

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

**CHAILEASE HOLDING COMPANY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2018 and 2017**

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The independent auditors' 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Chailease Holding Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Chailease Holding Company Limited (the "Company") and its subsidiaries (together referred to as the "Group") as of September 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2018 and 2017, as well as the changes in equity and cash flows for the nine months ended September 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (" IASs") 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$72,238,654 thousand and \$109,660,545 thousand, constituting 19% and 35% of consolidated total assets at September 30, 2018 and 2017, respectively, total liabilities amounting to \$48,600,853 thousand and \$84,142,256 thousand, constituting 15% and 31% of consolidated total liabilities at September 30, 2018 and 2017, respectively, and total comprehensive income amounting to \$788,983 thousand, \$1,084,353 thousand, \$2,348,732 thousand and \$3,140,121 thousand, constituting 22%, 37%, 24% and 48% of consolidated total comprehensive income for the three months and nine months ended September 30, 2018 and 2017, respectively.



Furthermore, as stated in Note 6(f), the other equity accounted investments of the Chailease Holding Company Limited and its subsidiaries in its investee companies of \$1,252,790 thousand and \$1,157,516 thousand at September 30, 2018 and 2017, respectively, and its equity in net losses on these investee companies of \$28,016 thousand, \$14,214 thousand, \$48,874 thousand and \$4,521 thousand for the three months and nine months ended September 30, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Chailease Holding Company Limited and its subsidiaries as of September 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit review resulting in this independent auditors’ review report are Shu-Min Hsu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)
November 9, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2018, December 31, 2017, and September 30, 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets	2018.9.30		2017.12.31		2017.9.30		LIABILITIES AND EQUITY	
		Amount	%	Amount	%	Amount	%	Amount	%
Current assets :									
1100	Cash and cash equivalents (Notes (6)(a) and (7))	\$ 18,644,060	5	19,030,593	6	16,234,033	5	2100	Short-term borrowings (Notes (6)(j), (7) and (8))
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	1,023,021	-	49,572	-	204,212	-	2111	Short-term notes and bills payable (Notes (6)(i))
1130	Current held-to-maturity financial assets (Note (6)(b))	-	-	6,442,807	2	5,594,767	2	2125	Current derivative financial liabilities for hedging (Note (6)(c))
1139	Current financial assets for hedging (Note (6)(b) and (6)(c))	197,225	-	-	-	-	-	2126	Current financial liabilities for hedging (Note (6)(c))
1140	Current financial assets at amortized cost (Note (6)(b))	12,308,991	3	-	-	-	-	2150	Account and notes payable
1170	Accounts receivable, net (Notes (6)(d), (7) and (8))	249,200,820	66	217,964,861	67	208,356,361	67	2230	Current tax liabilities
1300	Inventories, merchandising business, net	52,829	-	-	-	-	-	2305	Other current financial liabilities (Note (7))
1476	Other current financial assets (Notes (7) and (8))	4,244,113	1	3,666,543	1	4,429,620	1	2320	Long-term liabilities, current portion
1479	Other current assets-others (Notes (6)(e) and (7))	5,552,975	2	4,367,771	1	3,472,274	1	2399	(Notes (6)(j), (6)(k), (7) and (8))
		291,224,034	77	251,522,147	77	238,291,267	76		Other current liabilities-others
Non-current assets :									
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	976,438	-	-	-	-	-	Non-current Liabilities :	
1523	Non-current available-for-sale financial assets (Note (6)(b))	-	-	1,077,941	-	1,141,380	-	2530	Bonds payable (Notes (6)(k) and (7))
1528	Non-current held-to-maturity financial assets (Note (6)(b))	-	-	1,393,640	1	1,436,950	1	2540	Long-term borrowings (Notes (6)(j), (7) and (8))
1540	Non-current financial assets at amortized cost (Note (6)(b))	1,608,030	-	-	-	-	-	2570	Deferred tax liabilities (Note (6)(n))
1550	Investments accounted for using equity method (Notes (6)(f) and (8))	1,252,790	-	1,146,881	-	1,157,516	1	2600	Other non-current liabilities (Note (6)(m))
									Total Liabilities
1600	Property, plant and equipment (Notes(6)(g) and (8))	10,275,071	3	10,059,227	3	10,056,726	3	Equity attributable to owners of the Company : (Note (6)(o))	
1780	Intangible assets (Note (6)(b))	60,751	-	63,860	-	64,742	-	3100	Share Capital
1840	Deferred tax assets (Note (6)(n))	3,102,851	1	3,697,787	1	3,607,486	1	3200	Capital surplus
1930	Long-term notes and accounts receivable, net (Notes (6)(d), (7) and (8))	70,975,539	19	57,682,774	18	55,059,091	18	3220	Special reserve
1995	Other non-current assets-others (Notes (7) and (8))	938,588	-	932,428	-	922,879	-	3350	Unappropriated retained earnings
		89,190,058	23	76,054,538	23	73,446,770	24	3400	Other equity items
								36XX	Total equity attributable to owners of the Company
									Non-controlling interests
									Total equity
									Total Liabilities and Equity
					</				

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

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the three months ended June 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30				For the nine months ended September 30			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues: (Note (7))									
4111	Sales revenue	\$ 2,269,464	18	2,110,831	20	7,541,932	20	5,668,289	19
4810	Interest revenue - installment sales	2,155,194	17	1,925,669	18	6,198,282	17	5,635,810	19
4820	Interest revenue - capital leases	3,468,114	27	2,496,695	23	9,588,794	26	7,105,830	24
4300	Rental revenue - operating leases	803,881	6	774,304	7	2,374,305	7	2,309,312	7
4230	Interest revenue - loans	999,323	8	801,906	8	2,862,838	8	2,314,337	8
4240	Other interest revenue	984,317	8	826,844	8	2,741,534	7	2,338,763	8
4881	Other operating revenue	1,996,437	16	1,649,264	16	5,670,848	15	4,440,357	15
		<u>12,676,730</u>	<u>100</u>	<u>10,585,513</u>	<u>100</u>	<u>36,978,533</u>	<u>100</u>	<u>29,812,698</u>	<u>100</u>
Operating costs: (Note (7))									
5111	Cost of sales	1,978,743	15	1,863,136	17	6,548,369	18	5,009,684	17
5240	Interest expense	1,575,195	12	1,284,096	12	4,387,167	12	3,612,490	12
5300	Cost of rental revenue	585,123	5	594,281	6	1,760,383	5	1,813,503	6
5800	Other operating costs	341,162	3	281,415	3	957,860	2	819,581	3
		<u>4,480,223</u>	<u>35</u>	<u>4,022,928</u>	<u>38</u>	<u>13,653,779</u>	<u>37</u>	<u>11,255,258</u>	<u>38</u>
	Gross profit from operation	<u>8,196,507</u>	<u>65</u>	<u>6,562,585</u>	<u>62</u>	<u>23,324,754</u>	<u>63</u>	<u>18,557,440</u>	<u>62</u>
6000	Operating expenses (Note (7))	<u>2,604,770</u>	<u>21</u>	<u>3,049,008</u>	<u>29</u>	<u>7,373,135</u>	<u>20</u>	<u>9,546,806</u>	<u>32</u>
6450	Expected credit loss (Note (6)(d))	<u>1,045,553</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>2,769,505</u>	<u>7</u>	<u>-</u>	<u>-</u>
6500	Net other income and expenses (Note (6)(r))	<u>33,348</u>	<u>-</u>	<u>33,746</u>	<u>-</u>	<u>114,642</u>	<u>-</u>	<u>132,746</u>	<u>-</u>
	Operating profit	<u>4,579,532</u>	<u>36</u>	<u>3,547,323</u>	<u>33</u>	<u>13,296,756</u>	<u>36</u>	<u>9,145,380</u>	<u>30</u>
Non-operating income and expenses:									
7100	Interest income	26,076	-	21,947	-	80,902	-	52,345	-
7130	Dividend income	35,468	-	60,267	1	42,780	-	81,495	-
7020	Other gains and losses (Note (6)(s))	129,313	1	127,039	1	620,288	2	516,627	2
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method (Note (6)(f))	(28,016)	-	(14,214)	-	(48,874)	-	(4,321)	-
		<u>162,841</u>	<u>1</u>	<u>195,039</u>	<u>2</u>	<u>695,096</u>	<u>2</u>	<u>645,946</u>	<u>2</u>
7900	Profit before income tax	<u>4,742,373</u>	<u>37</u>	<u>3,742,362</u>	<u>35</u>	<u>13,991,852</u>	<u>38</u>	<u>9,789,326</u>	<u>32</u>
7950	Less: Income tax expense (Note (6)(n))	<u>1,233,493</u>	<u>10</u>	<u>965,646</u>	<u>9</u>	<u>3,621,500</u>	<u>10</u>	<u>2,496,974</u>	<u>8</u>
	Profit for the period	<u>3,508,880</u>	<u>27</u>	<u>2,776,716</u>	<u>26</u>	<u>10,370,352</u>	<u>28</u>	<u>7,292,352</u>	<u>24</u>
Other comprehensive income (loss):									
8310	Components of other comprehensive income that will not be reclassified to profit or loss:								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(18,107)	-	-	-	(59,678)	-	-	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(18,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,678)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	(845,641)	(7)	317,615	3	(471,834)	(2)	(777,662)	(2)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(167,697)	(1)	-	-	(278,749)	(1)
8363	Gains (losses) on effective portion of cash flow hedges	-	-	(3,388)	-	-	-	(3,388)	-
8364	Gains (losses) on effective portion of hedges of net investments in foreign operations	-	-	23,766	-	-	-	352,256	1
8368	Gains (losses) on hedging instrument	(66,441)	-	-	-	(150,088)	-	-	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(740)	-	706	-	(3,805)	-	8,328	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	(568)	-	4,283	-	(29,360)	-	86,361	-
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(913,390)</u>	<u>(7)</u>	<u>175,285</u>	<u>2</u>	<u>(655,087)</u>	<u>(2)</u>	<u>(612,854)</u>	<u>(2)</u>
	Other comprehensive income (net of tax)	<u>(931,497)</u>	<u>(7)</u>	<u>175,285</u>	<u>2</u>	<u>(714,765)</u>	<u>(2)</u>	<u>(612,854)</u>	<u>(2)</u>
8500	Total comprehensive income for the period	<u>\$ 2,577,383</u>	<u>20</u>	<u>\$ 2,952,001</u>	<u>28</u>	<u>\$ 9,655,587</u>	<u>26</u>	<u>\$ 6,679,498</u>	<u>22</u>
Profit attributable to:									
8610	Owners of the Company	\$ 3,397,383	26	2,681,851	25	10,035,719	27	7,030,493	23
8620	Non-controlling interests	111,497	1	94,865	1	334,633	1	261,859	1
		<u>\$ 3,508,880</u>	<u>27</u>	<u>\$ 2,776,716</u>	<u>26</u>	<u>\$ 10,370,352</u>	<u>28</u>	<u>\$ 7,292,352</u>	<u>24</u>
Comprehensive income attributable to:									
8710	Owners of the Company	\$ 2,410,104	19	2,812,402	27	9,251,331	25	6,313,179	21
8720	Non-controlling interests	167,279	1	139,599	1	404,256	1	366,319	1
		<u>\$ 2,577,383</u>	<u>20</u>	<u>\$ 2,952,001</u>	<u>28</u>	<u>\$ 9,655,587</u>	<u>26</u>	<u>\$ 6,679,498</u>	<u>22</u>
9750	Basic earnings per share (NT dollars) (Note (6)(p))	<u>\$ 2.63</u>		<u>\$ 2.31</u>		<u>\$ 7.78</u>		<u>\$ 6.05</u>	

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Other Equity Items									
	Stock	Capital surplus	Special reserve	Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedges of net investments in foreign operations	Total equity attributable to owners of the Company
Balance at January 1, 2017										
Profit for the nine months ended September 30, 2017	Share capital	11,392,300	9,391,481	19,201,441	(627,808)	-	163,390	-	(210,361)	39,310,443
Other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	7,030,493	-	-	-	-	-	7,030,493
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	(788,449)	-	(278,749)	(2,372)	352,256	(717,314)
Earnings distribution and appropriation:	-	-	-	7,030,493	(788,449)	-	(278,749)	(2,372)	352,256	6,079,498
Special reserve appropriated	-	-	674,779	(674,779)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(3,873,382)	-	-	-	-	(3,873,382)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2017	\$ 11,392,300	9,391,481	674,779	21,683,773	(1,416,257)	-	(115,359)	(2,372)	141,895	41,750,240
Balance at January 1, 2018	\$ 12,642,300	17,367,796	674,779	24,374,823	(1,491,002)	-	(93,386)	(145)	186,710	53,661,875
Effects of retrospective application	-	-	-	(245,840)	-	(93,386)	93,386	145	(186,710)	(87,145)
Equity at beginning of period after adjustments	12,642,300	17,367,796	674,779	24,128,983	(1,491,002)	(93,386)	-	-	186,565	53,416,035
Profit for the nine months ended September 30, 2018	-	-	-	10,035,719	-	-	-	-	-	10,035,719
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	(574,622)	(59,678)	-	-	(150,088)	(714,765)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	10,035,719	(574,622)	(59,678)	-	-	(150,088)	9,251,331
Earnings distribution and appropriation:	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	723,044	(723,044)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(4,804,074)	-	-	-	-	-	(4,804,074)
Stock dividends of ordinary share	252,846	-	-	(252,846)	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(176,518)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	2,230	-	(2,230)	-	-	-	-
Balance at September 30, 2018	\$ 12,895,146	17,367,796	1,397,823	28,386,968	(2,065,624)	(155,294)	-	-	36,477	57,863,292
										60,505,831

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

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 13,991,852	9,789,326
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,662,040	1,547,767
Amortization expense	119,050	110,855
Expected credit loss	2,769,505	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,557	(10,380)
Interest expense	4,387,167	3,612,490
Interest income	(21,472,350)	(17,447,085)
Dividend income	(42,880)	(81,495)
Share of loss of associates and joint ventures accounted for using equity method	48,874	4,521
Gain on disposal of property, plant and equipment	(62,079)	(6,378)
Loss on disposal of foreclosed assets	95,125	59,734
Gain on disposal of investments	-	(177,257)
Impairment loss on financial assets	-	3,096,588
Impairment loss on non-financial assets	284,439	381,673
Total adjustments to reconcile profit	(12,195,552)	(8,908,967)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets held for trading	-	(80,660)
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(191,017)	-
Increase in accounts receivable	(49,882,557)	(27,872,564)
Increase in other current financial assets	(450,199)	(1,076,013)
Increase in inventories	(52,829)	-
(Increase) decrease in other current assets	(1,346,838)	44,358
Proceeds from sales of operating lease assets	742,252	901,163
Purchase of operating lease assets	(2,860,012)	(2,731,882)
(Increase) decrease in other operating assets	(128,435)	147,988
Total changes in operating assets	(54,169,635)	(30,667,610)
Changes in operating liabilities:		
Decrease in accounts and notes payable	(65,168)	(176,077)
Increase in long term and short term debts	257,832,225	208,079,258
Repayment of long term and short term debts	(215,113,580)	(184,850,733)
Increase in other current financial liabilities	5,307,901	2,276,229
Decrease in accrued pension liabilities	(2,796)	(1,808)
Increase (decrease) in other current liabilities others	785,062	(223,945)
Increase in other operating liabilities	466,145	554,890
Total changes in operating liabilities	49,209,789	25,657,814
Total changes in operating assets and liabilities	(4,959,846)	(5,009,796)
Total adjustments	(17,155,398)	(13,918,763)
Cash outflow used in operations	(3,163,546)	(4,129,437)
Interest received	21,320,662	17,405,724
Dividends received	42,880	81,494
Interest paid	(4,244,970)	(3,501,284)
Income taxes paid	(2,875,196)	(2,720,314)
Net cash flows provided by (used in) operating activities	11,079,830	7,136,183
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,554)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	52,139	-
Acquisition of financial assets at amortized cost	(8,581,295)	-
Proceeds from disposal of financial assets at amortized cost	2,500,721	-
Acquisition of available-for-sale financial assets	-	(27,611)
Proceeds from disposal of available-for-sale financial assets	-	574,586
Proceeds from capital reduction of available-for-sale financial assets	-	18,380
Acquisition of held-to-maturity financial assets	-	(3,819,365)
Proceeds from disposal of held-to-maturity financial assets	-	3,604,930
Acquisition of investments accounted for using equity method	(140,957)	(407,079)
Proceeds from capital reduction of investments accounted for using equity method	-	82,147
Acquisition of property, plant and equipment	(90,859)	(48,982)
Proceeds from disposal of property, plant and equipment	127,370	169,446
Acquisition of intangible assets	(216)	(787)
Net cash flows (used in) provided by investing activities	(6,142,651)	145,665
Cash flows from financing activities:		
Distribution of cash dividend	(4,804,070)	(3,873,382)
Change in non-controlling interests	(176,518)	(223,914)
Net cash flows used in financing activities	(4,980,588)	(4,097,296)
Effect of exchange rate changes on cash and cash equivalents	(343,124)	92,271
Net decrease in cash and cash equivalents	(386,533)	3,276,823
Cash and cash equivalents at beginning of period	19,030,593	12,935,342
Cash and cash equivalents at end of period	\$ 18,644,060	16,212,165

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

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(1) Company history

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

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

As of September 30, 2018, September 30, 2017, the Company had outstanding common stock of \$12,895,146 and \$11,392,300 divided into 1,289,514,593 shares and 1,139,229,994 shares, respectively.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by chairman, reported to Board of Directors and issued on November 9, 2018.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018. The differences between the current version and the previous version are as follows:

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

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

(i) IFRS 9 "Financial Instruments"

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

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

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3) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9, which requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy, and apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Group applies hedge accounting under IFRS 9, please see note 4(c).

4) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.
- All hedging relationships designated under IAS 39 on December 31 2017 met the criteria for hedge accounting under IFRS 9 on January 1, 2018, and are therefore, regarded as continuing hedging relationships.

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5) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	19,030,593	Amortized cost	19,030,593
Debt securities	Held-to-maturity (note 1)	7,836,447	Amortized cost	7,836,447
Equity instruments	Held-for-trading (note 2)	49,572	Current financial assets at fair value through profit or loss, mandatorily measured at fair value	49,572
	Available-for-sale (note 3)	1,077,941	Non-current financial assets at fair value through other comprehensive income	1,077,941
Trade and other receivables	Loans and receivables (note 4)	275,647,635	Amortized cost	275,647,635

Note1: Corporate debt securities that were previously classified as held-to-maturity and bond investment without an active market are now classified at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Note2: Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Note3: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

Note4: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of \$429,180 in the allowance for impairment was recognized in opening retained earnings upon transition to IFRS 9 on January 1, 2018. In addition to the changes detailed above, there are no changes in other equity; Retained Earnings, non-controlling interests and income tax expenses are reduced \$245,840, \$87,145 and \$96,195, respectively.

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The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	\$ 49,572	(49,572)	-	-	-	-
Held for trading to fair value through profit or loss, mandatorily measured at FVTPL	-	49,572	-	49,572	-	-
Total	\$ 49,572	-	-	49,572	-	-
Fair value through other comprehensive income						
Beginning balance of available-for-sale (IAS 39)	\$ 1,077,941	(1,077,941)	-	-	-	-
Available for sale to FVOCI	-	1,077,941	-	1,077,941	-	-
Total	\$ 1,077,941	-	-	1,077,941	-	-
Amortized cost						
Beginning balance of held-to-maturity financial assets, and trade and other receivables (IAS 39)	\$ 283,484,082	(283,484,082)	-	-	-	-
Adjustments for allowance of impairment for financial assets measured at amortized cost	-	-	(429,180)	(429,180)	(245,840)	-
Additions:						
Reclassification from held-to-maturity financial assets	-	7,836,447	-	7,836,447	-	-
Reclassification from loans and receivables	-	275,647,635	-	275,647,635	-	-
Total	\$ 283,484,082	-	(429,180)	283,054,902	(245,840)	-

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group’s discounting rate, the composition of the Group’s lease portfolio at that date, the Group’s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouse and factory facilities. No significant impact is expected for the Group’s finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group is assessing the potential impact of using the practical expedient.

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2) Transition

As a lessee, the Group can either apply the standard using the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which the Group is the lessor except where the Group is the intermediate lessor in a sub-lease.

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

As of the date, the following IFRSs that have been issued by the IASB, but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

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

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(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2018.9.30	2017.12.31	2017.9.30	
The Company	Chalease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chalease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Chalease International Company (Hong Kong) Limited	Investment	100.00 %	- %	- %	This subsidiary was established on February 13, 2018. The company invested it on September 7, 2018. (Note b)
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chalease International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chalease International Finance Corporation	Chalease Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chalease International Finance Corporation	Chalease 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 %	

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			2018.9.30	2017.12.31	2017.9.30	
Chailase International Company (Malaysia) Limited	Chailase International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailase International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	100.00 %	
"	Chailase Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	70.00 %	(Note b)
"	Chailase Royal Leasing Plc.	Leasing	60.00 %	60.00 %	60.00 %	This subsidiary was established on May 10, 2016. Chailase International Company (Malaysia) Limited invested it on March 6, 2017. (Note b)
"	Chailase Berjaya Finance Corporation	Leasing and financing	60.00 %	60.00 %	60.00 %	Established on September 29, 2017. (Note b)
Chailase International Company (UK) Limited	Chailase Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
Chailase International Financial Services Co., Ltd.	Chailase International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
Chailase Berjaya Credit Sdn. Bhd.	Chailase Agency Sdn. Bhd.	Insurance brokers	100.00 %	100.00 %	100.00 %	Established on April 19, 2017. (Note b)
Chailase Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	100.00 %	Has not been reviewed on September 30, 2016.
"	Chailase Specialty Finance Co., Ltd.	Installment sales	100.00 %	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	(Note b)
Chailase International Company (Malaysia) Limited and Chailase Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding control of Asia SermKij Leasing Public Co., Ltd.

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			2018.9.30	2017.12.31	2017.9.30	
Chailase Finance Co., Ltd.	Chailase Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note a, b)
"	Chailase Finance Securitization Trust 2016	Special Purpose Entity	- %	- %	- %	The subsidiary was established on August 24, 2016. (Note a, b)
"	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Power Technology Co., Ltd. (Former name: Innovation Energy Integration Co., Ltd.)	Solar Power business	100.00 %	100.00 %	100.00 %	The name of the subsidiary has been changed on March 5, 2018.(Note b)
Fina Finance & Trading Co., Ltd.	Chailase Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	100.00 %	(Note b)

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			2018.9.30	2017.12.31	2017.9.30	
Fina Finance & Trading Co., Ltd.	Chalease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	100.00 %	Fina Finance & Trading Co., Ltd. bought all shares of Chalease Credit Services Co., Ltd. from Chalease Finance Co., Ltd. on July 21, 2017. (Note b)
The Company and Chalease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	(Note b)
Chalease Consumer Finance Co., Ltd. and Chalease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	100.00 %	Founded on June 28, 2017. (Note b)
Chalease Specialty Finance Co., Ltd. and Chalease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	100.00 %	Founded on June 28, 2017. (Note b)
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	100.00 %	(Note b)
"	Grand Pacific Warehouse Funding Corp.	Real estate development	- %	- %	100.00 %	Liquidated on August, 2017. (Note b)
"	Grand Pacific Business Loan LLC. 2005-1	Special purpose entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note a) and was liquidated on October, 2017. (Note b)
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special purpose entity	- %	- %	100.00 %	Dissolved on October, 2017. (Note b)
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special purpose entity	- %	- %	- %	The subsidiary was established on June 27, 2005 (Note a) and was liquidated on April, 2018 (Note b).

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2018.9.30	2017.12.31	2017.9.30	
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	
"	SK Insurance Broker Co., Ltd.	Insurance brokers	100.00 %	100.00 %	100.00 %	Founded on April 12, 2017.

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

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

- (i) the Group has power over the SPE;
- (ii) the Group has exposure, or rights, to variable returns from its involvement with the SPE;
- (iii) the Group has ability to use its power over to affect the amount of the SPE's returns.

Note b: The financial statements have not been reviewed.

2.List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Financial assets (applicable from January 1, 2018)

1.Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

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4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated—e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or delay of payments;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

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2. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2017.

Accounting policies involve significant judgment and it has no material impact on the consolidated financial statement.

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(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Cash and demand deposits	\$ 18,012,030	18,708,765	16,041,829
Time deposits	201,656	321,828	182,203
Cash equivalents-repurchase bills	<u>430,374</u>	<u>-</u>	<u>10,001</u>
Cash and cash equivalents	18,644,060	19,030,593	16,234,033
Bank overdraft	<u>-</u>	<u>-</u>	<u>(21,868)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 18,644,060</u>	<u>19,030,593</u>	<u>16,212,165</u>

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(u).

(b) Financial instruments

1. The components of financial assets were as follows :

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Financial assets designated as at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss :			
Securities of listed companies	\$ 225,374	-	-
Non-hedging derivatives	<u>797,647</u>	<u>-</u>	<u>-</u>
Sub-total	<u>1,023,021</u>	<u>-</u>	<u>-</u>
Held for trading			
Securities of listed companies	-	48,977	204,212
Non-hedging derivatives	<u>-</u>	<u>595</u>	<u>-</u>
Sub-total	<u>-</u>	<u>49,572</u>	<u>204,212</u>
Financial assets at fair value through other comprehensive income			
Securities of listed companies	867,858	-	-
Emerging stock	3,511	-	-
Private equity	<u>105,069</u>	<u>-</u>	<u>-</u>
Sub-total	<u>976,438</u>	<u>-</u>	<u>-</u>

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	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Available-for-sale financial assets			
Securities of listed companies	-	980,828	964,313
Emerging stock	-	2,536	2,593
Private equity	-	94,577	174,474
Sub-total	<u>-</u>	<u>1,077,941</u>	<u>1,141,380</u>
Financial assets measured at amortized cost			
Investment in debt securities	<u>13,917,021</u>	<u>-</u>	<u>-</u>
Held-to-maturity investments			
Investment in debt securities	<u>-</u>	<u>7,836,447</u>	<u>7,031,717</u>
Current financial assets for hedging	<u>197,225</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,113,705</u>	<u>8,963,960</u>	<u>8,377,309</u>

1. Investments in equity instruments measured at fair value through other comprehensive income

These investments in equity instruments are held for long-term strategic purpose and therefore are accounted for as financial assets at fair value through other comprehensive income. As of December 31, and September 30, 2017, financial assets were classified as available-for-sale financial assets under IAS 39.

2. Available-for-sale financial assets were classified as financial assets at fair value through other comprehensive income as of September 30, 2018.

3. Held-to-maturity investment

- 1) Held-to-maturity financial assets were classified as financial assets at amortized cost under IFRS 9 as of September 30, 2018.
- 2) The Group purchased debt securities issued by real estate asset trust. These debt securities have maturity dates between 2016 and 2021, and bear effective annual interest rate ranging from 3.61%~8.20%.

4. Please refer to Note (6)(u) for information regarding credit risk and market risk.

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(c) Derivative instruments used for hedging

As of September 30, 2018, December 31, 2017, and September 30, 2017, the Group held derivative instruments qualified for hedge accounting as follows:

Nominal Amount		2018.9.30			
		Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD	5,880	USD to MYR	4.83%	90 Day LIBOR+ 1.4%	2018.06.04~
MYR	23,432				2020.03.02
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~
CNY	331,000				2020.10.23
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	331,400				2020.12.18
JPY	4,100,000	JPY to CNY	5.02%	90 Day LIBOR+ 0.85%	2018.07.11~
CNY	246,410				2021.06.21
JPY	7,500,000	JPY to CNY	4.70%	90 Day LIBOR+ 0.85%	2018.08.15~
CNY	458,700				2021.06.23

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		2017.12.31			
Nominal Amount		Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD	6,720	USD to MYR	4.58%	90 Day LIBOR+ 1.4%	2017.08.08~
MYR	27,468				2020.02.29
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~
CNY	331,000				2020.10.23
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	331,400				2020.12.18

		2017.9.30			
Nominal Amount		Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD	7,000	USD to MYR	4.43%	90 Day LIBOR+ 1.4%	2017.08.08~
MYR	29,988				2020.02.29

1. Cash flow hedge

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

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2018.9.30	2017.12.31	2017.9.30		
USD loans	Cross Currency Swap	\$ 197,225	(205)	(3,388)	2017~2020	2017~2020
JPY loans	Cross Currency Swap	(38,845)	-	-	2018~2021	2018~2021
		For the three months ended September 30,		For the nine months ended September 30,		
Item		2018	2017	2018	2017	
The fair value adjustment to other comprehensive income \$		<u>(74,236)</u>	<u>(3,388)</u>	<u>(114,967)</u>	<u>(3,388)</u>	

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2. Hedge of net investment in foreign operation

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

Hedged Item	Hedge Instrument	Designated Hedging Instrument		
		Fair Value		
		2018.9.30	2017.12.31	2017.9.30
Equity investment measured in USD	Foreign currency borrowings	\$ <u>5,738,700</u>	<u>1,845,120</u>	<u>7,867,600</u>

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I.) Corp., for the nine months ended September 30, 2018 and 2017.

(d) Accounts receivable, net

	2018.9.30	2017.12.31	2017.9.30
Current			
Accounts receivable	\$ 23,706,090	20,948,120	20,385,413
Less: Allowance for impairment	<u>(667,093)</u>	<u>(607,119)</u>	<u>(573,530)</u>
	<u>23,038,997</u>	<u>20,341,001</u>	<u>19,811,883</u>
Installment sales receivable	87,541,438	80,245,671	78,480,718
Less: Unearned interests	<u>(8,371,598)</u>	<u>(7,449,734)</u>	<u>(7,299,183)</u>
Allowance for impairment	<u>(3,202,809)</u>	<u>(2,975,760)</u>	<u>(2,856,977)</u>
	<u>75,967,031</u>	<u>69,820,177</u>	<u>68,324,558</u>
Leases receivable (included operating leases)	125,285,626	100,768,338	93,757,313
Less: Unearned revenue	<u>(17,018,809)</u>	<u>(12,433,697)</u>	<u>(11,419,823)</u>
Allowance for impairment	<u>(3,878,894)</u>	<u>(3,638,173)</u>	<u>(3,424,381)</u>
	<u>104,387,923</u>	<u>84,696,468</u>	<u>78,913,109</u>
Loans receivable	46,804,076	44,053,445	42,260,737
Less: Allowance for impairment	<u>(997,207)</u>	<u>(946,230)</u>	<u>(953,926)</u>
	<u>45,806,869</u>	<u>43,107,215</u>	<u>41,306,811</u>
Sub-total of current accounts	<u>249,200,820</u>	<u>217,964,861</u>	<u>208,356,361</u>

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	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Non Current			
Accounts receivable	\$ 10,007,460	7,590,737	6,964,603
Less: Allowance for impairment	<u>(146,654)</u>	<u>(112,129)</u>	<u>(103,090)</u>
	<u>9,860,806</u>	<u>7,478,608</u>	<u>6,861,513</u>
Installment sales receivable	39,680,060	33,914,394	32,476,934
Less: Unearned interests	<u>(4,380,872)</u>	<u>(3,610,429)</u>	<u>(3,401,751)</u>
Allowance for impairment	<u>(743,355)</u>	<u>(579,098)</u>	<u>(418,454)</u>
	<u>34,555,833</u>	<u>29,724,867</u>	<u>28,656,729</u>
Leases receivable	30,899,364	22,302,940	19,963,993
Less: Unearned revenue	<u>(11,334,516)</u>	<u>(7,281,888)</u>	<u>(6,589,312)</u>
Allowance for impairment	<u>(156,642)</u>	<u>(126,135)</u>	<u>(121,092)</u>
	<u>19,408,206</u>	<u>14,894,917</u>	<u>13,253,589</u>
Loans receivable	7,509,603	5,869,006	6,609,711
Less: Allowance for impairment	<u>(358,909)</u>	<u>(284,624)</u>	<u>(322,451)</u>
	<u>7,150,694</u>	<u>5,584,382</u>	<u>6,287,260</u>
Sub-total of non current accounts	<u>70,975,539</u>	<u>57,682,774</u>	<u>55,059,091</u>
Total accounts receivable	<u><u>\$ 320,176,359</u></u>	<u><u>275,647,635</u></u>	<u><u>263,415,452</u></u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
Opening balance (Under IAS 39)	\$ 9,269,268	8,502,229
Initial adjustment of IFRS 9	<u>429,180</u>	<u>-</u>
Opening balance (Under IFRS 9)	9,698,448	8,502,229
Impairment loss recognized	2,769,505	3,096,166
Bad debts written off	<u>(2,254,374)</u>	<u>(2,739,044)</u>
Effect of exchange rate changes	<u>(62,016)</u>	<u>(85,450)</u>
Ending balance	<u><u>\$ 10,151,563</u></u>	<u><u>8,773,901</u></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).

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

	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
September 30, 2018			
Within operating cycle	\$ 125,145,383	(17,018,809)	108,126,574
Beyond one operating cycle to 5 years	8,533,167	(1,045,744)	7,487,423
Beyond 5 years	<u>22,366,197</u>	<u>(10,288,772)</u>	<u>12,077,425</u>
	<u>\$ 156,044,747</u>	<u>(28,353,325)</u>	<u>127,691,422</u>
December 31, 2017			
Within operating cycle	\$ 100,650,820	(12,433,697)	88,217,123
Beyond one operating cycle to 5 years	8,764,948	(1,035,424)	7,729,524
Beyond 5 years	<u>13,537,992</u>	<u>(6,246,464)</u>	<u>7,291,528</u>
	<u>\$ 122,953,760</u>	<u>(19,715,585)</u>	<u>103,238,175</u>
September 30, 2017			
Within operating cycle	\$ 93,626,809	(11,419,823)	82,206,986
Beyond one operating cycle to 5 years	7,834,238	(969,174)	6,865,064
Beyond 5 years	<u>12,129,755</u>	<u>(5,620,138)</u>	<u>6,509,617</u>
	<u>\$ 113,590,802</u>	<u>(18,009,135)</u>	<u>95,581,667</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 collections of minimum operating leases receivable under non-cancellable leases were analyzed as follows:

	2018.9.30	2017.12.31	2017.9.30
Within operating cycle	\$ 2,578,589	2,342,669	2,315,642
Beyond one operating cycle to 5 years	2,090,102	2,128,073	2,194,164
Beyond 5 years	<u>643</u>	<u>7,149</u>	<u>9,317</u>
	<u>\$ 4,669,334</u>	<u>4,477,891</u>	<u>4,519,123</u>

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

	Gross investment in the installment sales	Unearned interests	Present value of installment sales receivable
September 30, 2018			
Within operating cycle	\$ 87,541,438	(8,371,598)	79,169,840
Beyond one operating cycle to 5 years	37,999,155	(4,148,438)	33,850,717
Beyond 5 years	<u>1,680,905</u>	<u>(232,434)</u>	<u>1,448,471</u>
	<u>\$ 127,221,498</u>	<u>(12,752,470)</u>	<u>114,469,028</u>
December 31, 2017			
Within operating cycle	\$ 80,245,671	(7,449,734)	72,795,937
Beyond one operating cycle to 5 years	32,828,984	(3,455,769)	29,373,215
Beyond 5 years	<u>1,085,410</u>	<u>(154,660)</u>	<u>930,750</u>
	<u>\$ 114,160,065</u>	<u>(11,060,163)</u>	<u>103,099,902</u>
September 30, 2017			
Within operating cycle	\$ 78,480,718	(7,299,183)	71,181,535
Beyond one operating cycle to 5 years	31,893,969	(3,338,438)	28,555,531
Beyond 5 years	<u>582,965</u>	<u>(63,313)</u>	<u>519,652</u>
	<u>\$ 110,957,652</u>	<u>(10,700,934)</u>	<u>100,256,718</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. Because the Group acquired all of the subordinated beneficiary certificates, the Group had control over the SPEs. The SPEs are classified as "Investments accounted under equity method". The downstream transactions are eliminated by the difference between the following two amounts.

- 1) The amount received from disposal of financial assets.
- 2) Adjusted book value of disposed financial assets.

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

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

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

7. 2016 Securitization

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

- 1) The amount received from disposal of financial assets.
- 2) Adjusted book value of disposed financial assets.

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

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

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

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(e) Other current assets - others

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Prepayments	\$ 3,792,796	2,979,439	2,231,414
Prepaid expenses	1,555,994	1,269,825	1,164,575
Foreclosed assets	198,593	110,111	66,380
Others	<u>5,592</u>	<u>8,396</u>	<u>9,905</u>
	<u><u>\$ 5,552,975</u></u>	<u><u>4,367,771</u></u>	<u><u>3,472,274</u></u>

As of September 30, 2018, December 31, 2017, and September 30, 2017, foreclosed assets held by the Group were as follows:

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Foreclosed assets	\$ 281,037	154,968	99,530
Less: Accumulated impairment	<u>(82,444)</u>	<u>(44,857)</u>	<u>(33,150)</u>
	<u><u>\$ 198,593</u></u>	<u><u>110,111</u></u>	<u><u>66,380</u></u>

For the three months and the nine months ended September 30, 2018 and 2017, the Group recognized an impairment loss of \$13,850, \$10,612, \$35,567 and \$15,844, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$34,277, \$22,022, \$95,125 and \$59,734 for the three months and the nine months ended September 30, 2018 and 2017, respectively.

(f) Investments accounted under equity method

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

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Investments in affiliates	<u><u>\$ 1,252,790</u></u>	<u><u>1,146,881</u></u>	<u><u>1,157,516</u></u>

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Comprehensive income attributable to the Group				
Gain (loss) for the period	\$ (28,016)	(14,214)	(48,874)	(4,521)
Other comprehensive income	(740)	706	(3,805)	8,328
Total comprehensive income	<u><u>\$ (28,756)</u></u>	<u><u>(13,508)</u></u>	<u><u>(52,679)</u></u>	<u><u>3,807</u></u>

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2. Investments accounted for using equity method and the combined company listed in Note 4(b) were recognized the profit or loss and other comprehensive income with the financial statements reviewed by the accountants during the same period, and the others were calculated based on the financial statements which were not reviewed by the accountants.

3. 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 nine months ended September 30, 2018 and 2017, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost:					
Balance at January 1, 2018	\$ 2,934,645	11,129,091	1,448,670	173,084	15,685,490
Additions	31,616	2,547,583	363,576	8,096	2,950,871
Disposals	-	(2,004,514)	(138,499)	(161)	(2,143,174)
Effect of movements in exchange rate	(38,082)	31,644	1,431	(363)	(5,370)
Balance at September 30, 2018	<u>\$ 2,928,179</u>	<u>11,703,804</u>	<u>1,675,178</u>	<u>180,656</u>	<u>16,487,817</u>
Balance at January 1, 2017	\$ 2,950,164	10,256,226	1,657,474	160,530	15,024,394
Additions	-	2,345,173	427,334	8,357	2,780,864
Reclassification	-	381	2,313	(2,313)	381
Disposals	-	(1,577,780)	(557,002)	-	(2,134,782)
Effect of movements in exchange rate	(20,513)	(81,839)	(5,348)	(1,617)	(109,317)
Balance at September 30, 2017	<u>\$ 2,929,651</u>	<u>10,942,161</u>	<u>1,524,771</u>	<u>164,957</u>	<u>15,561,540</u>
Depreciation and impairment losses:					
Balance at January 1, 2018	\$ 586,820	3,949,680	956,336	133,427	5,626,263
Depreciation for the year	39,780	1,480,415	131,267	10,578	1,662,040
Impairment loss	-	180,552	68,320	-	248,872
Disposals	-	(1,314,401)	(21,069)	(161)	(1,335,631)
Effect of movements in exchange rate	(4,850)	13,710	2,416	(74)	11,202
Balance at September 30, 2018	<u>\$ 621,750</u>	<u>4,309,956</u>	<u>1,137,270</u>	<u>143,770</u>	<u>6,212,746</u>
Balance at January 1, 2017	\$ 535,773	3,260,871	771,666	119,870	4,688,180
Depreciation for the year	38,741	1,353,899	144,536	10,591	1,547,767
Impairment loss	-	227,054	138,775	-	365,829
Disposals	-	(1,013,440)	(57,111)	-	(1,070,551)
Effect of movements in exchange rate	(1,323)	(21,049)	(3,495)	(544)	(26,411)
Balance at September 30, 2017	<u>\$ 573,191</u>	<u>3,807,335</u>	<u>994,371</u>	<u>129,917</u>	<u>5,504,814</u>

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	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2018	\$ <u>2,347,825</u>	<u>7,179,411</u>	<u>492,334</u>	<u>39,657</u>	<u>10,059,227</u>
Balance at September 30, 2018	\$ <u>2,306,429</u>	<u>7,393,848</u>	<u>537,908</u>	<u>36,886</u>	<u>10,275,071</u>
Balance at January 1, 2017	\$ <u>2,414,391</u>	<u>6,995,355</u>	<u>885,808</u>	<u>40,660</u>	<u>10,336,214</u>
Balance at September 30, 2017	\$ <u>2,356,460</u>	<u>7,134,826</u>	<u>530,400</u>	<u>35,040</u>	<u>10,056,726</u>

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

For the impairment test of its leasing asset, management estimated the recoverable amount based on its value in use, which was determined by using the cost of capital 1.13%~6.27% and 1.34%~5.76% for the nine months ended September 30, 2018 and 2017, respectively, to reflect the specific risk associated with its cash generating units.

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, 2018	\$ <u>46,448</u>	<u>17,412</u>	<u>63,860</u>
Balance at September 30, 2018	\$ <u>46,448</u>	<u>14,303</u>	<u>60,751</u>
Balance at January 1, 2017	\$ <u>46,508</u>	<u>31,393</u>	<u>77,901</u>
Balance at September 30, 2017	\$ <u>46,448</u>	<u>18,294</u>	<u>64,742</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2018 and 2017. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(h) of the 2017 annual consolidated financial statements for other related information.

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(i) Short-term notes and bills payable

The Group's short-term notes and bills payable were as follows:

2018.9.30			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
Commercial paper payables	Bank	0.73%~1.21%	\$ 37,320,000
	Bills Finance Company	0.72%~1.19%	29,280,000
Less: Discount on short-term notes and bills payable			(154,394)
Total			<u><u>\$ 66,445,606</u></u>

2017.12.31			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
Commercial paper payables	Bank	0.57%~1.24%	\$ 29,715,000
	Bills Finance Company	0.74%~1.30%	24,950,000
Less: Discount on short-term notes and bills payable			(109,407)
Total			<u><u>\$ 54,555,593</u></u>

2017.9.30			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
Commercial paper payables	Bank	0.75%~1.24%	\$ 26,935,000
	Bills Finance Company	0.75%~1.34%	26,850,000
Less: Discount on short-term notes and bills payable			(148,739)
Total			<u><u>\$ 53,636,261</u></u>

The Group's short-term notes and bills payable were not pledged as assets for guarantee.

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(j) Long-term and short-term borrowings

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

2018.9.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.04%	2021	\$ 360,000
"	USD	3.00%~5.25%	2018~2019	1,534,320
"	THB	2.05%~3.30%	2018~2021	8,353,671
"	CNY	4.35%~5.94%	2018~2021	32,043,998
"	VND	3.60%~6.29%	2018~2019	4,250,006
Unsecured bank loans	TWD	0.79%~2.11%	2018~2027	61,371,234
"	USD	2.84%~5.00%	2018~2021	22,201,100
"	EUR	1.01%~1.25%	2018	674,122
"	THB	1.70%~3.40%	2018~2020	14,503,186
"	JPY	1.15%~1.25%	2018	158,846
"	CNY	4.35%~5.61%	2018~2021	29,482,424
"	HKD	2.65%	2018	31,209
"	MYR	4.50%~5.50%	2018~2019	3,308,134
"	GBP	1.65%	2018	159,601
"	PHP	4.50%~5.25%	2019	107,598
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	<u>4,176,149</u>
Total				<u><u>\$ 182,715,598</u></u>
Current				\$ 143,990,646
Non-current				<u>38,724,952</u>
Total				<u><u>\$ 182,715,598</u></u>

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2017.12.31				
	Currency	Interest Rate	Years of Maturity	Amount
Secured bank loans	USD	2.17%~4.75%	2018~2019	\$ 1,711,595
"	THB	2.05%~4.12%	2018~2020	8,199,616
"	CNY	3.91%~5.23%	2018~2020	26,558,525
"	VND	2.88%~4.98%	2018	3,653,837
Unsecured bank loans	TWD	0.57%~2.11%	2018~2027	50,260,357
"	USD	2.15%~4.60%	2018~2020	16,578,506
"	EUR	0.96%~1.25%	2018	544,222
"	THB	2.05%~3.40%	2018~2020	13,211,350
"	JPY	1.15%~1.25%	2018	81,923
"	CNY	4.35%~4.99%	2018~2020	24,772,560
"	HKD	1.75%~	2018	64,717
"	MYR	4.00%~4.80%	2018	1,852,864
"	GBP	1.47%	2018	140,385
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	6,689,879
Total				\$ 154,320,336
Current				\$ 117,679,580
Non-current				36,640,756
Total				\$ 154,320,336

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2017.9.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	2.11%	2021	\$ 946,956
"	USD	1.70%~4.75%	2017~2019	1,604,633
"	THB	2.05%~4.75%	2017~2020	9,058,167
"	CNY	4.35%~5.23%	2017~2020	20,963,538
"	VND	2.10%~5.20%	2017~2018	3,140,313
Unsecured bank loans	TWD	0.85%~2.03%	2017~2027	46,626,977
"	USD	1.93%~4.50%	2017~2020	24,133,535
"	EUR	0.96%~1.25%	2017	429,001
"	THB	2.05%~7.13%	2017~2020	11,287,404
"	JPY	1.15%	2017	72,633
"	CNY	4.35%~5.70%	2017~2020	26,825,761
"	HKD	1.65%	2017	73,587
"	MYR	4.70%~4.80%	2017~2018	1,461,104
"	GBP	1.15%	2017	162,240
Notes payable from securitization	TWD	1.85%~2.65%	2019~2023	8,240,219
Total				<u><u>\$ 155,026,068</u></u>
Current				\$ 122,387,189
Non-current				<u>32,638,879</u>
Total				<u><u>\$ 155,026,068</u></u>

For information on the Group's interest risk, currency risk, and liquidity risk, please refers to Note (6)(u). 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).

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2. Financial covenants of significant loans and borrowings

- 1) The Company, entered into a syndicated credit agreement with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 2) A subsidiary, Chailease Finance Co., Ltd., entered into several syndicated credit agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.) Otherwise, the loans are due and payable immediately.
- 3) A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., also entered into several syndicated credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd. shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 4) A subsidiary, Asia Sermkij Leasing Public Co., Ltd., likewise entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, etc.) Otherwise, the loans are due and payable immediately.
- 5) A subsidiary, Grand 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.
- 6) A subsidiary, Fina Finance & Trading Co., Ltd., entered into several syndicated credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.
- 7) A subsidiary, Chailease International Finance Corporation entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, equity ratio, interest coverage ratio, total risk assets to net assets ratio, overdue leased assets to leased assets ratio, leasing rental recovery ratio, etc.) Otherwise, the loans are due and payable immediately.
- 8) A subsidiary, Chailease Finance International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, risk assets to net assets ratio, etc.) Otherwise, the loans are due and payable immediately.
- 9) A subsidiary, Chailease International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, the Company shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, recovery of account receivable, etc.) Otherwise, the loans are due and payable immediately.

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

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

(k) Bonds payable

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2018.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.06.16~ 2019.06.16	1.500%	450,000	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.	225,000	-	None
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	3,000,000	-	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.09.26~ 2020.09.26	1.05%	3,500,000	"	-	3,500,000	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2018.09.26~ 2023.09.26	0.980%	1,600,000	"	-	1,600,000	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2018.9.30		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2018.09.26~ 2025.09.26	1.260%		700,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	700,000	None
2016.02.02~ 2019.02.02	2.970%	THB	300,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	284,550	-	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	94,850	-	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	147,018	-	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	94,850	-	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	284,550	-	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	180,215	-	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	194,443	-	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	222,897	-	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	189,700	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	94,850	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	142,275	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	104,335	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,422,750	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	948,500	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	474,250	"
2018.09.13~ 2020.09.13	2.980%	THB	500,000	"	-	474,250	"
Bonds payable (Gross)					4,728,373	16,500,910	
Discounts on bonds payable					(227)	(2,866)	
					<u>\$ 4,728,146</u>	<u>16,498,044</u>	

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.12.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2013.07.22~ 2018.07.22	1.600%	1,400,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	"	450,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	-	3,500,000	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	91,760	-	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	275,280	-	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	137,640	-	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	137,640	-	"

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

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2013.07.22~ 2018.07.22	1.600%	1,400,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	"	450,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	-	3,500,000	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	182,560	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	182,560	-	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	118,664	-	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	91,280	-	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	273,840	-	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	136,920	-	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	136,920	-	"
2015.12.25~ 2017.11.15	2.680%	THB 100,000	"	91,280	-	"
2016.02.02~ 2019.02.02	2.970%	THB 300,000	"	-	273,840	"

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2016.02.17~ 2019.02.21	2.970%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	-	91,280	None
2016.03.29~ 2019.04.03	2.920%	THB 155,000	"	-	141,484	"
2016.04.27~ 2018.04.27	2.630%	THB 500,000	"	456,400	-	"
2016.06.16~ 2019.06.11	2.930%	THB 100,000	"	-	91,280	"
2016.06.24~ 2019.03.21	2.920%	THB 300,000	"	-	273,840	"
2016.06.28~ 2020.06.29	3.250%	THB 200,000	"	-	182,560	"
2016.07.13~ 2019.03.29	2.920%	THB 190,000	"	-	173,432	"
2016.07.25~ 2019.08.01	2.910%	THB 205,000	"	-	187,124	"
2016.07.28~ 2019.07.30	2.930%	THB 235,000	"	-	214,508	"
2016.07.29~ 2018.07.30	2.630%	THB 140,000	"	127,792	-	"
2017.02.24~ 2020.02.28	2.950%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	91,280	"
2017.04.27~ 2020.05.15	2.960%	THB 150,000	"	-	136,920	"
2017.07.07~ 2020.07.07	2.980%	THB 110,000	"	-	100,408	"
2017.08.08~ 2020.08.10	2.930%	THB 1,500,000	"	-	1,369,200	"
Bonds payable (Gross)				4,448,216	14,177,156	
Discounts on bonds payable				(277)	(2,409)	
				<u>\$ 4,447,939</u>	<u>14,174,747</u>	

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(l) Operating Leases

1. Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Less than one year	\$ 412,164	392,136	343,235
Between one and five years	378,320	496,975	466,997
Beyond five years	<u>674,450</u>	<u>484,874</u>	<u>456,907</u>
	<u><u>\$ 1,464,934</u></u>	<u><u>1,373,985</u></u>	<u><u>1,267,139</u></u>

(m) 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, pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2017 and 2016.

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating expenses	\$ <u>16,243</u>	<u>17,002</u>	<u>48,505</u>	<u>50,912</u>

2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating costs	\$ 519	514	1,547	1,561
Operating expenses	<u>56,969</u>	<u>44,551</u>	<u>149,564</u>	<u>123,732</u>
Total	<u><u>\$ 57,488</u></u>	<u><u>45,065</u></u>	<u><u>151,111</u></u>	<u><u>125,293</u></u>

(n) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group has recognized the effect of the change in the tax rate affecting deferred tax assets and liabilities \$117,637 and \$145,388, respectively, in the interim period in which the change has occurred.

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The components of income tax for the three months and the nine months ended September 30, 2018 and 2017 were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total income tax expense from continuing operations \$	<u>1,233,493</u>	<u>965,646</u>	<u>3,621,500</u>	<u>2,496,974</u>

The components of income tax recognized in other comprehensive income were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Components that may be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations \$	<u>(568)</u>	<u>4,283</u>	<u>(29,360)</u>	<u>86,361</u>

(o) Share capital and other equity accounts

Except for the following, there were no significant changes in capital and other equity for the nine months ended September 30, 2018 and 2017. Please refer to Note (6)(n) of the 2017 annual consolidated financial statements for other related information.

1.Share capital

As of September 30, 2018 and 2017, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth \$12,895,146 and \$11,392,300, respectively, with par value of \$10 (NT dollars) per share.

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

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Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US\$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of September 30, 2018, December 31, 2017, and September 30, 2017, the Company has listed, 829,486, 855,675 and 38,026 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

1) Exercise of voting rights

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

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

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

2. Capital surplus

The components of capital surplus were as follows:

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Share capital	\$ 17,363,784	17,363,784	9,387,469
Changes in equity of associates and joint ventures accounted for using equity method	<u>4,012</u>	<u>4,012</u>	<u>4,012</u>
	<u>\$ 17,367,796</u>	<u>17,367,796</u>	<u>9,391,481</u>

3. Retained earnings

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

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1) Special reserve

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

2) Earnings distribution

During the shareholders' meetings on May 24, 2018 and May 26, 2017, the shareholders resolved to distribute the 2017 and 2016 earnings. These earnings were appropriated as follows:

	2017		2016	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.80	4,804,074	3.40	3,873,382
Stock	0.20	252,846	-	-
Total		<u>\$ 5,056,920</u>		<u>3,873,382</u>

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

(p) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Profit attributable to common stockholders of the Company	\$ <u>3,397,383</u>	<u>2,681,851</u>	<u>10,035,719</u>	<u>7,030,493</u>
Weighted average number of ordinary shares	\$ <u>1,289,515</u>	<u>1,162,015</u>	<u>1,289,515</u>	<u>1,162,015</u>
Weighted average number of ordinary shares (Diluted)	\$ <u>1,289,533</u>	<u>1,162,034</u>	<u>1,289,533</u>	<u>1,162,034</u>

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Note: Potential ordinary shares have no dilutive effects.

(q) Employee and board of directors compensation

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

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

For the three months and the nine months ended September 30, 2018 and 2017, the Company estimated its employees' remuneration amounting to \$510, \$403, \$1,506 and \$1,055, and directors' remuneration amounting to \$2,379, \$1,877, \$7,026 and \$4,921, respectively. These estimated amounts were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017.

For 2017 and 2016, the Company recognized employees' remuneration amounting to \$1,450 and \$1,087, and directors' remuneration amounting to \$8,113 and \$5,216, respectively. The amounts, as stated in the condensed interim consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016. Related information would be available at the Market Observation Post System website.

(r) Net other income and expenses

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Net losses on disposal of foreclosed assets	\$ (34,277)	(22,022)	(95,125)	(59,734)
Net losses on reversal of impairment loss of foreclosed assets	(13,850)	(10,612)	(35,567)	(15,844)
Gains on doubtful debt recoveries	81,467	66,380	245,326	208,226
Others	8	-	8	98
	<u>\$ 33,348</u>	<u>33,746</u>	<u>114,642</u>	<u>132,746</u>

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(s) Other gains and losses

The components of other gains and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Net foreign exchange gains (losses)	\$ 14,041	(43,359)	80,701	(53,587)
Net gains on disposal of properly plant, and equipment	856	24	2,528	247
Net gains on disposal of available-for-sale financial assets	-	102,149	-	177,257
Net (losses) gains on valuation of financial assets measured at fair value through profit or loss	(548)	(3,438)	(15,557)	10,380
Impairment losses on available-for-sale financial assets	-	(381)	-	(422)
Others	114,964	72,044	552,616	382,752
	<u>\$ 129,313</u>	<u>127,039</u>	<u>620,288</u>	<u>516,627</u>

(t) Adjustments to other comprehensive income

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Available-for-sale financial assets				
Net change in fair value \$	-	(75,898)	-	(174,671)
Net change in fair value reclassified to profit or loss	-	(91,799)	-	(104,078)
Net change in fair value recognized in other comprehensive income \$	<u>-</u>	<u>(167,697)</u>	<u>-</u>	<u>(278,749)</u>

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(u) 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 September 30, 2018, December 31, 2017, and September 30, 2017, the maximum exposure to credit risks amounted to \$367,498,986, \$314,972,480 and \$299,925,988, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$118,757, \$81,697 and \$92,654 as of September 30, 2018, December 31, 2017, and September 30, 2017, respectively.

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

	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
September 30, 2018					
Gross loans and receivables:					
Neither past due nor impaired					
12-month ECL	\$ 170,168,437	101,234,905	30,251,432	1,223,936	302,878,710
Lifetime ECL	-	318,923	11,027,381	3,052,710	14,399,014
Past due					
Lifetime ECL	475,274	36,262	2,451,078	-	2,962,614
Impaired					
Lifetime ECL	<u>5,229,547</u>	<u>2,422,239</u>	<u>2,068,272</u>	<u>164,007</u>	<u>9,884,065</u>
Gross carrying amounts	<u>\$ 175,873,258</u>	<u>104,012,329</u>	<u>45,798,163</u>	<u>4,440,653</u>	<u>330,124,403</u>
Allowance for losses	<u>3,947,282</u>	<u>4,171,826</u>	<u>1,737,380</u>	<u>210,313</u>	<u>10,066,801</u>
Carrying amount	<u>\$ 171,925,976</u>	<u>99,840,503</u>	<u>44,060,783</u>	<u>4,230,340</u>	<u>320,057,602</u>

Taiwan

	<u>For the nine months ended September 30, 2018</u>			
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	<u>Total</u>
Balance at January 1, 2018 (Under IAS 39)	\$ 1,538,972	16,831	2,126,704	3,682,507
Adjustment on initial application of IFRS 9	-	7,380	-	7,380
Balance at January 1, 2018 (Under IFRS 9)	1,538,972	24,211	2,126,704	3,689,887
Impairment loss recognized	172,819	14,539	1,440,629	1,627,987
Bad debts written-off	-	-	(1,381,002)	(1,381,002)
Others	(28,294)	(435)	39,139	10,410
Balance at September 30, 2018	<u>\$ 1,683,497</u>	<u>38,315</u>	<u>2,225,470</u>	<u>3,947,282</u>

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China

	For the nine months ended September 30, 2018			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Balance at January 1, 2018 (Under IAS 39)	\$ 1,809,504	-	2,141,375	3,950,879
Adjustment on initial application of IFRS 9	199,765	11,823	-	211,588
Balance at January 1, 2018 (Under IFRS 9)	2,009,269	11,823	2,141,375	4,162,467
Impairment loss recognized	1,904,426	143,839	(1,210,572)	837,693
Transfer to lifetime ECL-not credit impaired	(27,213)	27,213	-	-
Transfer to lifetime ECL- credit impaired	(1,495,742)	(170,683)	1,666,425	-
Bad debts written-off	-	-	(706,259)	(706,259)
Others	(69,698)	(346)	(52,031)	(122,075)
Balance at September 30, 2018	<u>\$ 2,321,042</u>	<u>11,846</u>	<u>1,838,938</u>	<u>4,171,826</u>

ASEAN

	For the nine months ended September 30, 2018			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Balance at January 1, 2018 (Under IAS 39)	\$ -	77,349	1,200,675	1,278,024
Adjustment on initial application of IFRS 9	208,811	248,941	(247,540)	210,212
Balance at January 1, 2018 (Under IFRS 9)	208,811	326,290	953,135	1,488,236
Impairment loss recognized	67,025	67,590	183,638	318,253
Transfer to lifetime ECL-not credit impaired	(26,005)	26,005	-	-
Transfer to lifetime ECL- credit impaired	(8,467)	(61,809)	70,276	-
Bad debts written-off	-	-	(112,951)	(112,951)
Others	7,498	4,075	32,269	43,842
Balance at September 30, 2018	<u>\$ 248,862</u>	<u>362,151</u>	<u>1,126,367</u>	<u>1,737,380</u>

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Others

	<u>For the nine months ended September 30, 2018</u>			<u>Total</u>
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	
Balance at January 1, 2018 (Under IAS 39)	\$ -	203,126	93,554	296,680
Adjustment on initial application of IFRS 9	-	-	-	-
Balance at January 1, 2018 (Under IFRS 9)	-	203,126	93,554	296,680
Impairment loss (profit) recognized	-	(40,407)	2,393	(38,014)
Transfer to lifetime ECL- credit impaired	-	(1,450)	1,450	-
Others	-	48,634	(96,987)	(48,353)
Balance at September 30, 2018	<u>\$ -</u>	<u>209,903</u>	<u>410</u>	<u>210,313</u>

	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
December 31, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 148,906,140	83,233,880	35,727,412	4,135,395	272,002,827
Past due	288,110	-	2,348,873	-	2,636,983
Impaired	<u>5,385,707</u>	<u>2,764,710</u>	<u>1,765,469</u>	<u>218,332</u>	<u>10,134,218</u>
	<u>\$ 154,579,957</u>	<u>85,998,590</u>	<u>39,841,754</u>	<u>4,353,727</u>	<u>284,774,028</u>
Allowance for impairment					
Collectively assessed	\$ 1,578,195	2,170,157	794,415	203,126	4,745,893
Individually assessed	<u>2,104,312</u>	<u>1,780,722</u>	<u>483,609</u>	<u>93,554</u>	<u>4,462,197</u>
	<u>\$ 3,682,507</u>	<u>3,950,879</u>	<u>1,278,024</u>	<u>296,680</u>	<u>9,208,090</u>
	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
September 30, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 145,225,092	75,879,959	33,803,530	4,080,140	258,988,721
Past due	232,953	-	2,309,497	92,203	2,634,653
Impaired	<u>5,335,350</u>	<u>2,948,537</u>	<u>1,955,159</u>	<u>183,084</u>	<u>10,422,130</u>
	<u>\$ 150,793,395</u>	<u>78,828,496</u>	<u>38,068,186</u>	<u>4,355,427</u>	<u>272,045,504</u>

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	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
September 30, 2017					
Allowance for impairment					
Collectively assessed	\$ 1,463,236	1,826,989	731,880	242,464	4,264,569
Individually assessed	<u>1,968,314</u>	<u>1,907,873</u>	<u>504,273</u>	<u>77,677</u>	<u>4,458,137</u>
	<u>\$ 3,431,550</u>	<u>3,734,862</u>	<u>1,236,153</u>	<u>320,141</u>	<u>8,722,706</u>

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

The credit quality of the portfolio classified as loans and receivables neither past due nor impaired is under the circumstances that borrowers are with good credit rate and have no overdue records.

3) Loans and receivables which were past due or monitored

Loans and receivables that were past due or monitored, includes loans and receivables with renegotiated terms. Loans with renegotiated terms are due to the borrower's deteriorating financial position and where the Group has made concessions that it would not otherwise consider. 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.

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

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

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Past due up to 30 days	\$ 449,024	1,573,711	1,585,005
Past due from 31 to 90 days	2,305,228	1,063,272	1,049,648
Past due from 91 to 180 days	23,614	-	-
Past due over 180 days	<u>184,748</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,962,614</u>	<u>2,636,983</u>	<u>2,634,653</u>

4) Impaired loans and receivables

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

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2. Liquidity risks

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

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
September 30, 2018								
Non-derivative financial liabilities								
Secured bank loans	\$ 46,541,995	47,529,218	3,905,493	3,264,748	17,824,842	22,534,135	-	-
Unsecured bank loans	131,997,454	134,240,589	27,740,417	15,411,728	34,394,032	56,403,849	290,563	-
Notes payable from securitization	4,176,149	4,408,486	89,587	13,276	59,744	4,245,879	-	-
Short-term notes and bills payable	66,445,606	66,600,000	16,580,000	21,520,000	28,500,000	-	-	-
Bonds payables	21,226,190	22,295,556	47,759	45,229	3,495,182	16,330,646	2,376,740	-
Other payables	9,299,893	9,331,858	4,572,047	761,608	943,920	633,407	-	2,420,876
Deposits relating to collateral of customers	35,874,178	35,911,378	759,433	2,114,828	8,721,728	23,449,414	4,412	861,563
Derivative financial liabilities								
Current financial liabilities for hedging	38,845	38,845	-	-	38,845	-	-	-
	<u>\$ 315,600,310</u>	<u>320,355,930</u>	<u>53,694,736</u>	<u>43,131,417</u>	<u>93,978,293</u>	<u>123,597,330</u>	<u>2,671,715</u>	<u>3,282,439</u>
December 31, 2017								
Non-derivative financial liabilities								
Secured bank loans	\$ 40,123,573	41,904,072	4,159,456	2,676,874	14,003,088	21,064,654	-	-
Unsecured bank loans	107,506,884	110,032,786	17,233,838	17,943,289	26,869,051	47,667,478	319,130	-
Notes payable from securitization	6,689,879	7,218,234	10,358	20,715	93,220	7,093,941	-	-
Short-term notes and bills payable	54,555,593	54,665,000	18,200,000	18,865,000	17,600,000	-	-	-
Bonds payables	19,071,918	20,115,381	6,673	118,836	2,355,220	15,663,302	1,971,350	-
Other payables	8,795,344	8,905,103	4,860,881	1,443,733	436,636	663,730	-	1,500,123
Deposits relating to collateral of customers	30,450,484	30,480,384	719,561	1,577,209	8,161,930	19,307,703	408	713,573
Derivative financial liabilities								
Current derivative financial liabilities for hedging	2,108	2,108	-	-	2,108	-	-	-
	<u>\$ 267,195,783</u>	<u>273,323,068</u>	<u>45,190,767</u>	<u>42,645,656</u>	<u>69,521,253</u>	<u>111,460,808</u>	<u>2,290,888</u>	<u>2,213,696</u>

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	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
September 30, 2017								
Non-derivative financial liabilities								
Bank overdraft	\$ 21,868	21,868	-	-	-	-	-	21,868
Secured bank loans	35,713,607	36,353,814	3,747,282	2,923,260	15,315,220	14,368,052	-	-
Unsecured bank loans	111,050,374	112,837,184	21,505,258	13,354,687	25,496,637	52,151,785	328,817	-
Notes payable from securitization	8,240,219	8,836,752	12,505	25,011	112,548	8,686,688	-	-
Short-term notes and bills payable	53,636,261	53,785,000	15,810,000	11,375,000	26,600,000	-	-	-
Bonds payables	18,622,686	19,696,878	236,602	425,564	2,359,160	14,678,902	1,996,650	-
Other payables	7,289,758	7,309,195	3,605,090	632,510	976,970	602,467	-	1,492,158
Deposits relating to collateral of customers	29,151,903	29,190,711	247,410	686,083	5,214,513	22,230,323	1,000	811,382
Derivative financial liabilities								
Current derivative financial liabilities for hedging	3,388	3,388	-	-	3,388	-	-	-
	<u>\$ 263,730,064</u>	<u>268,034,790</u>	<u>45,164,147</u>	<u>29,422,115</u>	<u>76,078,436</u>	<u>112,718,217</u>	<u>2,326,467</u>	<u>2,325,408</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:

2018.9.30					
	Foreign currency (In thousands)		Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	11,301.77	USD : TWD	30.5250	344,987
		42,609.97	USD : GBP	0.7650	1,300,669
		4,986.42	USD : VND	25,438	152,210
JPY		746,750.75	JPY : USD	0.0088	201,025
EUR		22,204.08	EUR : USD	1.1623	787,801
GBP		4,548.69	GBP : USD	1.3071	181,493

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		2018.9.30			
		Foreign currency (In thousands)	Exchange rate	Functional currency	
Financial liabilities					
Monetary items					
USD		5,251.89	USD : VND	25,438	160,314
		42,609.97	USD : GBP	0.7650	1,300,669
JPY		590,066.85	JPY : USD	0.0088	158,846
EUR		19,000.07	EUR : USD	1.1623	674,122
GBP		4,000.01	GBP : USD	1.3071	159,601
		2017.12.31			
		Foreign currency (In thousands)	Exchange rate	Functional currency	
Financial assets					
Monetary items					
USD	\$	50,250.49	USD : TWD	29.7600	1,495,455
		35,376.60	USD : GBP	0.7420	1,052,808
		5,631.49	USD : VND	24,595	167,593
JPY		419,458.81	JPY : USD	0.0089	110,821
EUR		17,400.00	EUR : USD	1.1952	618,918
HKD		19,340.08	HKD : USD	0.1279	73,628
GBP		3,817.54	GBP : USD	1.3478	153,122
Financial liabilities					
Monetary items					
USD		4,513.26	USD : VND	24,595	134,315
		35,376.60	USD : GBP	0.7420	1,052,808
JPY		310,080.73	JPY : USD	0.0089	81,923
EUR		15,300.02	EUR : USD	1.1952	544,222
HKD		16,999.55	HKD : USD	0.1279	64,717
GBP		3,499.99	GBP : USD	1.3478	140,385

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		2017.9.30			
	Foreign currency (In thousands)	Exchange rate		Functional currency	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	8,467.19	USD : TWD	30.2600	256,217
		5,204.09	USD : GBP	0.7500	157,476
		5,999.48	USD : VND	25,008	181,544
CNY		923.60	CNY : USD	0.1504	4,203
JPY		386,783.41	JPY : USD	0.0089	104,083
EUR		13,493.45	EUR : USD	1.1814	482,391
HKD		21,192.20	HKD : USD	0.1280	82,077
GBP		4,316.76	GBP : USD	1.3404	175,088
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		260,000.00	USD : TWD	30.2600	7,867,600
		4,628.19	USD : VND	25,008	140,049
		6,739.17	USD : MYR	4.3910	203,927
JPY		269,911.10	JPY : USD	0.0089	72,633
EUR		12,000.02	EUR : USD	1.1814	429,001
HKD		18,999.89	HKD : USD	0.1280	73,587
GBP		3,999.99	GBP : USD	1.3404	162,240

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 \$77,759 and \$23,429, for the nine months ended September 30, 2018 and 2017, respectively. The analysis is performed on the same basis for both years.

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 nine months ended September 30, 2018 and 2017, the foreign currency (loss) gain, including realized and unrealized, amounted to \$80,701 and \$(53,587), respectively.

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4. Interest analysis

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

Ending balance as of September 30, 2018	Effective interest rate	Fixed rate					
		Total	Floating rate	Within 1 year	1~5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and cash equivalents	0.60 %	\$ 18,644,060	15,760,246	2,444,326	-	-	439,488
Debt securities	5.84 %	13,917,021	-	7,040,983	6,876,038	-	-
Total accounts receivables	9.42 %	330,327,922	37,336,842	140,973,326	143,782,513	2,270,429	5,964,812
Current financial assets for hedging	2.08 %	197,225	-	197,225	-	-	-
		<u>363,086,228</u>	<u>53,097,088</u>	<u>150,655,860</u>	<u>150,658,551</u>	<u>2,270,429</u>	<u>6,404,300</u>
Financial liabilities							
Secured bank loans	4.61 %	46,541,995	37,828,324	3,993,185	4,720,486	-	-
Unsecured bank loans	2.66 %	131,997,454	84,635,056	28,375,496	18,717,319	269,583	-
Short-term notes and bills payable	0.92 %	66,445,606	30,960,624	35,484,982	-	-	-
Bonds payables	1.76 %	21,226,190	-	3,228,146	15,698,044	2,300,000	-
Current financial liabilities for hedging	1.11 %	38,845	-	38,845	-	-	-
Notes payable from securitization	1.95 %	4,176,149	-	-	4,093,200	-	82,949
Deposits relating to collateral of customers	0.16 %	35,874,178	-	3,215,611	5,829,382	4,180	26,825,005
		<u>306,300,417</u>	<u>153,424,004</u>	<u>74,336,265</u>	<u>49,058,431</u>	<u>2,573,763</u>	<u>26,907,954</u>
Net exposure		<u>\$ 56,785,811</u>	<u>(100,326,916)</u>	<u>76,319,595</u>	<u>101,600,120</u>	<u>(303,334)</u>	<u>(20,503,654)</u>
Ending balance as of December 31, 2017							
Financial assets							
Cash and cash equivalents	0.68 %	\$ 19,030,593	15,988,839	2,769,068	-	-	272,686
Debt securities	6.53 %	7,836,447	-	3,924,927	3,911,520	-	-
Total accounts receivables	9.51 %	<u>284,916,903</u>	<u>34,860,444</u>	<u>123,851,654</u>	<u>112,144,265</u>	<u>7,540,048</u>	<u>6,520,492</u>
		<u>311,783,943</u>	<u>50,849,283</u>	<u>130,545,649</u>	<u>116,055,785</u>	<u>7,540,048</u>	<u>6,793,178</u>
Financial liabilities							
Secured bank loans	4.45 %	40,123,573	32,199,237	4,165,904	3,758,432	-	-
Unsecured bank loans	2.14 %	107,506,884	59,338,575	33,527,022	14,349,204	292,083	-
Short-term notes and bills payable	0.86 %	54,555,593	24,194,576	30,361,017	-	-	-
Bonds payables	1.79 %	19,071,918	-	2,154,425	15,017,493	1,900,000	-
Current derivative financial liabilities for hedging	1.69 %	2,108	-	2,108	-	-	-
Notes payable from securitization	1.94 %	6,689,879	-	-	6,689,879	-	-
Deposits relating to collateral of customers	0.13 %	30,450,484	-	2,230,947	5,647,809	408	22,571,320
		<u>258,400,439</u>	<u>115,732,388</u>	<u>72,441,423</u>	<u>45,462,817</u>	<u>2,192,491</u>	<u>22,571,320</u>
Net exposure		<u>\$ 53,383,504</u>	<u>(64,883,105)</u>	<u>58,104,226</u>	<u>70,592,968</u>	<u>5,347,557</u>	<u>(15,778,142)</u>

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Ending balance as of September 30, 2017	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	0.48 %	\$ 16,234,033	12,272,918	3,607,793	-	-	353,322
Debt securities	6.75 %	7,031,717	-	4,271,602	2,760,115	-	-
Total accounts receivables	9.40 %	<u>272,189,353</u>	<u>34,112,919</u>	<u>121,144,949</u>	<u>108,538,793</u>	<u>1,650,632</u>	<u>6,742,060</u>
		<u>295,455,103</u>	<u>46,385,837</u>	<u>129,024,344</u>	<u>111,298,908</u>	<u>1,650,632</u>	<u>7,095,382</u>
Financial liabilities							
Secured bank loans	4.25 %	35,713,607	25,982,324	5,821,094	3,910,189	-	-
Unsecured bank loans	2.09 %	111,050,374	66,232,533	32,848,549	11,669,708	299,584	-
Short term notes and bills payables	0.87 %	53,636,261	21,025,499	32,610,762	-	-	-
Bonds payables	1.88 %	18,622,686	-	2,722,939	13,999,747	1,900,000	-
Current derivative financial liabilities for hedging	1.71 %	3,388	-	3,388	-	-	-
Bank overdraft	7.13 %	21,868	21,868	-	-	-	-
Notes payable from securitization	1.93 %	8,240,219	-	-	8,240,219	-	-
Deposits relating to collateral of customers	0.12 %	29,151,903	-	2,156,253	5,602,130	1,000	21,392,520
		<u>256,440,306</u>	<u>113,262,224</u>	<u>76,162,985</u>	<u>43,421,993</u>	<u>2,200,584</u>	<u>21,392,520</u>
Net exposure		\$ <u>39,014,797</u>	<u>(66,876,387)</u>	<u>52,861,359</u>	<u>67,876,915</u>	<u>(549,952)</u>	<u>(14,297,138)</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.

If the interest rate increases or decreases by 0.25%, the Group's profit will decrease or increase by \$212,891 and \$144,727 for the nine months ended September 30, 2018 and 2017, respectively. This analysis assumes that all other variables remain constant.

5. Sensitivity analysis— equity price risk :

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

Equity price at reporting date	For the nine months ended September 30,			
	2018		2017	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	<u>\$ 68,412</u>	<u>15,776</u>	<u>79,956</u>	<u>14,295</u>
Decrease 7%	<u>\$ (68,412)</u>	<u>(15,776)</u>	<u>(79,956)</u>	<u>(14,295)</u>

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6. Fair value information

1) The Categories and Fair Values of Financial Instruments

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

	September 30, 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,023,021	225,374	-	797,647	1,023,021
Financial assets for hedging	197,225	-	197,225	-	197,225
Financial assets at fair value through other comprehensive income					
Domestic and foreign market (OTC) equity securities	871,369	867,858	3,511	-	871,369
Measure the fair value of unquoted equity instruments	105,069	-	-	105,069	105,069
Sub-total	976,438	867,858	3,511	105,069	976,438
Financial assets at amortized cost	13,917,021	-	-	-	-
Loans and receivable					
Cash and cash equivalents	18,644,060	-	-	-	-
Accounts receivable	320,176,359	-	-	-	-
Other financial assets	1,839,816	-	-	-	-
Refundable deposits	338,037	-	-	-	-
Restricted bank deposits	2,731,861	-	-	-	-
Sub-total	343,730,133	-	-	-	-
Total	\$ 359,843,838	1,093,232	200,736	902,716	2,196,684

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		September 30, 2018			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities for hedging	\$ 38,845	-	38,845	-	38,845
Measurement of financial liabilities at amortized cost					
Secured bank loans	46,541,995	-	-	-	-
Unsecured bank loans	131,997,454	-	-	-	-
Notes payable from securitization	4,176,149	-	-	-	-
Short-term notes and bills payable	66,445,606	-	-	-	-
Bonds payables	21,226,190	-	-	-	-
Other payables	9,299,893	-	-	-	-
Deposits relating to collateral of customers	35,874,178	-	-	-	-
Sub-total	315,561,465	-	-	-	-
Total	\$ 315,600,310	-	38,845	-	38,845
		December 31, 2017			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets held for trading	\$ 49,572	48,977	-	595	49,572
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	983,364	980,828	2,536	-	983,364
Measure the fair value of unquoted equity instruments	94,577	-	-	94,577	94,577
Sub-total	1,077,941	980,828	2,536	94,577	1,077,941
Held-to-maturity investments	7,836,447	-	-	-	-
Loans and receivable					
Cash and cash equivalents	19,030,593	-	-	-	-
Accounts receivable	275,647,635	-	-	-	-
Other financial assets	1,310,108	-	-	-	-
Refundable deposits	452,911	-	-	-	-
Restricted bank deposits	2,513,730	-	-	-	-
Sub-total	298,954,977	-	-	-	-
Total	\$ 307,918,937	1,029,805	2,536	95,172	1,127,513

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December 31, 2017					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Derivative financial liabilities for hedging	\$ 2,108	-	2,108	-	2,108
Measurement of financial liabilities at amortized cost					
Secured bank loans	40,123,573	-	-	-	-
Unsecured bank loans	107,506,884	-	-	-	-
Notes payable from securitization	6,689,879	-	-	-	-
Short-term notes and bills payable	54,555,593	-	-	-	-
Bonds payables	19,071,918	-	-	-	-
Other payables	8,795,344	-	-	-	-
Deposits relating to collateral of customers	30,450,484	-	-	-	-
Sub-total	267,193,675	-	-	-	-
Total	\$ 267,195,783	-	2,108	-	2,108
September 30, 2017					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets held for trading	\$ 204,212	204,212	-	-	204,212
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	966,906	964,313	2,593	-	966,906
Measured at fair value of unquoted equity instruments	174,474	-	-	174,474	174,474
Sub-total	1,141,380	964,313	2,593	174,474	1,141,380
Held-to-maturity investments	7,031,717	-	-	-	-
Loans and receivable					
Cash and cash equivalents	16,234,033	-	-	-	-
Accounts receivable	263,415,452	-	-	-	-
Other financial assets	1,471,413	-	-	-	-
Refundable deposits	474,730	-	-	-	-
Restricted bank deposits	3,067,278	-	-	-	-
Sub-total	284,662,906	-	-	-	-
Total	\$ 293,040,215	1,168,525	2,593	174,474	1,345,592

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	September 30, 2017				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Derivative financial liabilities for hedging	\$ 3,388	-	3,388	-	3,388
Measurement of financial liabilities at amortized cost					
Bank overdraft	21,868	-	-	-	-
Secured bank loans	35,713,607	-	-	-	-
Unsecured bank loans	111,050,374	-	-	-	-
Notes payable from securitization	8,240,219	-	-	-	-
Short-term notes and bills payable	53,636,261	-	-	-	-
Bonds payables	18,622,686	-	-	-	-
Other payables	7,289,758	-	-	-	-
Deposits relating to collateral of customers	29,151,903	-	-	-	-
Sub-total	263,726,676	-	-	-	-
Total	\$ 263,730,064	-	3,388	-	3,388

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. Financial assets at amortized cost (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. Financial assets at amortized cost (Debt Investment that Has No Active Markets and Financial Liabilities Measured at Amortized Cost)

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

3) Valuation Techniques for Financial Instruments Measured at Fair Value

A. Non-derivative Financial Instruments

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

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

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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) Transfers between Level 1 and Level 2

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

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

	At fair value through profit or loss Derivative financial assets	At fair value through others comprehensive income (Available-for- sale financial assets) Unquoted equity instruments	Total
Opening balance, January 1, 2018	\$ 595	94,577	95,172
Total gains and losses recognized:	-		
In profit or loss	(599)	-	(599)
In other comprehensive income	-	529	529
Reclassification	782,230	(350)	781,880
Purchase	-	9,554	9,554
Disposal / Liquidate	-	-	-
Effect of movements in exchange rate	15,421	759	16,180
Ending balance, September 30, 2018	<u>\$ 797,647</u>	<u>105,069</u>	<u>902,716</u>
Opening balance, January 1, 2017	\$ -	500,751	500,751
Total gains and losses recognized:			
In other comprehensive income	-	(14,104)	(14,104)
Disposal / Liquidate	-	(312,173)	(312,173)
Ending balance, September 30, 2017	<u>\$ -</u>	<u>174,474</u>	<u>174,474</u>

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For the three months and the nine months ended September 30, 2018 and 2017, 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”, “unrealized gains and losses on available-for-sale financial assets” and “unrealized gains and losses from financial assets measured at fair value through other comprehensive” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Total gains and losses recognized :				
In profit or loss, and presented in “other gains and losses”	\$ (8)	-	(599)	-
In other comprehensive income, and presented in “unrealized gains (losses) on valuation of available-for-sale financial assets”	-	(97,311)	-	(14,104)
In other comprehensive income, and presented in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	242	-	529	-

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

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

Quantified information of significant unobservable inputs as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets-investments in debt instruments without active market)	Net Asset Value Method	Net Asset Value	Not applicable

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(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(u) of the consolidated financial statements for the year ended December 31, 2017.

(w) 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, 2017. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2017. Please refer to Note (6)(v) of the consolidated financial statements for the year ended December 31, 2017 for further details.

(7) Related Party Transactions

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

(b) Names and relationship of related parties

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

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Chung Hung Corp.	Affiliate
DMC Energy Management Services (Shenzhen) Co., Ltd.	"
C&E Engine Leasing Limited	"
CL Investment Partners Company Limited	"
Diamond Rain Group Limited	"
CTBC Bank (Note)	Other related party
Chinatrust Financial Holding Company (Note)	"
TLG Insurance Company Limited (Note)	"
Grand Pacific Investment & Development Co., Ltd.	"
Chalease Construction & Development Corp.	"
Chaico Investment Corporation	"
Yellowstone Security Co., Ltd.	"
Yellowstone Service Co., Ltd.	"
Chalease Resources Technology Co., Ltd.	"
CITC Enterprise (Thai) Co., Ltd.	"
Chalease Business Co., Ltd.	"
Bosser Design Engineering Co., Ltd.	"

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<u>Name of related parties</u>	<u>Relationship with the Group</u>
Global Hospitality Group Inc.	Other related party
Global Property Management Co., Ltd.	"
Chailease Youngster Foundation	"
Advance Rental Care Co., Ltd.	"
Qin An Investment Consulting (Shanghai) Co., Ltd.	"
Shanghai Jiasheng Decoration Engineering Co., Ltd.	"
Chailease Resources Trading (Shanghai) Corporation	"
Yujia Investment Management Consulting (Shanghai) Co., Ltd.	"
Bangkok Bank Public Company Limited	"
Bangkok Granden Property Fund	"
Bangkok Insurance Public Company Limited	"
Enrich Management Consultants Ltd.	"
Grand Pacific Finance Corp. (N.Y.)	"
Sathorn City Tower Property Fund	"
Chailease Enterprise Co., Ltd.	"

Note: CTBC Bank, Chinatrust Financial Holding Company and TLG Insurance Company Limited were no longer related party to the Group since January 1, 2018.

(c) Related-party transactions

1. Operating revenue

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Affiliates	\$ -	133	34	389
Other related parties	4,013	22,245	8,281	81,327
	<u>\$ 4,013</u>	<u>22,378</u>	<u>8,315</u>	<u>81,716</u>

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2. Receivables from related parties

Receivables of the Group from related parties were as follows :

<u>Account</u>	<u>Categories of related parties</u>	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Capital leases receivable	Other related parties	\$ 63,491	17,007	104
Accounts receivable	Other related parties	-	1,842	1,383
Other receivables	Affiliates	-	-	399
Other receivables	Other related parties	6	10,898	406
Other current financial assets	Other related parties	-	1,000	1,000
Other non-current financial assets	Other related parties	-	1,200	1,800
		<u>\$ 63,497</u>	<u>31,947</u>	<u>5,092</u>

3. Payable to related parties

Payable to related parties were as follows :

<u>Account</u>	<u>Categories of related parties</u>	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Other current financial liabilities	Other related parties	\$ <u>2,409</u>	<u>1,854</u>	<u>120</u>

4. Asset transactions

The Group purchased leasehold improvements from other related parties amounting to \$35,319 for the year ended December 31, 2017. The Group purchased leasehold improvements from other related parties amounting to \$13,177 for the nine months ended September 30, 2018.

5. Related-Party Financing

Financing to affiliates and related parties was as follows :

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Affiliates	\$ 1,223,936	991,677	1,016,616
Other related parties	11,752	103,055	103,606
	<u>\$ 1,235,688</u>	<u>1,094,732</u>	<u>1,120,222</u>

The loans receivable from affiliates bear interest at rates ranging from 3.05% to 5.84%. As of September 30, 2018, December 31, 2017, and September 30, 2017 interest receivable from the loans receivable from affiliates amounted to \$8,900, \$7,499 and \$6,211, respectively. For the three months and the nine months ended September 30, 2018 and 2017, interest revenue from the loans receivable from affiliates amounted to \$15,581, \$8,331, \$36,426 and \$16,158, respectively.

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The loans receivable from other related parties bear interest at rates ranging from 2.85% to 3.85%. As of September 30, 2018, December 31, 2017, and September 30, 2017 interest receivable from the loans receivable from other related parties amounted to \$100, \$476 and \$453, respectively. For the three months and the nine months ended September 30, 2018 and 2017, interest revenue from the loans receivable from other related parties amounted to \$151, \$1,257, \$1,564 and \$4,004, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Other related parties	\$ <u>3,365,700</u>	<u>2,569,280</u>	<u>2,577,708</u>

The borrowings from other related parties bear interest at rates ranging from 3.05% to 4.95%. As of September 30, 2018, December 31, 2017, and September 30, 2017 interest payable from the interest bearing borrowings from other related parties amounted to \$4,853, \$232 and \$231, respectively. For the three months and the nine months ended September 30, 2018 and 2017, interest expense from the interest bearing borrowing from other related parties amounted to \$47,656, \$21,130, \$90,290 and \$61,603, respectively.

7. Guarantee

As of September 30, 2018, December 31, 2017, and September 30, 2017, the Group had provided a guarantee for loans taken out by affiliates and the credit limit of the guarantee was \$99,810, \$91,300 and \$91,020, and the actual drawn amount was \$14,778, \$9,022 and \$9,567, respectively.

8. Others

- 1) As of September 30, 2018, December 31, 2017, and September 30, 2017 bank deposits in financial institutions which are other related parties of the Group amounted to \$284,648, \$444,270 and \$225,047, respectively. For the three months and the nine months ended September 30, 2018 and 2017, interest revenue from the deposits in other related parties amounted to \$0, \$6, \$164 and \$167, respectively.

- 2) Other expense with related parties :

Other related parties	For the three months ended September 30,		For the nine months ended September 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Rent expense	\$ 8,873	7,698	24,208	22,570
Commission and service costs and expenses	-	353	-	1,056
Other operating costs and expenses	23,450	22,095	77,312	54,070
	<u>\$ 32,323</u>	<u>30,146</u>	<u>101,520</u>	<u>77,696</u>

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(d) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Short-term employee benefits\$	66,890	57,915	205,192	180,065
Post-employment benefits	593	536	1,909	1,606
	<u>\$ 67,483</u>	<u>58,451</u>	<u>207,101</u>	<u>181,671</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2018.9.30</u>	<u>2017.12.31</u>	<u>2017.9.30</u>
Restricted cash in banks				
Restricted account for loans repayment	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings(Note)	\$ 2,723,281	2,509,473	3,067,278
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,241,861	2,310,933	2,318,329
Equity securities	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	1,259	1,310	1,241
Refundable deposits	Provincial court seizure etc.	107,232	140,462	298,207
Accounts receivable and notes receivable	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	99,492,806	97,359,907	114,554,106
Total		<u>\$ 104,566,439</u>	<u>102,322,085</u>	<u>120,239,161</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.

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(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 September 30, 2018, December 31, 2017, and September 30, 2017, the balance of unexpired payments from these alliance transactions amounted to \$7,621,262, \$6,992,638 and \$6,799,522, respectively.
- (b) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of September 30, 2017, the balance of financing obtained from such facilitation amounted to \$9,613.
- (c) The Group entered into several electricity procurement agreements with Taiwan Power Company and all of these agreements will expire on twenty years after the date the electricity generating sets are launched. Under these agreements, reselling to third parties of electric power from the renewable energy system is prohibited.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

- (a) Liquidity analysis of assets and liabilities :

	2018.9.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 18,644,060	-	18,644,060
Current financial assets at fair value through profit or loss	1,023,021	-	1,023,021
Current financial assets for hedging	197,225	-	197,225
Current financial assets at amortized cost	7,040,983	5,268,008	12,308,991
Accounts receivable, net	153,504,807	95,696,013	249,200,820
Inventories	52,829	-	52,829
Other current financial assets	4,244,113	-	4,244,113
Other current assets – others	5,552,975	-	5,552,975
	<u>\$ 190,260,013</u>	<u>100,964,021</u>	<u>291,224,034</u>

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		2018.9.30	
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current liabilities</u>			
Short-term borrowings	\$ 50,346,008	-	50,346,008
Short-term notes and bills payable	66,445,606	-	66,445,606
Current financial liabilities for hedging	38,845	-	38,845
Account and notes payable	3,845,397	1,400	3,846,797
Current tax liabilities	1,512,034	-	1,512,034
Other current financial liabilities	14,641,502	20,245,238	34,886,740
Long-term liabilities, current portion	53,072,855	45,299,929	98,372,784
Other current liabilities – others	<u>1,618,102</u>	<u>-</u>	<u>1,618,102</u>
	<u>\$ 191,520,349</u>	<u>65,546,567</u>	<u>257,066,916</u>
		2017.12.31	
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 19,030,593	-	19,030,593
Current financial assets at fair value through profit or loss	49,572	-	49,572
Current held-to-maturity financial assets	3,924,927	2,517,880	6,442,807
Accounts receivable, net	139,536,660	78,428,201	217,964,861
Other current financial assets	3,601,317	65,226	3,666,543
Other current assets – others	<u>4,367,771</u>	<u>-</u>	<u>4,367,771</u>
	<u>\$ 170,510,840</u>	<u>81,011,307</u>	<u>251,522,147</u>

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2017.12.31			
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current liabilities</u>			
Short-term borrowings	\$ 37,672,132	-	37,672,132
Short-term notes and bills payable	54,555,593	-	54,555,593
Current derivative financial liability for hedging	2,108	-	2,108
Account and notes payable	3,955,785	4,082	3,959,867
Current tax liabilities	1,660,227	-	1,660,227
Other current financial liabilities	13,075,957	17,009,857	30,085,814
Long-term liabilities, current portion	41,523,666	42,363,207	83,886,873
Other current liabilities – others	<u>1,122,466</u>	<u>10</u>	<u>1,122,476</u>
	<u>\$ 153,567,934</u>	<u>59,377,156</u>	<u>212,945,090</u>
2017.9.30			
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 16,234,033	-	16,234,033
Current financial assets at fair value through profit or loss	204,212	-	204,212
Current held-to-maturity financial assets	4,271,602	1,323,165	5,594,767
Accounts receivable, net	138,311,563	70,044,798	208,356,361
Other current financial assets	4,372,361	57,259	4,429,620
Other current assets – others	<u>3,472,274</u>	<u>-</u>	<u>3,472,274</u>
	<u>\$ 166,866,045</u>	<u>71,425,222</u>	<u>238,291,267</u>

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	2017.9.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current liabilities</u>			
Short-term borrowings	\$ 39,252,799	-	39,252,799
Short-term notes and bills payable	53,636,261	-	53,636,261
Current derivative financial liability for hedging	3,388	-	3,388
Account and notes payable	2,997,673	-	2,997,673
Current tax liabilities	1,416,128	-	1,416,128
Other current financial liabilities	12,525,947	16,074,390	28,600,337
Long-term liabilities, current portion	44,897,739	42,684,590	87,582,329
Other current liabilities – others	1,056,147	10	1,056,157
	<u>\$ 155,786,082</u>	<u>58,758,990</u>	<u>214,545,072</u>

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

By item	For the three months ended September 30, 2018			For the three months ended September 30, 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	15,726	1,298,729	1,314,455	13,267	1,110,011	1,123,278
Labor and health insurance	1,085	77,621	78,706	1,030	69,160	70,190
Pension	519	73,212	73,731	514	61,553	62,067
Others	-	99,449	99,449	-	85,285	85,285
Depreciation	534,812	30,202	565,014	493,928	30,892	524,820
Amortization	-	46,199	46,199	-	36,738	36,738

By item	For the nine months ended September 30, 2018			For the nine months ended September 30, 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	47,715	3,768,473	3,816,188	42,326	3,268,216	3,310,542
Labor and health insurance	3,258	240,923	244,181	3,237	210,122	213,359
Pension	1,547	198,069	199,616	1,561	174,644	176,205
Others	-	282,917	282,917	-	230,339	230,339
Depreciation	1,571,060	90,980	1,662,040	1,453,806	93,961	1,547,767
Amortization	-	119,050	119,050	-	110,855	110,855

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(13) Other disclosures

(a) Information on significant transactions

The information on significant transactions of the Group, which is required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, for the nine months ended September 30, 2018 was as follows :

1. Fund loaning to other parties:

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
1	Chitlease Finance Co., Ltd	A	Other receivables	No	80,333	80,333	80,333	0.03%-19.99%	1	549,750	-	9,809	None	-	2,633,389	26,333,885
"	"	A-1	"	No	103,684	103,684	103,684	0.03%-19.99%	2	-	Working Capital	1,265	None	-	2,633,389	26,333,885
"	"	B	"	No	142,879	100,784	100,784	0.03%-19.99%	1	370,827	-	1,230	None	-	2,633,389	26,333,885
"	"	C	"	No	130,000	100,000	100,000	0.03%-19.99%	2	-	Working Capital	1,220	None	-	2,633,389	26,333,885
"	"	D	"	No	99,740	99,738	99,738	0.03%-19.99%	2	-	Working Capital	1,217	None	-	2,633,389	26,333,885
"	"	E	"	No	108,232	63,452	63,452	0.03%-19.99%	1	2,237,170	-	774	None	-	2,633,389	26,333,885
"	"	E-1	"	No	26,000	26,000	26,000	0.03%-19.99%	2	-	Working Capital	317	None	-	2,633,389	26,333,885
"	"	F	"	No	138,752	88,650	88,650	0.03%-19.99%	2	-	Working Capital	1,082	None	-	2,633,389	26,333,885
"	"	G	"	No	118,000	85,000	55,000	0.03%-19.99%	1	356,000	-	671	None	-	2,633,389	26,333,885
"	"	H	"	No	80,000	80,000	80,000	0.03%-19.99%	1	230,000	-	976	None	-	2,633,389	26,333,885
"	"	I	"	No	72,746	72,386	72,386	0.03%-19.99%	2	-	Working Capital	883	None	-	2,633,389	26,333,885
"	"	J	"	No	75,000	69,225	69,225	0.03%-19.99%	2	-	Working Capital	845	None	-	2,633,389	26,333,885
"	"	K	"	No	72,040	68,410	68,410	0.03%-19.99%	2	-	Working Capital	835	None	-	2,633,389	26,333,885
"	"	L	"	No	109,829	64,463	64,463	0.03%-19.99%	1	469,322	-	786	None	-	2,633,389	26,333,885
"	"	M	"	No	64,000	64,000	64,000	0.03%-19.99%	2	-	Working Capital	781	None	-	2,633,389	26,333,885
"	"	N	"	No	66,000	62,555	62,555	0.03%-19.99%	2	-	Working Capital	763	None	-	2,633,389	26,333,885
"	"	O	"	No	80,000	60,938	60,938	0.03%-19.99%	1	80,000	-	743	None	-	2,633,389	26,333,885
"	"	P	"	No	60,000	58,731	58,731	0.03%-19.99%	2	-	Working Capital	717	Bank	57,358	2,633,389	26,333,885
"	"	Q	"	No	66,400	58,300	58,300	0.03%-19.99%	2	-	Working Capital	711	Deposits/Stocks/Properties	-	2,633,389	26,333,885
"	"	R	"	No	57,000	57,000	57,000	0.03%-19.99%	2	-	Working Capital	695	None	-	2,633,389	26,333,885
"	"	S	"	No	46,373	29,880	29,880	0.03%-19.99%	1	254,752	-	365	None	-	2,633,389	26,333,885
"	"	S-1	"	No	51,922	26,463	26,463	0.03%-19.99%	2	-	Working Capital	323	None	-	2,633,389	26,333,885
"	"	T	"	No	79,536	56,000	56,000	0.03%-19.99%	2	-	Working Capital	683	None	-	2,633,389	26,333,885
"	"	Summary of other clients	"	No	9,283,899	5,216,348	5,054,249	0.03%-19.99%	1	27,868,015	-	61,662	Bank	290,413	2,633,389	26,333,885
"	"	"	"	No	16,188,638	8,899,743	8,899,742	0.03%-19.99%	2	-	Working Capital	307,501	Deposits/Stocks/Properties	1,462,921	2,633,389	26,333,885
2	Fina Finance & Trading Co., Ltd	A	Other receivables	No	93,800	93,800	93,800	3.0044%-19.78%	2	-	Working Capital	938	None	-	1,185,106	11,851,061
"	"	A-1	"	No	26,800	26,800	26,800	3.0044%-19.78%	1	19,400	-	268	None	-	1,185,106	11,851,061
"	"	B	"	No	115,801	88,065	88,065	3.0044%-19.78%	2	-	Working Capital	881	None	-	1,185,106	11,851,061
"	"	C	"	No	85,366	77,054	77,054	3.0044%-19.78%	2	-	Working Capital	771	Properties	127,980	1,185,106	11,851,061
"	"	D	"	No	110,722	66,000	66,000	3.0044%-19.78%	2	-	Working Capital	660	Properties	82,838	1,185,106	11,851,061
"	"	E	"	No	72,125	60,037	60,037	3.0044%-19.78%	2	-	Working Capital	600	Properties	59,331	1,185,106	11,851,061

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													Item	Value		
2	Fina Finance & Trading Co., Ltd.	F	Other receivables	No	60,000	60,000	60,000	3.0044%-19.78%	2	-	Working Capital	600	None	-	1,185,106	11,851,061
"	"	G	"	No	60,910	57,178	57,178	3.0044%-19.78%	2	-	Working Capital	572	Properties	64,407	1,185,106	11,851,061
"	"	H	"	No	66,188	55,313	55,313	3.0044%-19.78%	2	-	Working Capital	553	Stocks	11,550	1,185,106	11,851,061
"	"	I	"	No	65,124	47,731	47,731	3.0044%-19.78%	1	38,030	-	477	Equipment	37,300	1,185,106	11,851,061
"	"	J	"	No	45,000	45,000	45,000	3.0044%-19.78%	2	-	Working Capital	450	None	-	1,185,106	11,851,061
"	"	J-I	"	No	45,000	45,000	35,000	3.0044%-19.79%	2	-	Working Capital	350	Properties	40,228	1,185,106	11,851,061
"	"	Summary of other clients	"	No	2,516,968	1,372,732	1,320,232	3.0044%-19.78%	1	2,529,587	-	41,464	Properties/Vehicles	567,890	1,185,106	11,851,061
"	"	"	"	No	5,209,069	3,258,616	3,257,616	3.0044%-19.78%	2	-	Working Capital	68,983	Bank Deposits/Properties/Vehicles/Equipment	790,196	1,185,106	11,851,061
3	Chalease Consumer Finance Co., Ltd.	A	"	No	3,008	784	784	4.00%-19.00%	2	-	Working Capital	3	None	-	243,297	2,432,968
"	"	B	"	No	800	650	650	4.00%-19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	C	"	No	775	451	451	4.00%-19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	D	"	No	400	385	385	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	E	"	No	500	333	333	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	F	"	No	500	330	330	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	G	"	No	561	284	284	4.00%-19.00%	1	6,527	-	1	None	-	243,297	2,432,968
"	"	H	"	No	468	280	280	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	I	"	No	389	231	231	4.00%-19.00%	2	-	Working Capital	7	None	-	243,297	2,432,968
"	"	J	"	No	407	225	225	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	Summary of other clients	"	No	1,211	66	66	4.00%-19.00%	1	22,935	-	-	None	-	243,297	2,432,968
"	"	"	"	No	7,583	975	975	4.00%-19.00%	2	-	Working Capital	50	None	-	243,297	2,432,968
4	Chalease International Finance Corporation	Chalease International Corp.	Receivables from related party	Yes	2,661,600	2,661,600	-	4.35%-19.97%	2	-	Working Capital	-	None	-	4,627,733	7,404,437
"	"	Chalease International Corp.	"	Yes	1,330,800	1,330,800	-	4.35%-19.97%	2	-	Working Capital	-	None	-	4,627,733	7,404,437
"	"	A	Receivable-short term financing	No	60,955	29,573	29,573	4.35%-19.97%	2	-	Working Capital	-	Inventory	110,767	925,555	7,404,437
"	"	B	"	No	22,180	22,180	-	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	C	"	No	22,180	21,256	21,256	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	D	"	No	24,358	20,332	20,332	4.35%-19.97%	2	-	Working Capital	280	None	-	925,555	7,404,437
"	"	E	"	No	19,962	19,962	-	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	F	"	No	19,962	19,962	-	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	G	"	No	19,962	18,835	18,835	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	H	"	No	17,744	16,758	16,758	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	I	"	No	17,744	16,610	16,610	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	J	"	No	17,744	16,597	16,597	4.35%-19.97%	2	-	Working Capital	-	None	-	925,555	7,404,437
"	"	Summary of other clients	Receivable-business relationship	No	53,732	20,249	20,249	4.35%-19.97%	1	54,652	-	-	None	-	925,555	7,404,437
"	"	"	Receivable-short term financing	No	1,214,532	688,491	644,131	4.35%-19.97%	2	-	Working Capital	75,235	Vehicles/Properties/Equipment/Inventory	231,719	925,555	7,404,437

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
5	Chailase Specialty Finance Co., Ltd.	A	Other receivables	No	145,767	145,767	145,767	0.98%-14.97%	2	-	Working Capital	1,793	None	-	2,633,389	5,234,903
"	"	B	"	No	127,401	127,401	127,401	0.98%-14.97%	2	-	Working Capital	1,567	None	-	2,633,389	5,234,903
"	"	C	"	No	170,720	113,940	113,940	0.98%-14.97%	2	-	Working Capital	1,401	None	-	2,633,389	5,234,903
"	"	D	"	No	97,500	97,500	97,500	0.98%-14.97%	2	-	Working Capital	1,199	None	-	2,633,389	5,234,903
"	"	E	"	No	95,430	95,430	95,430	0.98%-14.97%	2	-	Working Capital	1,174	None	-	2,633,389	5,234,903
"	"	F	"	No	84,000	68,250	68,250	0.98%-14.97%	2	-	Working Capital	839	None	-	2,633,389	5,234,903
"	"	G	"	No	60,000	60,000	60,000	0.98%-14.97%	2	-	Working Capital	738	None	-	2,633,389	5,234,903
"	"	H	"	No	45,000	45,000	45,000	0.98%-14.97%	2	-	Working Capital	554	None	-	2,633,389	5,234,903
"	"	I	"	No	40,000	40,000	40,000	0.98%-14.97%	2	-	Working Capital	492	None	-	2,633,389	5,234,903
"	"	J	"	No	50,000	39,953	39,953	0.98%-14.97%	2	-	Working Capital	491	None	-	2,633,389	5,234,903
"	"	Summary of other clients	"	No	1,946,103	839,696	839,696	0.98%-14.97%	2	-	Working Capital	38,773	Properties	58,755	2,633,389	5,234,903
6	Chailase Finance Securitization Trust 2016	A	"	No	30,473	24,468	24,468	4.01%-15.90%	2	-	Working Capital	196	None	-	49,738	880,589
"	"	B	"	No	34,345	15,633	15,633	4.01%-15.90%	2	-	Working Capital	125	Bank Deposits	18,000	49,738	880,589
"	"	C	"	No	22,595	11,480	11,480	4.01%-15.90%	1	48,683	-	92	Bank Deposits	21,600	49,738	880,589
"	"	D	"	No	19,876	10,558	10,558	4.01%-15.90%	1	54,000	-	84	Bank Deposits	5,500	49,738	880,589
"	"	E	"	No	27,069	10,369	10,369	4.01%-15.90%	2	-	Working Capital	83	None	-	49,738	880,589
"	"	F	"	No	16,924	9,258	9,258	4.01%-15.90%	2	-	Working Capital	74	Bank Deposits	4,000	49,738	880,589
"	"	G	"	No	11,000	8,372	8,372	4.01%-15.90%	1	55,133	-	67	None	-	49,738	880,589
"	"	H	"	No	14,631	7,904	7,904	4.01%-15.90%	2	-	Working Capital	63	Bank Deposits	500	49,738	880,589
"	"	I	"	No	15,388	7,124	7,124	4.01%-15.90%	2	-	Working Capital	57	None	-	49,738	880,589
"	"	J	"	No	13,783	7,123	7,123	4.01%-15.90%	2	-	Working Capital	57	None	-	49,738	880,589
"	"	Summary of other clients	"	No	47,063	8,907	8,907	4.01%-15.90%	1	177,473	-	71	None	-	49,738	880,589
"	"	"	"	No	785,330	283,926	283,926	4.01%-15.90%	2	-	Working Capital	3,419	Bank Deposits	128,610	49,738	880,589

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

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

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

(1)Subsidiary— The maximum fund loaning provided by Chailase Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,633,389).

(2)Subsidiary— The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed 10% of net worth (\$1,185,106).

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

(4)Subsidiary— The maximum fund loaning provided by Chailase International Finance Corporation for individual entity cannot exceed 5% of net worth (\$925,555). The maximum fund loaning cannot exceed 25% of net worth (\$4,627,773) to individual affiliate.

(5)Subsidiary— The maximum fund loaning provided by Chailase Specialty Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,633,389) of parent company (Chailase Finance Co., Ltd.).

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

Note 3: Limit on the amount for loaning fund

(1)Subsidiary— Total amount of fund loaning provided by Chailase Finance Co., Ltd. cannot exceed net worth (\$26,333,885), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$10,533,554) of the most recent financial statement.

(2)Subsidiary— Total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed net worth (\$11,851,061), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$4,740,424) of the most recent financial statement.

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

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- (4)Subsidiary— Total amount of fund loaning provided by Chailease International Finance Corporation cannot exceed 40% of net worth (\$7,404,437) of the most recent financial statement.
- (5)Subsidiary— Total amount of fund loaning provided by Chailease Specialty Finance Co., Ltd. cannot exceed net worth (\$5,234,903), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$2,093,961) of the most recent financial statement.
- (6)Special purpose entities— Total amount of fund loaning provided by Chailease Finance Securitization Trust 2016 cannot exceed 10% of securitized financial assets approved by the competent authority.

Note 4: Counter parties

- (1)Subsidiary— Chailease Finance Co., Ltd.: There are 4,276 counter parties altogether during the period, the above table only disclosed the related parties and the top 20 counter parties.
- (2)Subsidiary— Fina Finance & Trading Co., Ltd.: There are 794 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (3)Subsidiary— Chailease Consumer Finance Co., Ltd.: There are 31 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (4)Subsidiary— Chailease International Finance Corporation: There are 119 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (5)Subsidiary— Chailease Specialty Finance Co., Ltd.: There are 156 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (6)Special purpose entities— Chailease Finance Securitization Trust 2016: There are 136 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

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

2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement/ guarantee amount provided to each guaranteed party (Note 5)	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 1)										
0	The Company	Chailease International Finance Corporation	2	115,726,584	20,973,136	17,981,323	17,400,207	-	31.03 %	289,316,460	Y		Y
"	"	Chailease International Leasing Company Limited (Vietnam)	2	115,726,584	1,535,750	1,526,250	1,055,250	-	2.64 %	289,316,460	Y		
"	"	Golden Bridge (B.V.I.) Corp.	2	115,726,584	153,575	152,625	15,262	-	0.26 %	289,316,460	Y		
"	"	Chailease International Company (Malaysia) Limited	2	115,726,584	153,575	152,625	30,525	-	0.26 %	289,316,460	Y		
"	"	Chailease Berjaya Credit Sdn. Bhd.	2	28,931,646	4,444,227	4,354,414	3,667,108	-	7.49 %	289,316,460	Y		
"	"	Chailease Royal Leasing Plc	2	28,931,646	1,382,175	1,373,625	489,163	-	2.37 %	289,316,460	Y		
"	"	Chailease Berjaya Finance Corporation	2	28,931,646	1,087,125	1,087,125	107,598	-	1.88 %	289,316,460	Y		
1	Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	2	52,667,770	1,075,025	1,068,375	834,175	-	4.06 %	131,669,425	Y		
"	"	Chailease Auto Rental Co., Ltd.	2	52,667,770	4,640,000	4,590,000	2,540,000	-	17.43 %	131,669,425	Y		
"	"	Chailease Consumer Finance Co., Ltd.	2	52,667,770	4,740,000	4,740,000	650,000	-	18.00 %	131,669,425	Y		
"	"	Chailease Specialty Finance Co., Ltd.	2	52,667,770	900,000	700,000	-	-	2.66 %	131,669,425	Y		
"	"	Apex Credit Solutions Inc	2	52,667,770	240,000	240,000	-	-	0.91 %	131,669,425	Y		
"	"	Chailease International Leasing Company Limited (Vietnam)	2	52,667,770	6,108,580	6,067,600	3,688,679	-	23.04 %	131,669,425	Y		
"	"	Chailease International Trading Company Limited (Vietnam)	2	52,667,770	291,793	289,988	-	-	1.10 %	131,669,425	Y		
"	"	Yun Tung Inc.	2	52,667,770	1,021,500	945,000	895,000	-	3.59 %	131,669,425	Y		

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No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement/ guarantee amount provided to each guaranteed party (Note 3.5)	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 1)										
1	Chailase Finance Co., Ltd.	Chailase Credit Services Co., Ltd.	2	52,667,770	36,000	36,000	10	-	0.14 %	131,669,425	Y		
-	-	Chailase Energy Integration Co., Ltd.	2	52,667,770	880,000	880,000	-	-	3.34 %	131,669,425	Y		
-	-	Grand Pacific Financing Corp.	2	57,863,292	3,317,220	3,296,700	1,443,833	-	12.52 %	131,669,425			
-	-	Chailase International Financial Services Co., Ltd.	2	57,863,292	27,984,429	27,984,429	14,644,033	-	106.27 %	131,669,425			
-	-	Chailase International Financial Services (Libera) Co., Ltd.	2	57,863,292	282,720	152,625	152,625	-	0.58 %	131,669,425			
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	8,840,974	237,125	237,125	190,649	-	5.36 %	22,102,436	Y		
3	Chailase International Finance Corporation	Chailase International Corp.	2	37,022,185	7,069,481	6,997,790	3,877,370	-	37.80 %	92,555,463	Y		Y
-	-	Chailase Finance International Corp.	2	37,022,185	5,850,683	5,655,900	2,636,683	-	30.55 %	92,555,463	Y		Y
-	-	DMC Energy Management Services (Shenzhen) Co., Ltd.	4	9,255,546	105,435	99,810	14,778	-	0.54 %	92,555,463			Y

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

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

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

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

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

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

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

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

Note 5: Subsidiary— The total amount of guarantees and endorsements provided by Chailase Finance Co., Ltd. for Chailase International Financial Services Co., Ltd., Chailase Finance (B.V.I) Company Ltd., Chailase Specialty Finance Co., Ltd. and Chailase Auto Rental Co., Ltd. is \$1,268,375. The total amount has been adjusted.

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

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

Note 8: The total amount of guarantees and endorsements provided by the Company for Chailase International Finance Corp. and Chailase International Corp. is CNY130,000 thousand dollars (\$576,680). The total amount has been disclosed in the balance of guarantees and endorsements for Chailase International Corp.

Note 9: The total amount of guarantees and endorsements provided by the Company for Golden Bridge (B.V.I.) Corp. and Chailase International Company (Malaysia) Limited is USD10,000 thousand dollars (\$305,250). The total amount has been adjusted.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance				Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	China Life Insurance Company	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	318	9,773	-	9,773	
"	Chung Hung Steel Corporation	"	"	500	7,225	-	7,225	
"	Fubon Financial Holding Co., Ltd.	"	"	400	20,720	-	20,720	
"	Fubon SSE 180 ETF	"	"	800	22,784	-	22,784	
"	Cathay Financial Holdings Co., Ltd.	"	"	550	28,875	-	28,875	
"	Innolux Corporation	"	"	385	4,081	-	4,081	
"	Taiwan Prosperity Chemical Corporation	"	"	230	7,556	-	7,556	
"	Chicony	"	"	201	12,422	-	12,422	
"	Primax Electronics Ltd.	"	"	200	9,770	-	9,770	
"	Hon Hai Precision Industry Co., Ltd.	"	"	230	18,216	-	18,216	
"	Delta Electronics, Inc.	"	"	110	14,410	-	14,410	
"	Catcher Technology Co., Ltd.	"	"	35	11,760	-	11,760	
"	Forcera Materials Co., Ltd.	"	"	126	480	-	480	
"	Yuanta Daily Taiwan 50 Bear -1X ETF	"	"	750	9,000	-	9,000	
"	Yuanta Daily S&P 500 Bear -1X ETF	"	"	420	5,313	-	5,313	
"	Fubon TAIEX Daily-1X Inverse ETF	"	"	270	1,987	-	1,987	
"	Compeq Manufacturing Co., Ltd.	"	"	720	17,352	-	17,352	
"	Wafer Works Corporation	"	"	90	3,915	-	3,915	
"	Win Semiconductors Corp.	"	"	70	9,415	-	9,415	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	48,500	-	48,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	626,000	-	626,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	21,900	-	21,900	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	12,125	-	12,125	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance				Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	25,000	-	25,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	24,250	-	24,250	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	10,000	-	10,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	5,400	-	5,400	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	220,700	-	220,700	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	223,630	-	223,630	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	73,800	-	73,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	238,354	-	238,354	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	83,000	-	83,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	25,800	-	25,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	362,000	-	362,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	372,932	-	372,932	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	35,000	-	35,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	43,819	-	43,819	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	74,424	-	74,424	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	13,380	-	13,380	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	8,400	-	8,400	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)		
Chalease Finance Co., Ltd.	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	56,646	-	56,646	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	42,160	-	42,160	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	8,565	-	8,565	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	98,000	-	98,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	1,040	-	1,040	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	3,696	-	3,696	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	145,000	-	145,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	88,000	-	88,000	
"	Bank of Entie's Beneficial Right of the Real Estate Trust	—	"	-	172,000	-	172,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	297,850	-	297,850	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	36,782	-	36,782	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	48,581	-	48,581	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	74,000	-	74,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	74,362	-	74,362	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	2,200,000	-	2,200,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	182,000	-	182,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	325,000	-	325,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	807,000	-	807,000	

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	203,300	- %	203,300	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	285,000	- %	285,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	113,000	- %	113,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	243,400	- %	243,400	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	32,000	- %	32,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	432,710	- %	432,710	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	27,700	- %	27,700	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	12,100	- %	12,100	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	263,720	- %	263,720	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	489,500	- %	489,500	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	561,500	- %	561,500	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	130,900	- %	130,900	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	800,000	- %	800,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	100,000	- %	100,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	30,000	- %	30,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	46,600	- %	46,600	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	37,000	- %	37,000	

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	17,333	-	17,333	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	18,820	-	18,820	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	51,387	-	51,387	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	640	-	640	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	47,760	-	47,760	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	29,685	-	29,685	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	75,000	-	75,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	130,000	-	130,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	12,400	-	12,400	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	460	-	460	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	—	"	-	36,850	-	36,850	
"	Bank of Sunny's Beneficial Right of the Real Estate Trust	—	"	-	45,000	-	45,000	
"	Bank of Hwatai's Beneficial Right of the Real Estate Trust	—	"	-	159,970	-	159,970	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	56,610	-	56,610	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	88,300	-	88,300	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	195,000	-	195,000	

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chailase Finance Co., Ltd.	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	113,220	- %	113,220	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	37,900	- %	37,900	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	147,200	- %	147,200	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	95,000	- %	95,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	82,000	- %	82,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	210,000	- %	210,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	116,600	- %	116,600	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	46,000	- %	46,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	83,000	- %	83,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	53,000	- %	53,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	163,200	- %	163,200	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	22,250	- %	22,250	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	22,540	- %	22,540	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	22,250	- %	22,250	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	—	"	-	16,960	- %	16,960	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance				Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chailease Finance Co., Ltd.	Chicony	investee company accounted for under the financial assets at fair value through profit or loss	Non-current financial assets at fair value through other comprehensive income	642	39,688	- %	39,688	
"	CTCI Corp.	"	"	770	37,807	- %	37,807	
"	U-Ming Marine Transport Corp.	"	"	270	9,477	- %	9,477	
"	Chin Poon	"	"	380	14,307	- %	14,307	
"	O-Bank	"	"	92,694	766,580	3.84 %	766,580	
"	Subton Technology Co., Ltd.	"	"	288	2,730	0.10 %	2,730	
"	Information Technology Total Services Corp.	"	"	51	781	0.25 %	781	
"	Kingmax Technology Inc.	"	"	2,081	21,043	4.73 %	21,043	
"	Spring House Entertainment Tech Inc.	"	"	857	6,856	4.67 %	6,856	
"	Everterminal Co., Ltd.	"	"	490	5,371	0.50 %	5,371	
"	Enova Technology Corp.	"	"	550	1,751	3.07 %	1,751	
"	Tekcon Electronics Corp.	"	"	137	2,390	0.52 %	2,390	
"	Ecomsoftware Inc.	"	"	130	2,265	2.60 %	2,265	
"	Crownpo Technology Inc.	"	"	57	1,071	0.51 %	1,071	
"	Book4u Co., Ltd.	"	"	9	88	0.19 %	88	
"	Inventec energy Corp.	"	"	51	-	0.15 %	-	(Note 2)
"	Webi &Net Internet Services Inc.	"	"	250	-	10.53 %	-	(Note 2)
"	Sampotech Co., Ltd.	"	"	369	-	0.10 %	-	(Note 2)
"	Skanhex Technology Inc.	"	"	5,273	-	4.53 %	-	(Note 2)
"	Rosun Technologies, Inc.	"	"	182	-	- %	-	(Note 2)
"	EastWest Pharmaceuticals	"	"	242	-	5.84 %	-	percentage of ownership less than 0.01% (Note 2)
"	Bexcom Pte Ltd.	"	"	197	-	- %	-	percentage of ownership less than 0.01% (Note 2)
"	TECO Nanotech Co., Ltd	"	"	95	-	0.38 %	-	(Note 2)
"	Azanda Network Devices	"	"	714	-	- %	-	(Note 2)
"	Deerport	"	"	-	-	10.48 %	-	percentage of ownership less than 0.01% (Note 2)
								shareholding less than 1,000 shares

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance				Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chailease Specialty Finance Co., Ltd.	Linkou amusement Co., Ltd.(Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Non-current financial assets at fair value through other comprehensive income	-	36,708	-	36,708	shareholding less than 1,000 shares
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	133,000	-	133,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	275,530	-	275,530	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	4,630	-	4,630	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	155,000	-	155,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	98,000	-	98,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	37,000	-	37,000	
Bangkok Grand Pacific Lease Public Company Limited	Bangkok Club Co., Ltd.(Stock)	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	64	200	0.14 %	200	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	10	9,011	19.00 %	9,011	
"	Bumrungrad Hospital (Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	59	10,321	0.10 %	10,321	
Chailease International Financial Services Co., Ltd.	Clean Focus Yield Limited	"	"	-	797,646	-	797,646	
Grand Pacific Holding Corp.	Mobilshift, Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	359	7,641	3.45 %	7,641	
"	Stemcyte Inc.	"	"	38	1,526	0.15 %	1,526	
Grand Pacific Financing Corp.	Swabplus Inc.	"	"	10	-	-	-	
"	Mobilshift, Inc.	"	"	358	7,621	3.45 %	7,621	
"	Stemcyte Inc.	"	"	38	1,526	0.15 %	1,526	

Note 1: Listed companies use price in the open market, and non-listed companies use its net worth. The aforementioned net worths were calculated in financial statements audit by accountants.

Note 2: The chance of recover of the decrease in net worth and continuous losses is insignificant; therefore, they belong to permanent reduction.

Note 3: The aforementioned inter-company transactions have been eliminated upon the consolidation.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company name	Marketable securities type and name (Note 1)	Financial statement account (Note 1)	Counter-party	Nature of relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Carrying value	Gain (loss) on disposal	Shares (In thousands)	Amount
The Company	Golden Bridge (B.V.I.) Corp.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
"	Chailease International Company (Malaysia) Limited	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease International Company (Malaysia) Limited	Chailease International Company (UK) Limited	"	-	-	-	-	-	-	-	-	-	-	-	-
"	Chailease Berjaya Credit Sdn. Bhd	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	Current financial assets at amortized cost	-	-	-	-	-	2,200,000	-	-	-	-	-	2,200,000
"	"	"	-	-	-	-	-	432,500	-	-	-	-	-	432,500
"	"	"	-	-	-	-	-	325,000	-	-	-	-	-	325,000
"	"	"	-	-	-	-	-	807,000	-	-	-	-	-	807,000
"	"	"	-	-	-	-	-	445,000	-	-	-	-	-	445,000
"	"	"	-	-	-	-	-	561,500	-	-	-	-	-	561,500
"	Bank of Panhsin's Beneficial Right of the Real Estate Trust	"	-	-	-	395,453	-	-	-	395,453	-	-	-	-
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	"	-	-	-	400,500	-	20,000	-	-	420,500	-	-	-
"	Fina Finance & Trading Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
"	Chailease Auto Rental Co., Ltd.	"	-	-	-	-	-	-	-	-	-	-	-	-
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd.	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	"	-	-	-	-	-	-	-	-	-	-	-	-
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	"	-	-	-	-	-	-	-	-	-	-	-	-
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	"	-	-	-	-	-	-	-	-	-	-	-	-
Chailease International Finance Corporation	Chailease Finance International Corp.	"	-	-	-	-	-	-	-	-	-	-	-	-

Note 1: Securities accounted under equity method only need to fill in the first two columns.

Note 2: The aforementioned inter-company transactions have been eliminated upon consolidation.

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- 5.Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- 6.Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- 7.Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
- 8.Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

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Company name	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	Subsidiaries	391,981	-	-		-	-
My Leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	Associates	1,657,245	-	-		-	-
Chailease International Financial Services Co., Ltd.	Chailease International Company (Malaysia) Limited	Associates	1,229,067	-	-		-	-
"	Chailease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	688,089	-	-		-	-
Chailease Finance (B.V.I) Co., Ltd.	Chailease International Financial Services Co., Ltd.	Associates	4,606,414	-	-		-	-
"	Chailease International Financial Services (Liberia) Corp.	Associates	458,978	-	-		-	-
Chailease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	551,547	-	-		-	-
"	Chailease International Company (UK) Limited	Subsidiaries	1,229,894	-	-		-	-
Chailease International Company (UK) Limited	C&E Engine Leasing Limited	Associates	1,230,211	-	-		-	-

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

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

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

No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Financial statements item	Amount	Terms	
1	Chalease Finance Co., Ltd	Chalease Berjaya Credit Sdn. Bhd. 、 Chalease Finance (B.V.I.) Company Ltd. 、 Chalease Credit Services Co., Ltd. 、 Chalease Finance Securitization Trust 2014 、 Yun Tang Inc. 、 Chalease Energy Integration Co., Ltd. 、 Chalease Finance Securitization Turst 2016 、 Chalease Consumer Finance Co., Ltd. 、 Golden Bridge (B.V.I.) Corp. 、 Chalease International Finance Corporation 、 Chalease International Financial Services Co., Ltd. 、 Chalease International Financial Services (Liberia) Corp. 、 Grand Pacific Holdings Corp. 、 Chalease Royal Leasing Plc 、 Chalease Insurance Brokers Co., Ltd. 、 Chalease Berjaya Finance Corporation 、 Chalease Specialty Finance Co., Ltd. 、 Apex Credit Solutions Inc. 、 Chalease Auto Rental Co., Ltd. 、 Chalease International Leasing Company Limited (Vietnam) 、 Fina Finance & Trading Co., Ltd. 、 Asia Sermkij Leasing Public Co., Ltd. 、 Bangkok Grand Pacific Lease Public Company Limited 、 Sing Chuang Limited Partnership 、 Chuang Ju Limited Partnership.	3	Other current financial assets	361,639	Same as normal transactions	0.10 %
1	"	Chalease Specialty Finance Co., Ltd.	3	Payables and notes	391,981	"	0.10 %
1	"	Chalease Auto Rental Co., Ltd. 、 Chalease International Finance Corporation 、 Fina Finance & Trading Co., Ltd. 、 Chalease International Company (UK) Limited. 、 Yun Tang Inc. 、 Sing Chuang Limited Partnership 、 Chalease Consumer Finance Co., Ltd.	3	Other current financial liabilities	72,766	"	0.02 %
1	"	Chalease International Company (UK) Limited. 、 Fina Finance & Trading Co., Ltd. 、 Apex Credit Solutions Inc. 、 Chalease Auto Rental Co., Ltd. 、 Chalease Consumer Finance Co., Ltd.	3	Operating cost and expenses	124,540	"	0.34 %

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No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
1	Chalease Finance Co., Ltd	Chalease Speciality Finance Co., Ltd. 、 Chalease Berjaya Credit Sdn. Bhd. 、 Chalease Finance (B.V.I.) Company, Ltd. 、 Chalease Credit Services Co., Ltd. 、 Chalease Finance Securitization Trust 2014 、 Yun Tang Inc. 、 Chalease Energy Integration Co., Ltd. 、 Chalease Finance Securitization Trust 2016 、 Chalease Consumer Finance Co., Ltd. 、 Chalease International Finance Company Limited 、 Chalease International Financial Services Co., Ltd. 、 Chalease International Financial Services (Liberia) Corp. 、 Grand Pacific Holdings Corp. 、 Chalease Insurance Brokers Co., Ltd. 、 Chalease Berjaya Finance Corp. 、 Chalease Royal Leasing Plc. 、 Chalease Power Technology Co., Ltd. 、 Sing Chuang Limited Partnership 、 Chuang Ju Limited Partnership 、 Apex Credit Solutions Inc. 、 Asia Sermkij Leasing Public Co., Ltd. 、 Bangkok Grand Pacific Lease Public Company Limited 、 Chalease International Leasing Company Limited (Vietnam) 、 Chalease Cloud Service Co., Ltd. 、 Golden Bridge (B.V.I.) Corp.	3	Operating revenues and non-operating income	459,773	Same as normal transactions	1.24 %
2	Chalease Finance (B.V.I) Co., Ltd.	Chalease International Financial Services Co., Ltd. 、 Chalease International Financial Services (Liberia) Corp.	3	Financing and interest receivable	5,065,392	"	1.33 %
2	"	Chalease International Financial Services Co., Ltd. 、 Chalease International Financial Services (Liberia) Corp.	3	Operating revenues	151,716	"	0.41 %
3	Chalease International Finance Corporation	Chalease Finance Co., Ltd. 、 Jirong Real Estate Co., Ltd.	3	Other current financial liabilities	146,360	"	0.04 %
3	"	Chalease Finance Co., Ltd. 、 Jirong Real Estate Co., Ltd.	3	Operating expense	178,181	"	0.48 %
4	Golden Bridge(B.V.I) Corp.	Chalease Finance Co., Ltd.	3	Other current financial liabilities	49,899	"	0.01 %
4	"	Chalease International Company (Malaysia) Limited. 、 My Leasing (B.V.I.) Corp. 、 My Leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,300,739	"	0.60 %
5	My leasing (Mauritius) Corp.	Golden Bridge(B.V.I) Corp.	3	Financing and interest receivable	91,947	"	0.02 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited 、 SK Insurance Broker Co., Ltd.	3	Other current financial assets	2,529,514	"	0.66 %
6	"	"	3	Operating revenues and non-operating income	93,795	"	0.25 %
7	Chalease International Financial Services Co., Ltd.	Chalease International Financial Services (Labuan) Co., Ltd. 、 Chalease International Company (Malaysia) Limited	3	Financing and interest receivable	1,389,373	"	0.37 %
7	"	Chalease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	527,783	"	0.14 %

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No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
7	Chalease International Financial Services Co., Ltd.	Chalease Finance (BVI) Co., Ltd.	3	Borrowings and interest payable	4,606,414	Same as normal transactions	1.21 %
7	"	Chalease Finance Co., Ltd. 、 Chalease Finance (B.V.I.) Co., Ltd.	3	Operating cost and expenses	180,205	"	0.49 %
7	"	Chalease Finance Co., Ltd.	3	Other current financial liabilities	30,312	"	- %
8	Chalease International Company (Malaysia) Limited	Chalease International Company (UK) Limited 、 Golden Bridge (BVI) Corp.	3	Financing and interest receivable	1,781,442	"	0.47 %
8	"	Chalease International Financial Services Co., Ltd.	3	Borrowings and interest payable	1,229,067	"	0.32 %

Note 1: Descriptions of numbers are as follows:

1. Parent company is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is categorized as follows:

1. Transactions from parent company to subsidiary.

2. Transactions from subsidiary to parent company.

3. Transactions from subsidiary to subsidiary.

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

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

(b) Information on investees :

The information on investees of the Group for the nine months ended September 30, 2018 is as follows (excluding information on investment in Mainland China) :

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				September 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Chalease International Company (Malaysia) Limited	Malaysia	Investment	19,182,372	17,350,872	1,097,247	100.00 %	32,456,120	4,562,092	4,562,092	
"	Chalease International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	2,503,050	2,503,050	82,000	100.00 %	5,191,890	827,836	827,836	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	149,306	149,306	3,927	51.00 %	886,743	218,875	111,626	
"	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	12,863,526	11,642,526	377,150	100.00 %	24,994,843	4,665,043	4,665,043	
"	Chalease International Company (Hong Kong) Limited	Hong Kong	Investment	9,158	-	300	100.00 %	9,158	-	-	
Chalease International Company (Malaysia) Limited	Chalease International (B.V.I.) Corp.	British Virgin Islands	Investment	693,230	693,230	22,550	100.00 %	651,889	(50,801)	(50,801)	

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				September 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chaillease International Company (Malaysia) Limited	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	456,300	456,300	40,698	11.57 %	524,840	587,608	67,986	
"	Chaillease International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	23,244,820	21,184,383	397,567	100.00 %	30,126,416	4,578,934	4,578,934	
"	Chaillease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	372,698	248,465	52,500	70.00 %	437,643	61,982	43,387	
"	Chaillease Royal Leasing Plc.	Cambodia	Leasing	91,575	64,103	-	60.00 %	97,871	21,517	12,910	
"	Yellowstone Holding AG	Swiss	Venture capital investment	164,194	109,463	525,000	35.00 %	146,930	(22,497)	(7,874)	
"	Chaillease Berjaya Finance Corporation	Philippines	Leasing and financing	83,625	83,625	150,000	60.00 %	58,599	(25,630)	(15,378)	
Chaillease Berjaya Credits Sdn. Bhd.	Chaillease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	710	710	100	100.00 %	6,495	3,610	3,610	
Chaillease International Company (UK) Limited	Chaillease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	19,728,083	17,799,336	1,522,100	100.00 %	30,038,818	4,907,312	4,907,312	
"	C&E Engine Leasing Limited	Ireland	Leasing	442,083	363,901	14,483	50.00 %	452,786	20,976	10,489	
Chaillease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	1,821	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	(290)	-	
"	Chaillease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	405,338	396,532	-	48.00 %	431,144	(57,217)	(19,132)	
"	Diamond Rain Group Limited	British Virgin Islands	Investment funds	265,140	265,140	8,686	35.28 %	201,316	(89,895)	(31,715)	
Chaillease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	6,891,242	5,891,242	451,528	100.00 %	12,370,203	1,369,086	1,369,086	
"	Chaillease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,250,109	169,251	169,251	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	518,925	518,925	17,000	100.00 %	1,765,238	44,453	44,453	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	797,787	797,787	128,837	36.61 %	1,660,707	587,608	215,123	
"	Chaillease Finance (B.V.I.) Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	1,248,778	1,248,778	40,910	100.00 %	4,726,743	64,230	64,230	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				September 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chalease Finance Co., Ltd.	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	155,548	32,673	32,673	
"	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,259	171	49	
"	Chalease International Leasing Company Limited (Vietnam)	Vietnam	Leasing	751,251	751,251	-	100.00 %	1,155,691	113,131	113,131	
"	Chalease International Trading Company Limited (Vietnam)	Vietnam	Trading	152,625	152,625	-	100.00 %	142,049	4,367	4,367	
"	Chalease Auto Rental Co., Ltd.	Taiwan	Leasing	1,352,227	952,227	135,000	100.00 %	1,349,226	5,203	5,203	
"	Chalease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	44,566	28,314	28,314	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	125,419	125,419	3,773	49.00 %	851,969	218,875	107,249	
"	Chalease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,714	(59)	(59)	
"	Chalease Finance Securitization Trust 2014	Taiwan	Special purpose entity	1,034,797	1,034,797	-	100.00 %	735,794	40,941	40,941	
"	Chalease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	100.00 %	735,295	163,115	163,115	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	491,343	41,170	41,170	
"	Chalease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	483,708	370,902	370,902	
"	Chalease Power Technology Co., Ltd.	Taiwan	Solar power business	250,000	250,000	25,000	100.00 %	249,683	(124)	(124)	
Fina Finance & Trading Co., Ltd.	Chalease Consumer Finance Co., Ltd.	Taiwan	Installment sales and factoring	2,652,436	1,652,436	215,530	100.00 %	3,667,887	241,050	241,050	
"	Chalease Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	10,001	10,001	1,000	100.00 %	9,459	(136)	(136)	
Chalease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	1,800,000	800,000	-	- %	1,866,719	66,719	66,719	(Note 2)
Chalease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	1,500,000	-	- %	1,541,557	41,557	41,557	(Note 3)
Chalease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	-	-	(Note 2)

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				September 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	-	-	(Note 3)
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Liberia	Leasing	305	305	-	100.00 %	141,586	24,856	24,856	share holding less than 1,000 shares
"	Chailease International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	916	916	30	100.00 %	7,830	739	739	

Note 1: The aforementioned inter-company transactions have been eliminated upon consolidation.

Note 2: Chailease Consumer Financial Co., Ltd. is limited partner, and Chailease Credit Services Co., Ltd. is general partner.

Note 3: Chailease Specialty Financial Co., Ltd. is limited partner, and Chailease Cloud Services Co., Ltd. is general partner.

(c) Information on investment in Mainland China:

1.Related information on investment in Mainland China:

Name of the Investee Company	Principal Business Activities	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2018	Net Income (Losses) of the Investee	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of September 30, 2018	Accumulated Inward Remittance of Earnings as of September 30, 2018
					Outflow	Inflow						
Chailease International Finance Corporation	Leasing	10,531,125	(2)	-	-	-	-	4,839,359	100.00 %	4,839,359	25,542,067	3,144,075
Chailease Finance International Corp.	Leasing	1,831,500	(2)	-	-	-	-	474,836	100.00 %	474,836	3,620,180	-
Chailease International Corp	Trading	887,200	(2)	-	-	-	-	728,137	100.00 %	728,137	3,471,651	-
Jirong Real Estate Co., Ltd.	House property leasing and management	754,120	(2)	-	-	-	-	6,903	100.00 %	6,903	795,315	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	110,900	(2)	-	-	-	-	(3,455)	20.00 %	(691)	19,355	-

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

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

- 1.Direct investment in China companies.
- 2.Indirectly invested in China company through third region.
- 3.Others.

Note 2: Except DMC Energy Management Services (Shenzhen) Co., Ltd. recognized investment income with book value, the rest recognized it with the financial statements which had been reviewed.

Note 3: The limit isn't calculated because the Company is foreign company.

Note 4: All numbers are disclosed in NT dollars. The amounts involved with foreign currency are converted to NT dollars by using exchange rates on the financial report date.

Note 5: Current investment gains and losses and book values at the end of the period are included the amounts of direct and indirect investments.

Note 6: The aforementioned inter-company transactions have been eliminated upon consolidation.

3.Significant transactions:

The aforementioned inter company transaction have been eliminated upon consolidation for the nine months ended September 30, 2018, please refer to Note (13) (a).

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(14) Segment Information

Operating segments financial information:

For the three months ended September 30, 2018						
	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 5,622,931	5,748,229	1,198,291	107,279	-	12,676,730
Intersegment revenues	305,964	19,871	32,236	18,669	(376,740)	-
Total revenue	\$ 5,928,895	5,768,100	1,230,527	125,948	(376,740)	12,676,730
Reportable segment profit or loss	\$ 1,887,182	1,539,409	264,870	(182,581)	-	3,508,880

For the three months ended September 30, 2017						
	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 4,829,843	4,723,691	924,719	107,260	-	10,585,513
Intersegment revenues	231,462	19,801	-	12,868	(264,131)	-
Total revenue	\$ 5,061,305	4,743,492	924,719	120,128	(264,131)	10,585,513
Reportable segment profit or loss	\$ 1,690,552	1,120,958	233,188	(267,982)	-	2,776,716

For the nine months ended September 30, 2018						
	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 16,013,904	17,270,655	3,313,999	379,975	-	36,978,533
Intersegment revenues	834,150	60,549	177,722	48,187	(1,120,608)	-
Total revenue	\$ 16,848,054	17,331,204	3,491,721	428,162	(1,120,608)	36,978,533
Reportable segment profit or loss	\$ 5,279,964	4,709,621	788,419	(407,652)	-	10,370,352

For the nine months ended September 30, 2017						
	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 14,310,195	12,677,692	2,538,963	285,848	-	29,812,698
Intersegment revenues	693,893	58,696	-	28,563	(781,152)	-
Total revenue	\$ 15,004,088	12,736,388	2,538,963	314,411	(781,152)	29,812,698
Reportable segment profit or loss	\$ 4,374,199	2,771,325	618,541	(471,713)	-	7,292,352