812
Current financial assets at fair value through profit or loss	235,545	-	235,545
Current held-to-maturity financial assets	4,117,714	3,540,674	7,658,388
Current derivative financial assets for hedging	163,416	-	163,416
Accounts receivable, net	127,849,388	57,756,695	185,606,083
Inventories	207	-	207
Other current financial assets	3,476,935	36,310	3,513,245
Other current assets – others	<u>2,720,371</u>	<u>-</u>	<u>2,720,371</u>
	<b><u>\$ 149,661,388</u></b>	<b><u>61,333,679</u></b>	<b><u>210,995,067</u></b>
<b><u>Current liabilities</u></b>			
Short-term borrowings	\$ 78,844,180	-	78,844,180
Accounts and notes payable	2,749,876	485,943	3,235,819
Current tax payable	1,295,601	-	1,295,601
Other current financial liabilities	10,968,806	15,305,442	26,274,248
Long-term liabilities – current portion	42,547,233	31,908,893	74,456,126
Other current liabilities – others	<u>1,017,178</u>	<u>-</u>	<u>1,017,178</u>
	<b><u>\$ 137,422,874</u></b>	<b><u>47,700,278</u></b>	<b><u>185,123,152</u></b>

(English Translation of Financial Report Originally Issued in Chinese)

AS OF MARCH 31, 2016 AND 2015 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH THE GENERALLY  
ACCEPTED AUDITING STANDARDS.

**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

**Notes to the Condensed Interim Consolidated Financial Statements**

**March 31, 2016 and 2015**

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

	<b>2015.3.31</b>		
	<b>Expected to be collected or paid within 12 months</b>	<b>Expected to be collected or paid after 12 months</b>	<b>Total</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	\$ 12,872,757	-	12,872,757
Current financial assets at fair value through profit or loss	290,810	-	290,810
Current held-to-maturity financial assets	2,812,525	2,647,285	5,459,810
Current derivative financial assets for hedging	35,062	-	35,062
Accounts receivable, net	111,428,369	55,307,669	166,736,038
Inventories	207	-	207
Other current financial assets	4,935,393	-	4,935,393
Other current assets – others	<u>3,050,055</u>	<u>-</u>	<u>3,050,055</u>
	<b><u>\$ 135,425,178</u></b>	<b><u>57,954,954</u></b>	<b><u>193,380,132</u></b>
<b><u>Current liabilities</u></b>			
Short-term borrowings	\$ 63,887,391	-	63,887,391
Current derivative financial liabilities for hedging	1,040	-	1,040
Accounts and notes payable	2,146,662	-	2,146,662
Current tax payable	1,289,074	-	1,289,074
Other current financial liabilities	9,744,753	13,118,032	22,862,785
Long-term liabilities – current portion	40,219,557	23,796,200	64,015,757
Other current liabilities – others	<u>900,043</u>	<u>-</u>	<u>900,043</u>
	<b><u>\$ 118,188,520</u></b>	<b><u>36,914,232</u></b>	<b><u>155,102,752</u></b>

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**CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**

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**March 31, 2016 and 2015**

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

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

By item	By function	For the three months ended March 31, 2016			For the three months ended March 31, 2015		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		14,063	1,052,292	1,066,355	13,496	952,496	965,992
Labor and health insurance		1,011	70,763	71,774	1,038	82,985	84,023
Pension		495	56,494	56,989	461	42,321	42,782
Others		-	81,624	81,624	-	71,480	71,480
Depreciation		400,811	36,899	437,710	342,486	39,551	382,037
Amortization		-	53,745	53,745	-	33,974	33,974

(c) Seasonality of operation:

The Group's operation is neither seasonal nor cyclical.

**(13) Segment Information**

Operating segments financial information:

	For the three months ended March 31, 2016					
	Taiwan	China	Thailand	Others	Elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 4,233,981	3,704,885	643,288	189,446	-	8,771,600
Intersegment revenues	234,040	92,022	-	(16,557)	(309,505)	-
<b>Total revenue</b>	<b>\$ 4,468,021</b>	<b>3,796,907</b>	<b>643,288</b>	<b>172,889</b>	<b>(309,505)</b>	<b>8,771,600</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,238,990</b>	<b>481,745</b>	<b>161,099</b>	<b>(178,217)</b>	<b>-</b>	<b>1,703,617</b>
	For the three months ended March 31, 2015					
	Taiwan	China	Thailand	Others	Elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 3,796,401	3,774,764	649,416	282,468	-	8,503,049
Intersegment revenues	261,147	155,997	-	-	(417,144)	-
<b>Total revenue</b>	<b>\$ 4,057,548</b>	<b>3,930,761</b>	<b>649,416</b>	<b>282,468</b>	<b>(417,144)</b>	<b>8,503,049</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,132,278</b>	<b>542,695</b>	<b>163,889</b>	<b>(43,696)</b>	<b>-</b>	<b>1,795,166</b>