

(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 Six Months Ended June 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 June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2018 and 2017, as well as the changes in equity and cash flows for the six months ended June 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 the total asset amounting to \$67,948,673 thousand, constituting 19% of the consolidated total assets; and the total liability amounting to \$44,812,724 thousand, constituting 15% of the consolidated total liabilities as of June 30, 2018; as well as the total comprehensive income amounting to \$722,461 thousand and \$1,559,749 thousand, constituting 19% and 22% of the consolidated total comprehensive income for the the three months and six months ended June 30, 2018, respectively.



Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$1,193,470 thousand as of June 30, 2018, and its equity in net losses on these investee companies of \$18,215 thousand and \$20,858 thousand for the three months and six months ended June 30, 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified and Unqualified 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 Group as of June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 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)
August 10, 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.

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.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF JUNE 30, 2018 AND 2017
CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2018, December 31, 2017, and June 30, 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

		2018.6.30		2017.12.31		2017.6.30			
		Amount	%	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY									
Current Liabilities :									
1100	Cash and cash equivalents (Notes (6)(a) and (7))	\$ 18,585,492	5	19,030,593	6	12,005,633	4	2100	Short-term borrowings (Notes (6)(i), (7) and (8))
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	1,019,297	-	49,572	-	274,539	-	2111	Short-term notes and bills payable (Notes (6)(i))
1130	Current held-to-maturity financial assets (Note (6)(b))	-	-	6,442,807	2	5,521,726	2	2125	Current derivative financial liabilities for hedging (Note (6)(c))
1140	Current financial assets at amortized cost (Note (6)(b))	9,605,700	3	-	-	-	-	2126	Current financial liabilities for hedging (Note (6)(c))
1170	Accounts receivable, net (Notes (6)(d), (7) and (8))	237,075,413	66	217,964,861	67	198,932,980	68	2150	Account and notes payable
1300	Inventories, merchandising business, net	46,891	-	-	-	-	-	2230	Current tax liabilities
1476	Other current financial assets (Notes (7) and (8))	3,910,518	1	3,666,543	1	3,431,298	1	2305	Other current financial liabilities (Note (7))
1479	Other current assets-others (Notes (6)(e) and (7))	5,637,546	2	4,367,771	1	3,275,324	1	2320	Long-term liabilities, current portion (Notes (6)(j), (6)(k), (7) and (8))
		275,880,857	77	251,522,147	77	223,441,500	76	2399	Other current liabilities-others
Non-current assets :									
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	1,022,285	-	-	-	-	-	Non-current Liabilities :	
1523	Non-current available-for-sale financial assets (Note (6)(b))	-	-	1,077,941	-	1,678,464	1	2530	Bonds payable (Notes (6)(k) and (7))
1528	Non-current held-to-maturity financial assets (Note (6)(b))	-	-	1,393,640	1	1,190,760	-	2540	Long-term borrowings (Notes (6)(j), (7) and (8))
1540	Non-current financial assets at amortized cost (Note (6)(b))	1,510,166	1	-	-	-	-	2570	Deferred tax liabilities (Note (6)(n))
1550	Investments accounted for using equity method (Notes (6)(f) and (8))	1,193,470	-	1,146,881	-	969,144	-	2600	Other non-current liabilities (Note (6)(m))
1600	Property, plant and equipment (Notes(6)(g) and (8))	10,257,408	3	10,059,227	3	10,101,133	4	Total Liabilities	
1780	Intangible assets (Note (6)(h))	61,658	-	63,860	-	65,661	-	Equity attributable to owners of the Company : (Note (6)(o))	
1840	Deferred tax assets (Note (6)(n))	3,143,406	1	3,697,787	1	3,217,077	1	3100	Share Capital
1930	Long-term notes and accounts receivable, net (Notes (6)(d) , (7) and (8))	65,476,313	18	57,682,774	18	50,963,936	18	3150	Stock dividend to be distributed
1995	Other non-current assets-others (Notes (7) and (8))	1,004,150	-	932,428	-	1,034,244	-	3200	Capital surplus
		83,668,856	23	76,054,538	23	69,220,419	24	3220	Special reserve
								3350	Unappropriated retained earnings
								3400	Other equity items

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

CHAILLEASE 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 six months ended June 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the three months ended June 30				For the six months ended June 30			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues: (Note (7))									
4111	Sales revenue	\$ 2,954,315	23	1,915,554	19	5,272,468	22	3,557,458	18
4810	Interest revenue - installment sales	2,047,407	16	1,874,292	19	4,043,088	17	3,710,141	19
4820	Interest revenue - capital leases	3,217,015	25	2,287,711	23	6,120,680	25	4,609,135	24
4300	Rental revenue - operating leases	791,432	6	760,740	8	1,570,424	6	1,535,008	8
4230	Interest revenue - loans	936,246	8	752,576	8	1,863,515	8	1,512,431	8
4240	Other interest revenue	898,741	7	773,125	8	1,757,217	7	1,511,919	8
4881	Other operating revenue	1,918,243	15	1,492,136	15	3,674,411	15	2,791,093	15
		12,763,399	100	9,856,134	100	24,301,803	100	19,227,185	100
Operating costs: (Note (7))									
5111	Cost of sales	2,564,191	20	1,721,259	17	4,569,626	19	3,146,548	17
5240	Interest expense	1,439,130	11	1,165,222	12	2,811,972	12	2,328,394	12
5300	Cost of rental revenue	591,716	5	607,013	6	1,175,260	5	1,219,222	6
5800	Other operating costs	324,904	3	273,693	3	616,698	2	538,166	3
		4,919,941	39	3,767,187	38	9,173,556	38	7,232,330	38
	Gross profit from operation	7,843,458	61	6,088,947	62	15,128,247	62	11,994,855	62
6000	Operating expenses (Note (7))	2,474,206	19	3,225,833	33	4,768,365	19	6,497,798	34
6450	Expected credit loss (Note (6)(d))	909,890	7	-	-	1,723,952	7	-	-
6500	Net other income and expenses (Note (6)(r))	48,562	-	50,915	1	81,294	-	99,000	1
	Operating profit	4,507,924	35	2,914,029	30	8,717,224	36	5,596,057	29
Non-operating income and expenses:									
7100	Interest income	28,510	-	15,248	-	54,826	-	30,398	-
7130	Dividend income	6,586	-	21,228	-	7,312	-	21,228	-
7020	Other gains and losses (Note (6)(s))	461,859	4	95,684	1	490,975	2	389,588	2
7050	Share of (loss) profit of associates and joint ventures accounted for using equity method (Note (6)(t))	(18,215)	-	20,663	-	(20,858)	-	9,693	-
		478,740	4	152,823	1	532,255	2	450,907	2
7900	Profit before income tax	4,986,664	39	3,066,852	31	9,249,479	38	6,046,964	31
7950	Less: Income tax expense (Note (6)(n))	1,274,765	10	789,715	8	2,388,007	10	1,531,328	8
	Profit for the period	3,711,899	29	2,277,137	23	6,861,472	28	4,515,636	23
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	(27,073)	-	-	-	(41,571)	-	-	-
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	(27,073)	-	-	-	(41,571)	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	162,390	1	442,113	4	373,807	1	(1,095,277)	(5)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(135,098)	(1)	-	-	(111,052)	(1)
8364	Gains (losses) on effective portion of hedges of net investments in foreign operations	-	-	(16,454)	-	-	-	328,490	2
8368	Gains (losses) on hedging instrument	(111,012)	(1)	-	-	(83,647)	-	-	-
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	(3,154)	-	(388)	-	(3,065)	-	7,622	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	(59,019)	-	(8,444)	-	(28,792)	-	82,078	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(10,795)	-	261,729	3	258,303	1	(788,139)	(4)
	Other comprehensive income (net of tax)	(37,868)	-	261,729	3	216,732	1	(788,139)	(4)
8500	Total comprehensive income for the period	\$ 3,674,031	29	2,538,866	26	7,078,204	29	3,727,497	19
Profit attributable to:									
8610	Owners of the Company	\$ 3,604,343	28	2,192,198	22	6,638,336	27	4,348,642	22
8620	Non-controlling interests	107,556	1	84,939	1	223,136	1	166,994	1
		\$ 3,711,899	29	2,277,137	23	6,861,472	28	4,515,636	23
Comprehensive income attributable to:									
8710	Owners of the Company	\$ 3,602,502	28	2,439,647	25	6,841,227	28	3,500,777	18
8720	Non-controlling interests	71,529	1	119,219	1	236,977	1	226,720	1
		\$ 3,674,031	29	2,558,866	26	7,078,204	29	3,727,497	19
9750	Basic earnings per share (NT dollars) (Note (6)(p))	\$ 2.80		1.88		5.15		3.74	

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 CHANGES IN EQUITY

For the Six Months Ended June 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												Non-controlling Interests	Total equity					
	Other Equity Items																		
	Stock		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		Gains (losses) on hedging instruments		Total equity attributable to owners of the Company
Share capital	Stock dividend to be distributed	Capital surplus	Special reserve	Unappropriated earnings															
\$ 11,392,300	-	9,391,481	-	19,201,441	(627,808)	-	163,390	-	-	-	(210,361)	-	39,310,443	2,197,785	-	-	-	41,508,228	4,515,636
Balance at January 1, 2017	-	-	-	4,348,642	-	-	-	-	-	-	-	-	4,348,642	166,994	-	-	-	4,515,636	4,515,636
Profit for the six months ended June 30, 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	(1,065,303)	-	-	-	(111,052)	-	328,490	(847,865)	99,726	-	-	-	(788,139)	(788,139)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	(1,065,303)	-	-	-	(111,052)	-	328,490	3,500,777	226,720	-	-	-	3,727,497	3,727,497
Cash dividends of ordinary share	-	-	-	-	-	-	-	-	-	-	-	-	(3,873,382)	-	-	-	-	(3,873,382)	(3,873,382)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2017	\$ 11,392,300	-	9,391,481	-	19,676,701	(1,693,111)	-	-	-	52,338	-	118,129	38,937,838	2,200,591	-	-	-	41,138,429	(223,914)
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	2,501,946	-	-	-	56,163,821	56,163,821
Effects of retrospective application	-	-	-	-	-	-	-	-	-	93,386	145	(186,710)	(245,840)	(87,145)	-	-	-	(332,985)	(332,985)
Equity at beginning of period after adjustments	12,642,300	-	17,367,796	674,779	24,128,983	(1,491,002)	-	-	-	(93,386)	-	-	53,416,035	2,414,801	-	-	-	55,830,836	55,830,836
Profit for the six months ended June 30, 2018	-	-	-	-	6,638,336	-	-	-	-	-	-	-	6,638,336	223,136	-	-	-	6,861,472	6,861,472
Other comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	328,102	(41,571)	-	-	-	-	-	202,891	13,841	-	-	-	216,732	216,732
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	328,102	(41,571)	-	-	-	-	-	6,841,227	236,977	-	-	-	7,078,204	7,078,204
Special reserve appropriated	-	-	-	723,044	(723,044)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,804,074)	-	-	-	-	-	-	-	(4,804,074)	-	-	-	-	(4,804,074)	(4,804,074)
Stock dividends of ordinary share	-	252,846	-	-	(252,846)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(176,518)	-	-	-	(176,518)	(176,518)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	550	-	-	-	-	(550)	-	-	-	-	-	-	-	-	-
Balance at June 30, 2018	\$ 12,642,300	252,846	17,367,796	1,397,823	24,097,905	(1,162,893)	-	-	-	(135,507)	-	-	55,453,188	2,475,260	-	-	-	57,928,448	57,928,448

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

CHAILLEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 9,249,479	6,046,964
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,097,026	1,022,947
Amortization expense	72,851	74,117
Expected credit loss	1,723,952	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	15,009	(13,818)
Interest expense	2,811,972	2,328,394
Interest income	(13,839,326)	(11,374,024)
Dividend income	(7,312)	(21,228)
Share of loss of associates and joint ventures accounted for using equity method	20,858	(9,693)
(Gain) loss on disposal of property, plant and equipment	(44,436)	8,342
Loss on disposal of foreclosed assets	60,848	37,712
Gain on disposal of investments	-	(75,108)
Impairment loss on financial assets	-	2,252,344
Impairment loss on non-financial assets	203,494	256,010
Total adjustments to reconcile profit	(7,885,064)	(5,514,005)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets held for trading	-	(147,721)
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(136,442)	-
Increase in accounts receivable	(28,639,980)	(14,788,602)
Increase in other current financial assets	(125,321)	(155,303)
Increase in inventories	(46,891)	-
(Increase) decrease in other current assets	(1,360,584)	279,709
Proceeds from sales of operating lease assets	495,528	550,169
Purchase of operating lease assets	(1,949,562)	(1,774,758)
(Increase) decrease in other operating assets	(136,968)	63,370
Total changes in operating assets	(31,900,220)	(15,973,136)
Changes in operating liabilities:		
Increase in accounts and notes payable	543,606	281,281
Increase in long term and short term debts	159,060,522	151,169,256
Repayment of long term and short term debts	(139,994,307)	(145,584,498)
Increase in other current financial liabilities	3,580,608	758,448
Decrease in accrued pension liabilities	(3,739)	(3,700)
Increase (decrease) in other current liabilities others	41,380	(182,456)
Increase in other operating liabilities	506,788	577,082
Total changes in operating liabilities	23,734,858	7,015,413
Total changes in operating assets and liabilities	(8,165,362)	(8,957,723)
Total adjustments	(16,050,426)	(14,471,728)
Cash outflow used in operations	(6,800,947)	(8,424,764)
Interest received	13,744,077	11,377,382
Dividends received	7,312	21,328
Interest paid	(2,761,923)	(2,303,892)
Income taxes paid	(1,206,247)	(1,514,917)
Net cash flows provided by (used in) operating activities	2,982,272	(844,863)
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	24,118	-
Acquisition of financial assets at amortized cost	(5,268,431)	-
Proceeds from disposal of financial assets at amortized cost	1,989,012	-
Acquisition of available-for-sale financial assets	-	(25,814)
Proceeds from disposal of available-for-sale financial assets	-	120,378
Acquisition of held-to-maturity financial assets	-	(2,386,035)
Proceeds from disposal of held-to-maturity financial assets	-	2,490,886
Acquisition of investments accounted for using equity method	(56,908)	(195,593)
Proceeds from capital reduction of investments accounted for using equity method	-	82,513
Acquisition of property, plant and equipment	(45,816)	(38,047)
Proceeds from disposal of property, plant and equipment	93,656	115,298
Acquisition of intangible assets	(153)	(630)
Net cash flows (used in) provided by investing activities	(3,274,076)	162,956
Cash flows from financing activities:		
Change in non-controlling interests	(176,518)	(223,914)
Net cash flows used in financing activities	(176,518)	(223,914)
Effect of exchange rate changes on cash and cash equivalents	23,221	(60,560)
Net decrease in cash and cash equivalents	(445,101)	(966,381)
Cash and cash equivalents at beginning of period	19,030,593	12,935,342
Cash and cash equivalents at end of period	\$ 18,585,492	11,968,961

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

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(1) Company history

Chalease 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 June 30, 2018, June 30, 2017, the Company had outstanding common stock of \$12,642,300 and \$11,392,300 divided into 1,264,229,994 shares and 1,139,229,994 shares, respectively.

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

(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

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. 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 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
			2018.6.30	2017.12.31	2017.6.30	
The Company	Chailase International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailase International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailase International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailase International Finance Corporation	Chailase Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chailase International Finance Corporation	Chailase 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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			2018.6.30	2017.12.31	2017.6.30	
Chaillease International Company (Malaysia) Limited	Chaillease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chaillease International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	100.00 %	
"	Chaillease Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	70.00 %	(Note b)
"	Chaillease Royal Leasing Plc.	Leasing	60.00 %	60.00 %	60.00 %	This subsidiary was established on May 10, 2016. Chaillease International Company (Malaysia) Limited invested it on March 6, 2017. (Note b)
"	Chaillease Berjaya Finance Corporation	Leasing and financing	60.00 %	60.00 %	-	% Established on September 29, 2017. (Note b)
Chaillease International Company (UK) Limited	Chaillease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
Chaillease International Financial Services Co., Ltd.	Chaillease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chaillease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
Chaillease Berjaya Credit Sdn. Bhd.	Chaillease Agency Sdn. Bhd.	Insurance brokers	100.00 %	100.00 %	100.00 %	Established on April 19, 2017. (Note b)
Chaillease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	100.00 %	
"	Chaillease 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)
Chaillease International Company (Malaysia) Limited and Chaillease 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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			2018.6.30	2017.12.31	2017.6.30	
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	- %	- %	100.00 %	Chailease Finance Co., Ltd. sold all shares of Chailease Credit Services Co., Ltd. to Fina Finance & Trading Co., Ltd. on July 21, 2017. (Note b)
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note a, b)
"	Chailease 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)
"	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease 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.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	100.00 %	(Note b)

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			2018.6.30	2017.12.31	2017.6.30	
Fina Finance & Trading Co., Ltd.	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	- %	Fina Finance & Trading Co., Ltd. bought all shares of Chailease Credit Services Co., Ltd. from Chailease Finance Co., Ltd. on July 21, 2017. (Note b)
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	(Note b)
Chailease Consumer Finance Co., Ltd. and Chailease 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)
Chailease Specialty Finance Co., Ltd. and Chailease 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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			2018.6.30	2017.12.31	2017.6.30	
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>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Cash and demand deposits	\$ 18,133,316	18,708,765	11,763,722
Time deposits	126,978	321,828	215,973
Cash equivalents-repurchase bills	<u>325,198</u>	<u>-</u>	<u>25,938</u>
Cash and cash equivalents	18,585,492	19,030,593	12,005,633
Bank overdraft	<u>-</u>	<u>-</u>	<u>(36,672)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 18,585,492</u>	<u>19,030,593</u>	<u>11,968,961</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>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</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	\$ 171,084	-	-
Non-hedging derivatives	<u>848,213</u>	<u>-</u>	<u>-</u>
Sub-total	<u>1,019,297</u>	<u>-</u>	<u>-</u>
Held for trading			
Securities of listed companies	-	48,977	274,539
Non-hedging derivatives	<u>-</u>	<u>595</u>	<u>-</u>
Sub-total	<u>-</u>	<u>49,572</u>	<u>274,539</u>
Financial assets at fair value through other comprehensive income			
Securities of listed companies	914,684	-	-
Emerging stock	2,704	-	-
Private equity	<u>104,897</u>	<u>-</u>	<u>-</u>
Sub-total	<u>1,022,285</u>	<u>-</u>	<u>-</u>

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	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Available-for-sale financial assets			
Securities of listed companies	-	980,828	1,092,207
Emerging stock	-	2,536	2,299
Private equity	-	94,577	583,958
Sub-total	-	1,077,941	1,678,464
Financial assets measured at amortized cost			
Investment in debt securities	11,115,866	-	-
Held-to-maturity investments			
Investment in debt securities	-	7,836,447	6,712,486
Total	<u>\$ 13,157,448</u>	<u>8,963,960</u>	<u>8,665,489</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 June 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 June 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 June 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 3.18%~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 June 30, 2018 and December 31, 2017, the Group held derivative instruments qualified for hedge accounting as follows:

2018.6.30					
Nominal Amount		Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD 6,160		USD to MYR	4.83%	90 Day LIBOR+ 1.4%	2018.06.04~
MYR 24,548					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

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

1. Cash flow hedge

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

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2018.6.30	2017.12.31	2017.6.30		
USD loans	Cross Currency Swap	\$ (44,437)	(205)	-	2017~2020	2017~2020

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Item	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
The fair value adjustment to other comprehensive income	\$ <u>(27,426)</u>	<u>-</u>	<u>(40,731)</u>	<u>-</u>

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		
		2018.6.30	2017.12.31	2017.6.30
Equity investment measured in USD	Foreign currency borrowings	\$ <u>2,010,360</u>	<u>1,845,120</u>	<u>5,642,910</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 six months ended June 30, 2018 and 2017.

(d) Accounts receivable, net

	2018.6.30	2017.12.31	2017.6.30
Current			
Accounts receivable	\$ 22,122,927	20,948,120	19,669,304
Less: Allowance for impairment	<u>(652,763)</u>	<u>(607,119)</u>	<u>(622,753)</u>
	<u>21,470,164</u>	<u>20,341,001</u>	<u>19,046,551</u>
Installment sales receivable	85,908,391	80,245,671	76,322,912
Less: Unearned interests	<u>(8,013,436)</u>	<u>(7,449,734)</u>	<u>(6,993,230)</u>
Allowance for impairment	<u>(3,155,106)</u>	<u>(2,975,760)</u>	<u>(2,689,651)</u>
	<u>74,739,849</u>	<u>69,820,177</u>	<u>66,640,031</u>
Leases receivable (included operating leases)	117,271,166	100,768,338	87,421,975
Less: Unearned revenue	<u>(15,272,923)</u>	<u>(12,433,697)</u>	<u>(10,349,324)</u>
Allowance for impairment	<u>(3,941,915)</u>	<u>(3,638,173)</u>	<u>(3,299,701)</u>
	<u>98,056,328</u>	<u>84,696,468</u>	<u>73,772,950</u>
Loans receivable	43,855,476	44,053,445	40,270,383
Less: Allowance for impairment	<u>(1,046,404)</u>	<u>(946,230)</u>	<u>(796,935)</u>
	<u>42,809,072</u>	<u>43,107,215</u>	<u>39,473,448</u>
Sub-total of current accounts	<u>237,075,413</u>	<u>217,964,861</u>	<u>198,932,980</u>

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	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Non Current			
Accounts receivable	\$ 8,905,919	7,590,737	6,427,963
Less: Allowance for impairment	<u>(132,367)</u>	<u>(112,129)</u>	<u>(96,926)</u>
	<u>8,773,552</u>	<u>7,478,608</u>	<u>6,331,037</u>
Installment sales receivable	37,271,395	33,914,394	31,117,681
Less: Unearned interests	(4,094,714)	(3,610,429)	(3,240,197)
Allowance for impairment	<u>(731,821)</u>	<u>(579,098)</u>	<u>(412,461)</u>
	<u>32,444,860</u>	<u>29,724,867</u>	<u>27,465,023</u>
Leases receivable	27,810,962	22,302,940	17,941,705
Less: Unearned revenue	(9,849,599)	(7,281,888)	(5,685,199)
Allowance for impairment	<u>(147,493)</u>	<u>(126,135)</u>	<u>(119,558)</u>
	<u>17,813,870</u>	<u>14,894,917</u>	<u>12,136,948</u>
Loans receivable	6,731,007	5,869,006	5,443,374
Less: Allowance for impairment	<u>(286,976)</u>	<u>(284,624)</u>	<u>(412,446)</u>
	<u>6,444,031</u>	<u>5,584,382</u>	<u>5,030,928</u>
Sub-total of non current accounts	<u>65,476,313</u>	<u>57,682,774</u>	<u>50,963,936</u>
Total accounts receivable	<u><u>\$ 302,551,726</u></u>	<u><u>275,647,635</u></u>	<u><u>249,896,916</u></u>

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

	For the six months ended June 30,	
	<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	1,723,952	2,252,303
Bad debts written off	(1,377,963)	(2,156,101)
Effect of exchange rate changes	<u>50,408</u>	<u>(148,000)</u>
Ending balance	<u><u>\$ 10,094,845</u></u>	<u><u>8,450,431</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:

	<u>Gross investment in the leases</u>	<u>Unearned revenue</u>	<u>Present value of minimum leases receivable</u>
June 30, 2018			
Within operating cycle	\$ 117,132,408	(15,272,923)	101,859,485
Beyond one operating cycle to 5 years	8,500,268	(953,258)	7,547,010
Beyond 5 years	<u>19,310,694</u>	<u>(8,896,341)</u>	<u>10,414,353</u>
	<u><u>\$ 144,943,370</u></u>	<u><u>(25,122,522)</u></u>	<u><u>119,820,848</u></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><u>\$ 122,953,760</u></u>	<u><u>(19,715,585)</u></u>	<u><u>103,238,175</u></u>
June 30, 2017			
Within operating cycle	\$ 87,303,154	(10,349,324)	76,953,830
Beyond one operating cycle to 5 years	7,826,264	(999,096)	6,827,168
Beyond 5 years	<u>10,115,441</u>	<u>(4,686,103)</u>	<u>5,429,338</u>
	<u><u>\$ 105,244,859</u></u>	<u><u>(16,034,523)</u></u>	<u><u>89,210,336</u></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:

	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Within operating cycle	\$ 2,510,379	2,342,669	2,379,272
Beyond one operating cycle to 5 years	2,145,286	2,128,073	2,205,633
Beyond 5 years	<u>5,129</u>	<u>7,149</u>	<u>11,486</u>
	<u><u>\$ 4,660,794</u></u>	<u><u>4,477,891</u></u>	<u><u>4,596,391</u></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
June 30, 2018			
Within operating cycle	\$ 85,908,391	(8,013,436)	77,894,955
Beyond one operating cycle to 5 years	35,806,647	(3,891,467)	31,915,180
Beyond 5 years	<u>1,464,748</u>	<u>(203,247)</u>	<u>1,261,501</u>
	<u><u>\$ 123,179,786</u></u>	<u><u>(12,108,150)</u></u>	<u><u>111,071,636</u></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><u>\$ 114,160,065</u></u>	<u><u>(11,060,163)</u></u>	<u><u>103,099,902</u></u>
June 30, 2017			
Within operating cycle	\$ 76,322,912	(6,993,230)	69,329,682
Beyond one operating cycle to 5 years	30,264,104	(3,009,453)	27,254,651
Beyond 5 years	<u>853,577</u>	<u>(230,744)</u>	<u>622,833</u>
	<u><u>\$ 107,440,593</u></u>	<u><u>(10,233,427)</u></u>	<u><u>97,207,166</u></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

	2018.6.30	2017.12.31	2017.6.30
Prepayments	\$ 3,963,376	2,979,439	2,045,419
Prepaid expenses	1,496,792	1,269,825	1,163,612
Foreclosed assets	171,880	110,111	56,443
Others	5,498	8,396	9,850
	<u>\$ 5,637,546</u>	<u>4,367,771</u>	<u>3,275,324</u>

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

	2018.6.30	2017.12.31	2017.6.30
Foreclosed assets	\$ 238,480	154,968	78,528
Less: Accumulated impairment	(66,600)	(44,857)	(22,085)
	<u>\$ 171,880</u>	<u>110,111</u>	<u>56,443</u>

For the three months and the six months ended June 30, 2018 and 2017, the Group recognized an impairment loss of \$4,774, \$6,227, \$21,717 and \$5,232, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$30,152, \$16,294, \$60,848 and \$37,712 for the three months and the six months ended June 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:

	2018.6.30	2017.12.31	2017.6.30
Investments in affiliates	<u>\$ 1,193,470</u>	<u>1,146,881</u>	<u>969,144</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Comprehensive income attributable to the Group				
Gain (loss) for the period	\$ (18,215)	20,663	(20,858)	9,693
Other comprehensive income	(3,154)	(388)	(3,065)	7,622
Total comprehensive income	<u>\$ (21,369)</u>	<u>20,275</u>	<u>(23,923)</u>	<u>17,315</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 six months ended June 30, 2018 and 2017, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Balance at January 1, 2018	\$ 2,934,645	11,129,091	1,448,670	173,084	15,685,490
Additions	9,587	1,656,856	320,884	8,051	1,995,378
Disposals	-	(1,257,289)	(146,333)	(159)	(1,403,781)
Effect of movements in exchange rate	9,519	29,288	3,656	(25)	42,438
Balance at June 30, 2018	<u>\$ 2,953,751</u>	<u>11,557,946</u>	<u>1,626,877</u>	<u>180,951</u>	<u>16,319,525</u>
Balance at January 1, 2017	\$ 2,950,164	10,256,226	1,657,474	160,530	15,024,394
Additions	-	1,618,032	186,378	8,395	1,812,805
Reclassification	-	378	-	-	378
Disposals	-	(992,681)	(370,747)	-	(1,363,428)
Effect of movements in exchange rate	(42,733)	(77,885)	(10,945)	(1,461)	(133,024)
Balance at June 30, 2017	<u>\$ 2,907,431</u>	<u>10,804,070</u>	<u>1,462,160</u>	<u>167,464</u>	<u>15,341,125</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	26,518	977,314	86,129	7,065	1,097,026
Impairment loss	-	116,722	65,055	-	181,777
Disposals	-	(829,359)	(29,515)	(159)	(859,033)
Effect of movements in exchange rate	885	13,110	2,001	88	16,084
Balance at June 30, 2018	<u>\$ 614,223</u>	<u>4,227,467</u>	<u>1,080,006</u>	<u>140,421</u>	<u>6,062,117</u>
Balance at January 1, 2017	\$ 535,773	3,260,871	771,666	119,870	4,688,180
Depreciation for the year	25,707	886,507	103,424	7,309	1,022,947
Impairment loss	-	153,461	97,317	-	250,778
Disposals	-	(634,158)	(55,461)	-	(689,619)
Effect of movements in exchange rate	(3,567)	(20,830)	(7,425)	(472)	(32,294)
Balance at June 30, 2017	<u>\$ 557,913</u>	<u>3,645,851</u>	<u>909,521</u>	<u>126,707</u>	<u>5,239,992</u>

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	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
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 June 30, 2018	\$ <u>2,339,528</u>	<u>7,330,479</u>	<u>546,871</u>	<u>40,530</u>	<u>10,257,408</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 June 30, 2017	\$ <u>2,349,518</u>	<u>7,158,219</u>	<u>552,639</u>	<u>40,757</u>	<u>10,101,133</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 1.15%~6.18% and 1.35%~5.53% for the six months ended June 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

	Goodwill	Software	Total
Carrying amounts:			
Balance at January 1, 2018	\$ <u>46,448</u>	<u>17,412</u>	<u>63,860</u>
Balance at June 30, 2018	\$ <u>46,448</u>	<u>15,210</u>	<u>61,658</u>
Balance at January 1, 2017	\$ <u>46,508</u>	<u>31,393</u>	<u>77,901</u>
Balance at June 30, 2017	\$ <u>46,508</u>	<u>19,153</u>	<u>65,661</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 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:

2018.6.30			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
Commercial paper payables	Bank	0.67%~1.15%	\$ 36,990,000
	Bills Finance Company	0.66%~1.22%	27,860,000
Less: Discount on short-term notes and bills payable			(135,895)
Total			<u>\$ 64,714,105</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>\$ 54,555,593</u>

2017.6.30			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
Commercial paper payables	Bank	0.76%~1.29%	\$ 22,850,000
	Bills Finance Company	0.77%~1.35%	22,800,000
Less: Discount on short-term notes and bills payable			(101,721)
Total			<u>\$ 45,548,279</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:

2018.6.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	USD	2.50%~5.00%	2018~2019	\$ 1,231,087
"	THB	2.10%~3.30%	2018~2021	8,042,475
"	CNY	4.35%~5.61%	2018~2021	27,539,599
"	VND	2.56%~4.65%	2018~2019	4,075,800
Unsecured bank loans	TWD	0.80%~2.11%	2018~2027	53,847,011
"	USD	2.68%~5.00%	2018~2020	16,598,060
"	EUR	0.98%~1.25%	2018	531,000
"	THB	2.00%~3.40%	2018~2020	13,776,677
"	JPY	1.15%~1.25%	2018	141,502
"	CNY	4.35%~5.61%	2018~2021	30,416,319
"	HKD	2.70%	2018	27,166
"	MYR	4.50%~5.50%	2018~2019	2,761,080
"	PHP	3.85%~4.75%	2018~2020	25,362
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	4,735,993
Total				<u><u>\$ 163,749,131</u></u>
Current				\$ 128,158,566
Non-current				<u>35,590,565</u>
Total				<u><u>\$ 163,749,131</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				<u><u>\$ 154,320,336</u></u>
Current				\$ 117,679,580
Non-current				<u>36,640,756</u>
Total				<u><u>\$ 154,320,336</u></u>

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2017.6.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	2.11%	2021	\$ 972,430
"	USD	1.55%~4.75%	2017~2019	1,739,278
"	THB	2.05%~4.75%	2017~2020	8,145,009
"	CNY	3.92%~5.00%	2017~2020	18,055,472
"	VND	3.50%~5.60%	2017~2018	2,885,666
Unsecured bank loans	TWD	0.75%~2.02%	2017~2022	52,014,064
"	USD	1.75%~4.00%	2017~2020	19,937,431
"	EUR	1.30%~1.35%	2017	381,918
"	THB	2.05%~7.13%	2017~2020	11,676,866
"	JPY	1.15%	2017	67,912
"	CNY	4.35%~4.99%	2017~2020	20,823,815
"	HKD	1.65%	2017	109,119
"	MYR	4.70%~4.80%	2017~2018	1,122,330
"	GBP	1.15%	2017	178,201
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	9,558,200
Total				<u><u>\$ 147,667,711</u></u>
Current				\$ 112,589,801
Non-current				<u>35,077,910</u>
Total				<u><u>\$ 147,667,711</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	2018.6.30		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	"	225,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	3,000,000	-	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
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	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"

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					Within Operating Cycle	Beyond Operating Cycle	
2015.08.13~ 2018.08.14	3.100%	THB	150,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	138,555	-	None
2015.09.03~ 2018.08.28	3.100%	THB	150,000	"	138,555	-	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	277,110	-	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	92,370	-	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	143,173	-	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	92,370	-	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	277,110	-	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	175,503	-	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	129,318	-	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	184,740	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	189,359	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	217,069	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	92,370	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	138,555	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	101,607	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,385,550	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	923,700	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	461,850	"
Bonds payable (Gross)					5,389,064	14,044,800	
Discounts on bonds payable					(246)	(2,764)	
					<u>\$ 5,388,818</u>	<u>14,042,036</u>	

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				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	-	None
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	275,280	-	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	137,640	-	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	137,640	-	"

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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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				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.	\$ 1,400,000	-	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	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	198,044	-	"
2014.07.18~ 2017.07.25	4.050%	THB 500,000	"	450,100	-	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	288,064	-	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	225,050	-	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	180,040	-	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	90,020	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	180,040	-	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	117,026	-	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2017.6.30		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2015.03.18~ 2018.03.18	3.700%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	90,020	-	None
2015.06.04~ 2018.06.04	3.400%	THB	300,000	"	270,060	-	"
2015.12.25~ 2017.11.15	2.680%	THB	100,000	"	90,020	-	"
2015.08.13~ 2018.08.14	3.100%	THB	150,000	"	-	135,030	"
2015.09.03~ 2018.08.28	3.100%	THB	150,000	"	-	135,030	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	-	270,060	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	-	90,020	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	-	139,531	"
2016.04.27~ 2018.04.27	2.630%	THB	500,000	"	450,100	-	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	-	90,020	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	-	270,060	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	180,040	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	-	171,038	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	184,541	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	211,547	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	-	126,028	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	90,020	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	135,030	"
Bonds payable (Gross)					5,978,584	9,577,995	
Discounts on bonds payable					(369)	(961)	
					<u>\$ 5,978,215</u>	<u>9,577,034</u>	

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(l) Operating Leases

1. Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Less than one year	\$ 350,458	392,136	286,461
Between one and five years	441,243	496,975	654,294
Beyond five years	<u>573,962</u>	<u>484,874</u>	<u>415,239</u>
	<u>\$ 1,365,663</u>	<u>1,373,985</u>	<u>1,355,994</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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating expenses	\$ <u>15,989</u>	<u>16,966</u>	<u>32,262</u>	<u>33,910</u>

2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating costs	\$ 515	527	1,028	1,047
Operating expenses	<u>46,875</u>	<u>39,588</u>	<u>92,595</u>	<u>79,181</u>
Total	<u>\$ 47,390</u>	<u>40,115</u>	<u>93,623</u>	<u>80,228</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 six months ended June 30, 2018 and 2017 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Total income tax expense from continuing operations	\$ 1,274,765	789,715	2,388,007	1,531,328

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

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Components that may be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations	\$ (59,019)	(8,444)	(28,792)	82,078

(o) Share capital and other equity accounts

Except for the following, there were no significant changes in capital and other equity for the six months ended June 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 June 30, 2018 and 2017, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth \$12,642,300 and \$11,392,300, respectively, with par value of \$10 (NT dollars) per share.

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

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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 June 30, 2018, December 31, 2017, and June 30, 2017, the Company has listed, 865,132, 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>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</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	<u>252,846</u>	-	<u>-</u>
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 June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Profit attributable to common stockholders of the Company	\$ <u>3,604,343</u>	<u>2,192,198</u>	<u>6,638,336</u>	<u>4,348,642</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>1,289,531</u>	<u>1,162,029</u>	<u>1,289,531</u>	<u>1,162,029</u>

Note: Potential ordinary shares have no dilutive effects.

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(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 six months ended June 30, 2018 and 2017, the Company estimated its employees' remuneration amounting to \$541, \$329, \$996 and \$652, and directors' remuneration amounting to \$2,523, \$1,534, \$4,647 and \$3,044, 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 June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Net losses on disposal of foreclosed assets	\$ (30,152)	(16,294)	(60,848)	(37,712)
Net losses on reversal of impairment loss of foreclosed assets	(4,774)	(6,227)	(21,717)	(5,232)
Gains on doubtful debt recoveries	83,488	73,338	163,859	141,846
Others	-	98	-	98
	<u>\$ 48,562</u>	<u>50,915</u>	<u>81,294</u>	<u>99,000</u>

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(s) Other gains and losses

The components of other gains and losses were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net foreign exchange gains (losses)	\$ 90,069	2,080	66,660	(10,228)
Net gains on disposal of properly plant, and equipment	566	115	1,672	223
Net gains on disposal of available-for-sale financial assets	-	69,088	-	75,108
Net (losses) gains on valuation of financial assets measured at fair value through profit or loss	(8,625)	7,340	(15,009)	13,818
Impairment losses on available-for-sale financial assets	-	(41)	-	(41)
Others	<u>379,849</u>	<u>17,102</u>	<u>437,652</u>	<u>310,708</u>
	<u>\$ 461,859</u>	<u>95,684</u>	<u>490,975</u>	<u>389,588</u>

(t) Adjustments to other comprehensive income

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Available-for-sale financial assets				
Net change in fair value \$	-	(128,839)	-	(98,773)
Net change in fair value reclassified to profit or loss	-	(6,259)	-	(12,279)
Net change in fair value recognized in other comprehensive income	<u>\$ -</u>	<u>(135,098)</u>	<u>-</u>	<u>(111,052)</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 June 30, 2018, December 31, 2017, and June 30, 2017, the maximum exposure to credit risks amounted to \$346,545,773, \$314,972,480 and \$281,378,914, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$123,395, \$81,697 and \$103,179 as of June 30, 2018, December 31, 2017, and June 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:

	Taiwan	China	ASEAN	Others	Total
June 30, 2018					
Gross loans and receivables:					
Neither past due nor impaired					
12-month ECL	\$ 159,616,584	96,559,279	28,698,009	996,984	285,870,856
Lifetime ECL	18	266,845	10,109,611	2,810,862	13,187,336
Past due					
Lifetime ECL	871,662	3,905	2,434,956	212,848	3,523,371
Impaired					
Lifetime ECL	5,244,935	2,474,714	1,964,278	181,178	9,865,105
Gross carrying amounts	<u>\$ 165,733,199</u>	<u>99,304,743</u>	<u>43,206,854</u>	<u>4,201,872</u>	<u>312,446,668</u>
Allowance for losses	3,835,383	4,265,826	1,636,383	280,745	10,018,337
Carrying amount	<u>\$ 161,897,816</u>	<u>95,038,917</u>	<u>41,570,471</u>	<u>3,921,127</u>	<u>302,428,331</u>

Taiwan

	For the six months ended June 30, 2018			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
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	121,052	12,317	895,657	1,029,026
Bad debts written-off	-	-	(892,569)	(892,569)
Others	3,482	-	5,557	9,039
Balance at June 30, 2018	<u>\$ 1,663,506</u>	<u>36,528</u>	<u>2,135,349</u>	<u>3,835,383</u>

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China

	For the six months ended June 30, 2018			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
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	1,015,277	47,590	(567,114)	495,753
Transfer to lifetime ECL-not credit impaired	(23,155)	23,155	-	-
Transfer to lifetime ECL- credit impaired	(920,167)	(5,829)	925,996	-
Bad debts written-off	-	-	(417,142)	(417,142)
Others	11,608	(574)	13,714	24,748
Balance at June 30, 2018	<u>\$ 2,092,832</u>	<u>76,165</u>	<u>2,096,829</u>	<u>4,265,826</u>

ASEAN

	For the six months ended June 30, 2018			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
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	42,157	67,989	78,108	188,254
Transfer to lifetime ECL-not credit impaired	(27,841)	27,841	-	-
Transfer to lifetime ECL- credit impaired	(5,923)	(51,242)	57,165	-
Bad debts written-off	-	(503)	(49,936)	(50,439)
Others	1,283	1,146	7,903	10,332
Balance at June 30, 2018	<u>\$ 218,487</u>	<u>371,521</u>	<u>1,046,375</u>	<u>1,636,383</u>

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Others

	For the six months ended June 30, 2018			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
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	-	(6,772)	2,362	(4,410)
Transfer to lifetime ECL- credit impaired	-	(914)	914	-
Others	-	13,529	(25,054)	(11,525)
Balance at June 30, 2018	<u>\$ -</u>	<u>208,969</u>	<u>71,776</u>	<u>280,745</u>

	Taiwan	China	ASEAN	Others	Total
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>
June 30, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 139,107,202	70,579,777	32,018,898	3,401,664	245,107,541
Past due	221,098	-	2,238,605	147,117	2,606,820
Impaired	<u>5,361,338</u>	<u>3,093,397</u>	<u>1,806,190</u>	<u>184,052</u>	<u>10,444,977</u>
	<u>\$144,689,638</u>	<u>73,673,174</u>	<u>36,063,693</u>	<u>3,732,833</u>	<u>258,159,338</u>

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	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
June 30, 2017					
Allowance for impairment					
Collectively assessed	\$ 1,567,877	1,923,767	667,503	241,730	4,400,877
Individually assessed	<u>1,775,790</u>	<u>1,636,859</u>	<u>473,988</u>	<u>78,087</u>	<u>3,964,724</u>
	<u>\$ 3,343,667</u>	<u>3,560,626</u>	<u>1,141,491</u>	<u>319,817</u>	<u>8,365,601</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>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Past due up to 30 days	\$ 782,061	1,573,711	1,511,793
Past due from 31 to 90 days	2,408,699	1,063,272	1,095,027
Past due from 91 to 180 days	114,472	-	-
Past due over 180 days	<u>218,139</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,523,371</u>	<u>2,636,983</u>	<u>2,606,820</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
June 30, 2018								
Non-derivative financial liabilities								
Secured bank loans	\$ 40,888,961	42,163,704	5,037,051	3,572,787	12,868,789	20,685,077	-	-
Unsecured bank loans	118,124,177	121,047,203	21,103,758	18,236,436	33,801,259	47,605,723	300,027	-
Notes payable from securitization	4,735,993	4,974,968	10,358	20,715	691,378	4,252,517	-	-
Short-term notes and bills payable	64,714,105	64,850,000	20,880,000	22,200,000	21,770,000	-	-	-
Bonds payables	19,430,854	20,415,500	847,137	349,454	3,034,812	14,524,997	1,659,100	-
Other payables	14,557,759	14,600,796	5,142,960	5,387,646	766,841	638,525	-	2,664,824
Deposits relating to collateral of customers	34,398,220	34,411,002	311,805	624,769	6,064,244	26,576,244	570	833,370
Derivative financial liabilities								
Current financial liabilities for hedging	44,437	44,437	-	-	44,437	-	-	-
	<u>\$ 296,894,506</u>	<u>302,507,610</u>	<u>53,333,069</u>	<u>50,391,807</u>	<u>79,041,760</u>	<u>114,283,083</u>	<u>1,959,697</u>	<u>3,498,194</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
June 30, 2017								
Non-derivative financial liabilities								
Bank overdraft	\$ 36,672	36,672	-	-	-	-	-	36,672
Secured bank loans	31,797,855	32,057,072	4,334,572	3,400,495	13,464,653	10,857,352	-	-
Unsecured bank loans	106,274,984	109,700,599	15,587,260	14,688,388	25,865,575	53,559,376	-	-
Notes payable from securitization	9,558,200	10,225,054	14,263	28,525	128,364	10,053,902	-	-
Short-term notes and bills payable	45,548,279	45,650,000	13,550,000	18,300,000	13,800,000	-	-	-
Bonds payables	15,555,249	16,227,836	1,385,200	634,999	1,763,283	10,464,704	1,979,650	-
Other payables	11,262,555	11,290,372	3,869,397	4,442,256	948,647	528,472	-	1,501,600
Deposits relating to collateral of customers	27,701,107	27,744,846	687,731	1,652,593	7,131,058	17,374,603	1,480	897,381
	<u>\$ 247,734,901</u>	<u>252,932,451</u>	<u>39,428,423</u>	<u>43,147,256</u>	<u>63,101,580</u>	<u>102,838,409</u>	<u>1,981,130</u>	<u>2,435,653</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:

2018.6.30				
Financial assets	Foreign currency (In thousands)	Exchange rate	Functional currency	
Monetary items				
USD	\$ 11,672.09	USD : TWD 30.4600		355,532
	35,149.66	USD : GBP 0.7623		1,070,659
	5,271.19	USD : VND 25,383		159,234
JPY	656,708.17	JPY : USD 0.0090		180,857
EUR	17,571.50	EUR : USD 1.1622		622,031

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		2018.6.30		
		Foreign currency	Exchange rate	Functional
		(In thousands)		currency
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	4,856.67	USD : VND	25,383	146,711
	35,149.66	USD : GBP	0.7623	1,070,659
JPY	513,805.12	JPY : USD	0.0090	141,502
EUR	15,000.00	EUR : USD	1.1622	531,000
<u>2017.12.31</u>				
		Foreign currency	Exchange rate	Functional
		(In thousands)		currency
<u>Financial assets</u>				
<u>Monetary items</u>				
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
<u>Financial liabilities</u>				
<u>Monetary items</u>				
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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		2017.6.30			
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	9,987.90	USD : TWD	30.4200	303,832
		13,097.86	USD : GBP	0.7682	398,437
		5,511.62	USD : VND	24,934	167,663
JPY		353,024.63	JPY : USD	0.0089	95,881
EUR		12,878.12	EUR : USD	1.1414	447,128
HKD		30,062.17	HKD : USD	0.1281	117,152
GBP		4,809.26	GBP : USD	1.3018	190,447
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		185,500.00	USD : TWD	30.4200	5,642,910
		4,375.47	USD : VND	24,934	133,102
		2,905.61	USD : MYR	4.4722	88,389
JPY		250,046.58	JPY : USD	0.0089	67,912
EUR		10,999.96	EUR : USD	1.1414	381,918
HKD		28,000.76	HKD : USD	0.1281	109,119
GBP		4,500.02	GBP : USD	1.3018	178,201

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 \$67,372 and \$37,108, for the six months ended June 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 six months ended June 30, 2018 and 2017, the foreign currency (loss) gain, including realized and unrealized, amounted to \$66,660 and \$(10,228), 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 June 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	0.66 %	\$ 18,585,492	15,516,184	2,623,660	-	-	445,648
Debt securities	5.87 %	11,115,866	-	6,760,472	4,355,394	-	-
Total accounts receivables	9.54 %	312,646,571	34,723,074	137,357,664	132,313,440	2,186,574	6,065,819
		342,347,929	50,239,258	146,741,796	136,668,834	2,186,574	6,511,467
Financial liabilities							
Secured bank loans	4.55 %	40,888,961	33,123,597	2,595,597	5,169,767	-	-
Unsecured bank loans	2.95 %	118,124,177	74,871,369	29,348,842	13,626,883	277,083	-
Short-term notes and bills payable	0.86 %	64,714,105	28,905,438	35,808,667	-	-	-
Bonds payables	1.82 %	19,430,854	-	3,188,818	14,642,036	1,600,000	-
Current financial liabilities for hedging	1.57 %	44,437	-	44,437	-	-	-
Notes payable from securitization	1.96 %	4,735,993	-	642,793	4,093,200	-	-
Deposits relating to collateral of customers	0.15 %	34,398,220	-	3,039,567	5,643,859	408	25,714,386
		282,336,747	136,900,404	74,668,721	43,175,745	1,877,491	25,714,386
Net exposure		\$ 60,011,182	(86,661,146)	72,073,075	93,493,089	309,083	(19,202,919)
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 %	284,916,903	34,860,444	123,851,654	112,144,265	7,540,048	6,520,492
		311,783,943	50,849,283	130,545,649	116,055,785	7,540,048	6,793,178
Financial liabilities							
Secured bank loans	4.45 %	40,123,573	32,199,237	4,165,904	3,758,432	-	-
Unsecured bank loans	2.14 %	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
		258,400,439	115,732,388	72,441,423	45,462,817	2,192,491	22,571,320
Net exposure		\$ 53,383,504	(64,883,105)	58,104,226	70,592,968	5,347,557	(15,778,142)

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Ending balance as of June 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	0.49 %	\$ 12,005,633	8,168,193	2,022,791	-	-	1,814,649
Debt securities	6.75 %	6,712,486	42,898	3,308,471	3,361,117	-	-
Total accounts receivables	9.44 %	258,347,347	31,266,573	115,078,018	103,581,062	1,688,617	6,733,077
		277,065,466	39,477,664	120,409,280	106,942,179	1,688,617	8,547,726
Financial liabilities							
Secured bank loans	4.23 %	31,797,855	22,950,475	6,221,560	2,625,820	-	-
Unsecured bank loans	1.99 %	106,274,984	59,967,219	30,535,093	15,772,672	-	-
Short-term notes and bills payable	0.89 %	45,548,279	19,802,090	25,646,259	99,930	-	-
Bonds payables	2.12 %	15,555,249	-	3,553,215	10,102,034	1,900,000	-
Bank overdraft	7.13 %	36,672	36,672	-	-	-	-
Notes payable from securitization	1.93 %	9,558,200	-	-	9,558,200	-	-
Deposits relating to collateral of customers	0.12 %	27,701,107	-	2,047,388	5,300,937	800	20,351,982
		236,472,346	102,756,456	68,003,515	43,459,593	1,900,800	20,351,982
Net exposure		\$ 40,593,120	(63,278,792)	52,405,765	63,482,586	(212,183)	(11,804,256)

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 \$171,771 and \$134,970 for the six months ended June 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 six months ended June 30,			
	2018		2017	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	<u>\$ 71,620</u>	<u>11,976</u>	<u>117,551</u>	<u>19,218</u>
Decrease 7%	<u>\$ (71,620)</u>	<u>(11,976)</u>	<u>(117,551)</u>	<u>(19,218)</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:

	June 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	\$ 1,019,297	171,084	-	848,213	1,019,297
Financial assets at fair value through other comprehensive income					
Domestic and foreign market (OTC) equity securities	917,388	914,684	2,704	-	917,388
Measure the fair value of unquoted equity instruments	104,897	-	-	104,897	104,897
Sub-total	<u>1,022,285</u>	<u>914,684</u>	<u>2,704</u>	<u>104,897</u>	<u>1,022,285</u>
Financial assets at amortized cost	<u>11,115,866</u>	-	-	-	-
Loans and receivable					
Cash and cash equivalents	18,585,492	-	-	-	-
Accounts receivable	302,551,726	-	-	-	-
Other financial assets	1,505,802	-	-	-	-
Refundable deposits	388,228	-	-	-	-
Restricted bank deposits	2,727,113	-	-	-	-
Sub-total	<u>325,758,361</u>	-	-	-	-
Total	<u>\$ 338,915,809</u>	<u>1,085,768</u>	<u>2,704</u>	<u>953,110</u>	<u>2,041,582</u>

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		June 30, 2018			
		Fair value			Total
	Book value	Level 1	Level 2	Level 3	
Current financial liabilities for hedging	\$ 44,437	-	44,437	-	44,437
Measurement of financial liabilities at amortized cost					
Secured bank loans	40,888,961	-	-	-	-
Unsecured bank loans	118,124,177	-	-	-	-
Notes payable from securitization	4,735,993	-	-	-	-
Short-term notes and bills payable	64,714,105	-	-	-	-
Bond payables	19,430,854	-	-	-	-
Other payables	14,557,759	-	-	-	-
Deposits relating to collateral of customers	34,398,220	-	-	-	-
Sub-total	296,850,069	-	-	-	-
Total	\$ 296,894,506	-	44,437	-	44,437
		December 31, 2017			
		Fair value			Total
	Book value	Level 1	Level 2	Level 3	
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			
		Fair value			Total
	Book value	Level 1	Level 2	Level 3	
Current derivative financial liabilities for hedging	\$ 2,108	-	2,108	-	2,108
Measurement of financial liabilities at amortized cost					
Secured bank loans	40,123,573	-	-	-	-
Unsecured bank loans	107,506,884	-	-	-	-
Notes payable from securitization	6,689,879	-	-	-	-
Short-term notes and bills payable	54,555,593	-	-	-	-
Bond 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
		June 30, 2017			
		Fair value			Total
	Book value	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets held for trading	\$ 274,539	274,539	-	-	274,539
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	1,094,506	1,092,207	2,299	-	1,094,506
Measure the fair value of unquoted equity instruments	583,958	-	-	583,958	583,958
Sub-total	1,678,464	1,092,207	2,299	583,958	1,678,464
Held-to-maturity investments	6,712,486	-	-	-	-
Loans and receivable					
Cash and cash equivalents	12,005,633	-	-	-	-
Accounts receivable	249,896,916	-	-	-	-
Other financial assets	1,252,272	-	-	-	-
Refundable deposits	518,042	-	-	-	-
Restricted bank deposits	2,313,908	-	-	-	-
Sub-total	265,986,771	-	-	-	-
Total	\$ 274,652,260	1,366,746	2,299	583,958	1,953,003

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		June 30, 2017			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Measurement of financial liabilities at amortized cost					
Bank overdraft	\$ 36,672	-	-	-	-
Secured bank loans	31,797,855	-	-	-	-
Unsecured bank loans	106,274,984	-	-	-	-
Notes payable from securitization	9,558,200	-	-	-	-
Short-term notes and bills payable	45,548,279	-	-	-	-
Bond payables	15,555,249	-	-	-	-
Other payables	11,262,555	-	-	-	-
Deposits relating to collateral of customers	27,701,107	-	-	-	-
Total	\$ 247,734,901	-	-	-	-

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	(591)	-	(591)
In other comprehensive income	-	287	287
Reclassification	822,706	-	822,706
Purchase	-	9,554	9,554
Disposal / Liquidate	-	-	-
Effect of movements in exchange rate	25,503	479	25,982
Ending balance, June 30, 2018	<u>\$ 848,213</u>	<u>104,897</u>	<u>953,110</u>
Opening balance, January 1, 2017	\$ -	500,751	500,751
Total gains and losses recognized:			
In other comprehensive income	-	83,207	83,207
Ending balance, June 30, 2017	<u>\$ -</u>	<u>583,958</u>	<u>583,958</u>

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For the three months and the six months ended June 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 June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Total gains and losses recognized :				
In profit or loss, and presented in “other gains and losses”	\$ (913)	-	(591)	-
In other comprehensive income, and presented in “unrealized gains (losses) on valuation of available-for-sale financial assets ”	-	47,816	-	83,207
In other comprehensive income, and presented in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	(5)	-	287	-

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.

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

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Name of related parties	Relationship with the Group
Global Hospitality Group Inc.	Other related party
Global Property Management Co., Ltd.	"
Chailease 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	"

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:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Affiliates	\$ 34	256	34	256
Other related parties	588	30,679	4,268	59,082
	<u>\$ 622</u>	<u>30,935</u>	<u>4,302</u>	<u>59,338</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>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Capital leases receivable	Other related parties	\$ 40,859	17,007	98
Accounts receivable	Other related parties	-	1,842	1,295
Other receivables	Affiliates	-	-	266
Other receivables	Other related parties	645	10,898	6,479
Other current financial assets	Other related parties	-	1,000	1,000
Other non-current financial assets	Other related parties	-	1,200	1,700
		<u>\$ 41,504</u>	<u>31,947</u>	<u>10,838</u>

3. Payable to related parties

Payable to related parties were as follows :

<u>Account</u>	<u>Categories of related parties</u>	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Other current financial liabilities	Other related parties	\$ 2,281	1,854	136

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 \$7,537 for the six months ended June 30, 2018.

5. Related-Party Financing

Financing to affiliates and related parties was as follows :

	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Affiliates	\$ 996,983	991,677	394,309
Other related parties	17,905	103,055	102,400
	<u>\$ 1,014,888</u>	<u>1,094,732</u>	<u>496,709</u>

The loans receivable bear interest at rates ranging from 3.50% to 5.82%. As of June 30, 2018, December 31, 2017, and June 30, 2017 interest receivable from the loans receivable from affiliates amounted to \$5,730, \$7,499 and \$2,671, respectively. For the three months and the six months ended June 30, 2018 and 2017, interest revenue from the loans receivable from affiliates amounted to \$10,051, \$3,892, \$20,845 and \$7,827, respectively.

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The loans receivable bear interest at rates ranging from 2.85% to 3.85%. As of June 30, 2018, December 31, 2017, and June 30, 2017 interest receivable from the loans receivable from other related parties amounted to \$108, \$476 and \$424, respectively. For the three months and the six months ended June 30, 2018 and 2017, interest revenue from the loans receivable from other related parties amounted to \$267, \$1,733, \$1,413 and \$2,747, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	<u>2018.6.30</u>	<u>2017.12.31</u>	<u>2017.6.30</u>
Other related parties	\$ <u>2,586,360</u>	<u>2,569,280</u>	<u>2,557,232</u>

The borrowings from other related parties bear interest at 3.25%. As of June 30, 2018, December 31, 2017, and June 30, 2017 interest payable from the interest bearing borrowings from other related parties amounted to \$233, \$232 and \$227, respectively. For the three months and the six months ended June 30, 2018 and 2017, interest expense from the interest bearing borrowing from other related parties amounted to \$21,552, \$20,239, \$42,634 and \$40,473, respectively.

7. Guarantee

As of June 30, 2018, December 31, 2017, and June 30, 2017, the Group had provided a guarantee for loans taken out by affiliates and the credit limit of the guarantee was \$103,343, \$91,300 and \$89,720, and the actual drawn amount was \$7,493, \$9,022 and \$9,576, respectively.

8. Others

1) As of June 30, 2018, December 31, 2017, and June 30, 2017 bank deposits in financial institutions which are other related parties of the Group amounted to \$231,592, \$444,270 and \$165,356, respectively. For the three months and the six months ended June 30, 2018 and 2017, interest revenue from the deposits in other related parties amounted to \$164, \$138, \$164 and \$161.

2) Other expense with related parties :

Other related parties	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Rent expense	\$ 7,684	8,300	15,335	14,872
Commission and service costs and expenses	-	383	-	703
Other operating costs and expenses	39,236	30,740	53,862	31,975
	<u>\$ 46,920</u>	<u>39,423</u>	<u>69,197</u>	<u>47,550</u>

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(d) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Short-term employee benefits\$	67,695	61,671	138,302	122,150
Post-employment benefits	637	538	1,316	1,070
\$	<u>68,332</u>	<u>62,209</u>	<u>139,618</u>	<u>123,220</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2018.6.30	2017.12.31	2017.6.30
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)	\$ 2,714,906	2,509,473	2,304,656
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,295,996	2,310,933	2,311,336
Equity securities	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	1,367	1,310	1,280
Refundable deposits	Provincial court seizure etc.	118,612	140,462	362,822
Accounts receivable and notes receivable	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	96,757,437	97,359,907	99,784,154
Total		<u>\$ 101,888,318</u>	<u>102,322,085</u>	<u>104,764,248</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 June 30, 2018, December 31, 2017, and June 30, 2017, the balance of unexpired payments from these alliance transactions amounted to \$7,586,489, \$6,992,638 and \$6,702,599, 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 June 30, 2017, the balance of financing obtained from such facilitation amounted to \$14,880.
- (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 :

	2018.6.30	
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months
<u>Current assets</u>		<u>Total</u>
Cash and cash equivalents	\$ 18,577,877	7,615
Current financial assets at fair value through profit or loss	1,019,297	-
Current financial assets at amortized cost	6,760,472	2,845,228
Accounts receivable, net	153,965,238	83,110,175
Inventories	46,891	-
Other current financial assets	3,910,518	-
Other current assets – others	5,637,546	-
	<u>\$ 189,917,839</u>	<u>85,963,018</u>
		<u>275,880,857</u>

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		2018.6.30	
	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	\$ 42,967,110	-	42,967,110
Short-term notes and bills payable	64,714,105	-	64,714,105
Current financial liabilities for hedging	44,437	-	44,437
Accounts and notes payable	4,512,409	3,500	4,515,909
Current tax liabilities	2,028,492	-	2,028,492
Other current financial liabilities	9,622,032	29,036,161	38,658,193
Long-term liabilities, current portion	60,002,658	30,577,616	90,580,274
Other current liabilities – others	1,183,592	-	1,183,592
	<u>\$ 185,074,835</u>	<u>59,617,277</u>	<u>244,692,112</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	4,367,771	-	4,367,771
	<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
Accounts and notes payable	3,955,785	4,082	3,959,867
Current tax liabilities	1,660,227	-	1,660,227
Other current financial liabilities	13,075,957	17,009,857	30,085,814
Long-term liabilities, current portion	41,523,666	42,363,207	83,886,873
Other current liabilities – others	1,122,466	10	1,122,476
	<u>\$ 153,567,934</u>	<u>59,377,156</u>	<u>212,945,090</u>
	2017.6.30		
	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	\$ 12,005,633	-	12,005,633
Current financial assets at fair value through profit or loss	274,539	-	274,539
Current held-to-maturity financial assets	3,351,369	2,170,357	5,521,726
Accounts receivable, net	134,493,342	64,439,638	198,932,980
Other current financial assets	3,395,028	36,270	3,431,298
Other current assets – others	3,275,324	-	3,275,324
	<u>\$ 156,795,235</u>	<u>66,646,265</u>	<u>223,441,500</u>

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	2017.6.30		
	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	\$ 36,282,127	-	36,282,127
Short-term notes and bills payable	45,548,279	-	45,548,279
Accounts and notes payable	3,433,479	-	3,433,479
Current tax liabilities	1,398,230	-	1,398,230
Other current financial liabilities	15,858,217	14,781,860	30,640,077
Long-term liabilities, current portion	41,050,999	41,234,890	82,285,889
Other current liabilities – others	1,095,114	82	1,095,196
	<u>\$ 144,666,445</u>	<u>56,016,832</u>	<u>200,683,277</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	16,524	1,265,559	1,282,083	15,123	1,104,492	1,119,615
Labor and health insurance	1,077	78,721	79,798	1,122	65,699	66,821
Pension	515	62,864	63,379	527	56,554	57,081
Others	-	99,750	99,750	-	69,394	69,394
Depreciation	524,784	30,165	554,949	483,247	31,000	514,247
Amortization	-	36,770	36,770	-	33,949	33,949

By item	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	31,989	2,469,744	2,501,733	29,059	2,158,205	2,187,264
Labor and health insurance	2,173	163,302	165,475	2,207	140,962	143,169
Pension	1,028	124,857	125,885	1,047	113,091	114,138
Others	-	183,468	183,468	-	145,054	145,054
Depreciation	1,036,248	60,778	1,097,026	959,878	63,069	1,022,947
Amortization	-	72,851	72,851	-	74,117	74,117

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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 six months ended June 30, 2018 was as follows :

1. Fund loaning to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

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	Chalease Finance Co., Ltd.	A	Other receivables	No	80,333	80,333	80,333	0.03%-19.99%	1	549,750	-	972	None	-	2,633,389	26,333,885
		A-1	-	No	103,684	103,684	103,684	0.03%-19.99%	2	-	Working Capital	1,255	None	-	2,633,389	26,333,885
		B	-	No	102,128	102,128	102,128	0.03%-19.99%	2	-	Working Capital	1,236	None	-	2,633,389	26,333,885
		C	-	No	85,660	85,660	85,660	0.03%-19.99%	2	-	Working Capital	1,036	None	-	2,633,389	26,333,885
		D	-	No	85,000	85,000	85,000	0.03%-19.99%	1	214,000	-	1,029	None	-	2,633,389	26,333,885
		E	-	No	118,207	81,859	66,859	0.03%-19.99%	1	2,247,146	-	809	None	-	2,633,389	26,333,885
		F	-	No	88,000	78,000	78,000	0.03%-19.99%	1	326,000	-	944	None	-	2,633,389	26,333,885
		G	-	No	94,001	75,501	75,501	0.03%-19.99%	2	-	Working Capital	914	None	-	2,633,389	26,333,885
		H	-	No	75,000	75,000	75,000	0.03%-19.99%	2	-	Working Capital	908	None	-	2,633,389	26,333,885
		I	-	No	80,000	74,099	74,099	0.03%-19.99%	1	80,000	-	897	None	-	2,633,389	26,333,885
		J	-	No	72,376	72,376	72,376	0.03%-19.99%	2	-	Working Capital	876	None	-	2,633,389	26,333,885
		K	-	No	98,702	70,380	70,380	0.03%-19.99%	2	-	Working Capital	832	None	-	2,633,389	26,333,885
		L	-	No	79,536	66,830	66,830	0.03%-19.99%	2	-	Working Capital	809	None	-	2,633,389	26,333,885
		M	-	No	66,400	61,000	61,000	0.03%-19.99%	2	-	Working Capital	738	None	-	2,633,389	26,333,885
		N	-	No	60,000	59,875	59,875	0.03%-19.99%	2	-	Working Capital	724	Bank	57,338	2,633,389	26,333,885
		O	-	No	70,000	57,942	57,942	0.03%-19.99%	2	-	Working Capital	701	Deposits/Properties	-	2,633,389	26,333,885
		P	-	No	82,879	55,815	55,815	0.03%-19.99%	1	260,000	-	675	None	-	2,633,389	26,333,885
		Q	-	No	78,290	52,129	52,129	0.03%-19.99%	1	221,225	-	631	None	-	2,633,389	26,333,885
		R	-	No	52,000	52,000	52,000	0.03%-19.99%	2	-	Working Capital	629	None	-	2,633,389	26,333,885
		S	-	No	82,593	51,167	51,167	0.03%-19.99%	2	-	Working Capital	619	None	-	2,633,389	26,333,885
		T	-	No	58,454	49,800	49,800	0.03%-19.99%	1	81,909	-	603	None	-	2,633,389	26,333,885
		Summary of other clients	-	No	7,740,797	5,033,816	4,840,666	0.03%-19.99%	1	24,850,180	-	38,680	Bank	258,226	2,633,389	26,333,885
		Summary of other clients	-	No	13,520,001	8,707,679	8,707,679	0.03%-19.99%	2	-	Working Capital	286,559	Bank Deposits/ Stocks/Beneficiary certificate/Equipment Properties	1,310,516	2,633,389	26,333,885
2	Fina Finance & Trading Co., Ltd.	A	-	No	67,972	67,972	67,972	2.1525%-18.7583%	2	-	Working Capital	680	Properties	127,980	1,185,106	11,851,061
		B	-	No	60,910	58,440	58,440	2.1525%-18.7583%	2	-	Working Capital	584	Properties	64,407	1,185,106	11,851,061
		C	-	No	65,124	55,834	45,834	2.1525%-18.7583%	1	38,000	-	458	Equipment	37,300	1,185,106	11,851,061
		D	-	No	64,623	53,305	53,305	2.1525%-18.7583%	2	-	Working Capital	533	Properties	59,331	1,185,106	11,851,061
		E	-	No	90,000	44,968	44,968	2.1525%-18.7583%	2	-	Working Capital	450	Properties	45,000	1,185,106	11,851,061
		F	-	No	44,821	44,742	44,742	2.1525%-18.7583%	2	-	Working Capital	6,292	Properties	40,581	1,185,106	11,851,061
		G	-	No	44,722	44,451	44,451	2.1525%-18.7583%	2	-	Working Capital	445	Properties	31,754	1,185,106	11,851,061
		H	-	No	45,000	43,873	43,873	2.1525%-18.7583%	2	-	Working Capital	439	Properties	25,496	1,185,106	11,851,061

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													Item	Value		
2	Fina Finance & Trading Co., Ltd.	I	Other receivables	No	43,468	42,049	42,049	2.1525%-18.7583%	2	-	Working Capital	420	Properties	14,751	1,185,106	11,851,061
"	"	J	"	No	43,964	41,722	41,722	2.1525%-18.7583%	2	-	Working Capital	417	Properties	16,191	1,185,106	11,851,061
"	"	Summary of other clients	"	No	2,361,028	1,536,341	1,469,841	2.1525%-18.7583%	1	2,587,394	-	31,436	Properties/Vehicles	621,328	1,185,106	11,851,061
"	"	Summary of other clients	"	No	4,123,149	2,906,318	2,869,218	2.1525%-18.7583%	2	-	Working Capital	49,039	Bank Deposits/ Properties/Vehicles/ Equipment	612,973	1,185,106	11,851,061
3	Chailease Consumer Finance Co., Ltd.	A	"	No	3,000	1,545	1,545	4.00%-19.00%	2	-	Working Capital	5	None	-	243,297	2,432,968
"	"	B	"	No	800	741	741	4.00%-19.00%	2	-	Working Capital	3	None	-	243,297	2,432,968
"	"	C	"	No	775	535	535	4.00%-19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	D	"	No	800	416	416	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	E	"	No	500	391	391	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	F	"	No	500	389	389	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	G	"	No	561	377	377	4.00%-19.00%	1	6,527	-	1	None	-	243,297	2,432,968
"	"	H	"	No	753	364	364	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	I	"	No	468	326	326	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	J	"	No	600	311	311	4.00%-19.00%	2	-	Working Capital	1	None	-	243,297	2,432,968
"	"	Summary of other clients	"	No	1,211	140	140	4.00%-19.00%	1	22,993	-	-	None	-	243,297	2,432,968
"	"	Summary of other clients	"	No	6,228	1,429	1,429	4.00%-19.00%	2	-	Working Capital	39	None	-	243,297	2,432,968
4	Chailease International Finance Corporation	Chailease International Corp.	Receivables from related party	Yes	935,800	-	-	4.35%-20.00%	2	-	Working Capital	-	None	-	4,791,560	7,666,497
"	"	Chailease International Corp.	"	Yes	935,800	-	-	4.35%-20.00%	2	-	Working Capital	-	None	-	4,791,560	7,666,497
"	"	A	Receivable-short term financing	No	63,154	61,451	1,722	4.35%-20.00%	2	-	Working Capital	-	Inventory	114,687	958,312	7,666,497
"	"	B	"	No	32,151	32,151	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	C	"	No	25,262	23,156	23,156	4.35%-20.00%	2	-	Working Capital	214	None	-	958,312	7,666,497
"	"	D	"	No	36,744	20,413	20,413	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	E	"	No	18,372	18,372	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	F	"	No	18,372	18,372	18,372	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	G	"	No	18,372	18,372	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	H	"	No	18,372	18,372	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	I	"	No	18,372	18,372	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	J	"	No	18,372	18,372	-	4.35%-20.00%	2	-	Working Capital	-	None	-	958,312	7,666,497
"	"	Summary of other clients	Receivables-business relationship	No	34,925	25,912	25,912	4.35%-20.00%	1	56,586	-	529	None	-	958,312	7,666,497
"	"	Summary of other clients	Receivable-short term financing	No	1,172,785	843,148	667,236	4.35%-20.00%	2	-	Working Capital	69,396	Vehicles/Properties/ Equipment/Inventory	290,834	958,312	7,666,497
5	Chailease Specialty Finance Co., Ltd.	A	Other receivables	No	170,720	130,000	130,000	0.98%-14.97%	2	-	Working Capital	1,651	None	-	2,633,389	5,234,903
"	"	B	"	No	128,567	128,567	128,567	0.98%-14.97%	2	-	Working Capital	1,633	None	-	2,633,389	5,234,903
"	"	C	"	No	112,024	112,024	112,024	0.98%-14.97%	2	-	Working Capital	1,423	None	-	2,633,389	5,234,903
"	"	D	"	No	95,000	95,000	95,000	0.98%-14.97%	2	-	Working Capital	1,267	None	-	2,633,389	5,234,903

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													Item	Value		
5	Chailase Specialty Finance Co., Ltd.	E	Other receivables	No	91,954	79,111	79,111	0.98%-14.97%	2	-	Working Capital	1,005	None	-	2,633,389	5,234,903
"	"	F	"	No	67,609	63,427	63,427	0.98%-14.97%	2	-	Working Capital	806	None	-	2,633,389	5,234,903
"	"	G	"	No	50,000	50,000	50,000	0.98%-14.97%	2	-	Working Capital	635	None	-	2,633,389	5,234,903
"	"	H	"	No	50,000	47,507	47,507	0.98%-14.97%	2	-	Working Capital	683	None	-	2,633,389	5,234,903
"	"	I	"	No	60,000	45,000	45,000	0.98%-14.97%	2	-	Working Capital	572	None	-	2,633,389	5,234,903
"	"	J	"	No	44,120	44,120	44,120	0.98%-14.97%	2	-	Working Capital	560	None	-	2,633,389	5,234,903
"	"	Summary of other clients	"	No	1,523,144	846,970	846,970	0.98%-14.97%	2	-	Working Capital	53,960	Properties	58,735	2,633,389	5,234,903
6	Chailase Finance Securitization Trust 2016	A	"	No	30,473	26,463	26,463	4.01%-15.90%	2	-	Working Capital	212	None	-	49,738	880,589
"	"	B	"	No	26,064	16,132	16,132	4.01%-15.90%	2	-	Working Capital	129	None	-	49,738	880,589
"	"	C	"	No	27,069	15,684	15,684	4.01%-15.90%	2	-	Working Capital	125	None	-	49,738	880,589
"	"	D	"	No	22,595	15,013	15,013	4.01%-15.90%	1	48,683	-	120	None	-	49,738	880,589
"	"	E	"	No	19,876	13,583	13,583	4.01%-15.90%	1	54,000	-	109	None	-	49,738	880,589
"	"	F	"	No	22,184	11,829	11,829	4.01%-15.90%	2	-	Working Capital	95	None	-	49,738	880,589
"	"	G	"	No	20,394	11,219	11,219	4.01%-15.90%	2	-	Working Capital	90	None	-	49,738	880,589
"	"	H	"	No	16,896	10,277	10,277	4.01%-15.90%	2	-	Working Capital	82	None	-	49,738	880,589
"	"	I	"	No	11,000	9,554	9,554	4.01%-15.90%	1	55,133	-	76	None	-	49,738	880,589
"	"	J	"	No	16,151	8,167	8,167	4.01%-15.90%	2	-	Working Capital	65	None	-	49,738	880,589
"	"	Summary of other clients	"	No	37,589	6,374	6,374	4.01%-15.90%	1	166,390	-	-	None	-	49,738	880,589
"	"	"	"	No	532,128	281,625	281,625	4.01%-15.90%	2	-	Working Capital	4,187	None	-	49,738	880,589

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

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

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

(1) Subsidiary— The maximum fund loaning provided by 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 (\$958,312). The maximum fund loaning cannot exceed 25% of net worth (\$4,791,560) 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.

(4) Subsidiary— Total amount of fund loaning provided by Chailase International Finance Corporation cannot exceed 40% of net worth (\$7,666,497) of the most recent financial statement.

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(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 3,882 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 763 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 30 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 125 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 144 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 130 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.	Enforcement/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)										
0	The Company	Chailease International Finance Corporation	2	110,906,376	20,973,136	19,722,337	16,017,894	-	35.57 %	277,265,940	Y		Y
"	"	Chailease International Leasing Company Limited (Vietnam)	2	110,906,376	1,523,000	1,523,000	1,136,706	-	2.75 %	277,265,940	Y		
"	"	Golden Bridge (B.V.I.) Corp.	2	110,906,376	152,300	152,300	-	-	0.27 %	277,265,940	Y		
"	"	Chailease International Company (Malaysia) Limited	2	110,906,376	152,300	152,300	-	-	0.27 %	277,265,940	Y		
"	"	Chailease Berjaya Credit Sdn. Bhd.	2	27,726,594	4,444,227	4,444,227	3,136,347	-	8.01 %	277,265,940	Y		
"	"	Chailease Royal Leasing Plc.	2	27,726,594	1,066,100	1,066,100	396,894	-	1.92 %	277,265,940	Y		
"	"	Chailease Berjaya Finance Corporation	2	27,726,594	707,040	678,320	25,362	-	1.22 %	277,265,940	Y		
1	Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	2	52,667,770	1,066,100	1,066,100	832,880	-	4.05 %	131,669,425	Y		
"	"	Chailease Auto Rental Co., Ltd.	2	52,667,770	4,490,000	4,490,000	2,370,000	-	17.05 %	131,669,425	Y		
"	"	Chailease Consumer Finance Co., Ltd.	2	52,667,770	4,540,000	4,540,000	783,000	-	17.24 %	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	5,807,780	5,807,780	3,464,465	-	22.05 %	131,669,425	Y		
"	"	Yun Tang Inc.	2	52,667,770	1,021,500	970,500	920,500	-	3.69 %	131,669,425	Y		
"	"	Chailease Credit Services Co., Ltd.	2	52,667,770	36,000	36,000	6	-	0.14 %	131,669,425	Y		

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No.	Endorser/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 Energy Integration Co., Ltd.	2	32,667,770	880,000	880,000	100,000	-	3.34 %	131,669,423	Y		
"	"	Grand Pacific Financing Corp.	2	55,453,188	3,289,680	3,289,680	1,328,056	-	12.49 %	131,669,423			
"	"	Chailase International Financial Services Co., Ltd.	2	55,453,188	26,727,245	26,727,245	12,381,471	-	101.49 %	131,669,423			
"	"	Chailase International Financial Services (Liberia) Co., Ltd.	2	55,453,188	282,720	197,990	197,990	-	0.75 %	131,669,423			
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	8,650,380	235,975	230,925	133,937	-	5.47 %	21,625,949	Y		
3	Chailase International Finance Corporation	Chailase International Corp.	2	38,332,483	7,060,427	6,806,252	3,862,683	-	35.51 %	95,831,208	Y		Y
"	"	Chailase Finance International Corp.	2	38,332,483	4,415,806	4,187,668	2,366,249	-	21.85 %	95,831,208	Y		Y
"	"	DMC Energy Management Services (Shenzhen) Co., Ltd.	4	9,593,121	105,435	103,343	7,403	-	0.54 %	95,831,208			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 \$1,266,100. 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 (\$597,090). 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 (\$304,600). 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)	
Chaillease 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	520	16,703	- %	16,703	
"	Fubon Financial Holding Co., Ltd.	"	"	200	10,220	- %	10,220	
"	Fubon SSE 180 ETF	"	"	625	17,837	- %	17,837	
"	Cathay Financial Holdings Co., Ltd.	"	"	500	26,900	- %	26,900	
"	Innolux Corporation	"	"	350	3,833	- %	3,833	
"	SERCOMM CORP.	"	"	100	7,090	- %	7,090	
"	Yuanta Financial Holdings Co., Ltd.	"	"	1,200	16,680	- %	16,680	
"	Chicony	"	"	200	13,740	- %	13,740	
"	Hon Hai Precision Industry Co., Ltd.	"	"	200	16,640	- %	16,640	
"	Lite-on Technology Corporation	"	"	200	7,380	- %	7,380	
"	Delta Electronics, Inc.	"	"	133	14,564	- %	14,564	
"	Alpha Networks Inc.	"	"	185	4,005	- %	4,005	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	30	6,495	- %	6,495	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	104,364	- %	104,364	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	48,500	- %	48,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	633,480	- %	633,480	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	12,500	- %	12,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	14,800	- %	14,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	25,000	- %	25,000	
"	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	-	"	-	45,000	- %	45,000	

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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	-	220,700	- %	220,700	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	170,000	- %	170,000	
"	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	—	"	-	21,900	- %	21,900	
"	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	—	"	-	11,000	- %	11,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	319,000	- %	319,000	
"	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	—	"	-	226,400	- %	226,400	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	374,052	- %	374,052	
"	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	—	"	-	74,902	- %	74,902	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	7,450	- %	7,450	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	420	- %	420	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	38,749	- %	38,749	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	70	- %	70	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	10,565	- %	10,565	

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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	-	4,250	- %	4,250	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	77,000	- %	77,000	
"	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	—	"	-	7,980	- %	7,980	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	600	- %	600	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	44,900	- %	44,900	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	70,720	- %	70,720	
"	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	—	"	-	75,880	- %	75,880	
"	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	—	"	-	156,000	- %	156,000	
"	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	—	"	-	189,200	- %	189,200	
"	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	—	"	-	226,300	- %	226,300	
"	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	—	"	-	27,700	- %	27,700	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	12,100	- %	12,100	

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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	-	285,000	- %	285,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	432,500	- %	432,500	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	26,000	- %	26,000	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	83,100	- %	83,100	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	800,000	- %	800,000	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	35,800	- %	35,800	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	7,000	- %	7,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	7,456	- %	7,456	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	17,333	- %	17,333	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	18,820	- %	18,820	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	17,536	- %	17,536	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	93,000	- %	93,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	39,144	- %	39,144	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	34,560	- %	34,560	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	1,840	- %	1,840	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	117,685	- %	117,685	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	182,160	- %	182,160	
"	Bank of FEL's Beneficial Right of the Real Estate Trust	—	"	-	25,900	- %	25,900	

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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 FEL's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	3,000	- %	3,000	
"	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	-	110,240	- %	110,240	
"	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	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	43,000	- %	43,000	
"	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	—	"	-	66,600	- %	66,600	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	34,500	- %	34,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	7,200	- %	7,200	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	145,000	- %	145,000	
"	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	—	"	-	71,836	- %	71,836	
"	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	—	"	-	111,600	- %	111,600	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	—	"	-	56,000	- %	56,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	22,250	- %	22,250	

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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.	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	22,250	- %	22,250	
"	Bank of FEL's Beneficial Right of the Real Estate Trust	—	"	-	12,190	- %	12,190	
"	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	639	43,899	- %	43,899	
"	Aisa Cement Corp.	"	"	700	23,450	- %	23,450	
"	CTCI Corp.	"	"	770	37,576	- %	37,576	
"	U-Ming Marine Transport Corp.	"	"	270	9,045	- %	9,045	
"	Chin Poon	"	"	380	14,668	- %	14,668	
"	O-Bank	"	"	92,694	786,046	3.88 %	786,046	
"	Subton Technology Co., Ltd.	"	"	288	2,704	0.10 %	2,704	
"	Kingmax Technology Inc.	"	"	2,081	21,043	3.55 %	21,043	
"	Spring House Entertainment Tech Inc.	"	"	857	6,840	4.67 %	6,840	
"	Everterminal Co., Ltd.	"	"	490	5,250	0.40 %	5,250	
"	Enova Technology Corp.	"	"	550	1,585	3.07 %	1,585	
"	Tekcon Electronics Corp.	"	"	137	2,386	0.52 %	2,386	
"	Ecomsoftware Inc.	"	"	130	2,110	2.60 %	2,110	
"	Information Technology	"	"	51	724	0.25 %	724	
"	Crownpo Technology Inc.	"	"	57	918	0.51 %	918	
"	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) percentage of ownership less than 0.01%
"	EastWest Pharmaceuticals	"	"	242	-	5.84 %	-	(Note 2)
"	Bexcom Pte Ltd.	"	"	197	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	TECO Nanotech Co., Ltd.	"	"	95	-	0.38 %	-	(Note 2)
"	Azanda Network Devices	"	"	714	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	Forcera Materials Co., Ltd.	"	"	102	-	0.56 %	-	(Note 2)
"	Deerport	"	"	-	-	10.48 %	-	(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			Fair value (Note 1)	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)		
Chalease Speciality 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	-	1,800	- %	1,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	127,000	- %	127,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	4,800	- %	4,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	41,280	- %	41,280	
"	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	-	"	-	285,265	- %	285,265	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	4,000	- %	4,000	
"	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	-	"	-	2,200	- %	2,200	
"	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	194	- %	194	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	10	8,775	0.19 %	8,775	
"	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	8,997	0.01 %	8,997	
Chalease International Financial Services Co., Ltd.	Clean Focus Yield Limited	"	"	-	848,213	- %	848,213	
Grand Pacific Holding Corp.	Mobileshift, Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	359	7,615	3.45 %	7,615	
"	Stemcyte Inc.	"	"	38	1,523	0.15 %	1,523	

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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)	
Grand Pacific Financing Corp.	Swabplus Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	10	-	-	-	
"	Mobleshoot, Inc.	"	"	358	7,615	3.45 %	7,615	
"	Stemcyte Inc.	"	"	38	1,523	0.15 %	1,523	

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

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

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

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company name	Marketable securities type and name (Note 1)	Financial statement account (Note1)	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	-	-	-	-	-	-	-	-	-	-	-	-
Chalease 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
"	Bank of Panhsin's Beneficial Right of the Real Estate Trust	"	-	-	-	395,453	-	-	-	395,453	-	-	-	-
"	Bank of Yuanlai'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	-	-	-	-	-	-	-	-	-	-	-	-
Fina Finance & Trading Co., Ltd.	Chalease Consumer Finance Co., Ltd.	"	-	-	-	-	-	-	-	-	-	-	-	-
Chalease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	"	-	-	-	-	-	-	-	-	-	-	-	-
Chalease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	"	-	-	-	-	-	-	-	-	-	-	-	-
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	"	-	-	-	-	-	-	-	-	-	-	-	-
My Leasing (Mauritius) Corp.	Chalease International Finance Corporation	"	-	-	-	-	-	-	-	-	-	-	-	-

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:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Chalease International Company (Malaysia) Limited	Subsidiaries	2,939,390	-	-		-	-
Chalease Specialty Finance Co., Ltd.	Chalease Finance Co., Ltd	Subsidiaries	405,504	-	-		-	-
My Leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	Associates	1,653,687	-	-		-	-
Chalease International Financial Services Co., Ltd.	Chalease International Company (Malaysia) Limited	Associates	1,001,084	-	-		-	-
"	Chalease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	549,994	-	-		-	-
Chalease Finance (B.V.I) Co., Ltd.	Chalease International Financial Services Co., Ltd.	Associates	4,596,988	-	-		-	-
"	Chalease International Financial Services (Liberia) Corp.	Associates	458,000	-	-		-	-
Chalease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	550,373	-	-		-	-
"	Chalease International Company (UK) Limited	Subsidiaries	3,878,953	-	-		-	-
Chalease International Company (UK) Limited	Chalease Finance Co., Ltd	Subsidiaries	3,452,662	-	-		-	-
"	C&E Engine Leasing Limited	Associates	996,983	-	-		-	-

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	Chaillease Finance Co., Ltd	Chaillease Berjaya Credit Sdn. Bhd. • Chaillease Finance (B.V.I.) Company Ltd. • Chaillease Auto Rental Co., Ltd. • Chaillease Credit Services Co., Ltd. • Chaillease Finance Securitization Trust 2014 • Yun Tang Inc. • Chaillease Energy Integration Co., Ltd. • Chaillease Finance Securitization Turst 2016 • Chaillease Consumer Finance Co., Ltd. • Golden Bridge (B.V.I.) Corp. • Chaillease International Finance Corporation • Chaillease International Financial Services Co., Ltd. • Chaillease International Financial Services (Liberia) Corp. • Grand Pacific Holdings Corp. • Chaillease Royal Leasing Plc • Chaillease Insurance Brokers Co., Ltd. • Chaillease Berjaya Finance Corporation • Chaillease Specialty Finance Co., Ltd. • Apex Credit Solutions Inc. • Chaillease Power Technology Co., Ltd. • Chaillease International Leasing Company Limited (Vietnam) • Fina Finance & Trading Co., Ltd. • Asia Sermkij Leasing Public Co., Ltd. • Bangkok Grand Pacific Lease Public Company Limited	3		287,580	Same as normal transactions	0.08 %
1	"	Chaillease Specialty Finance Co., Ltd.	3	Payables and notes	405,504	"	0.11 %
1	"	Chaillease Auto Rental Co., Ltd. • Chaillease International Finance Corporation • Fina Finance & Trading Co., Ltd. • Chaillease International Company (UK) Limited • Yun Tang Inc. • Sing Chuang Limited Partnership	3	Other current financial liabilities	3,511,212	"	0.98 %
1	"	Chaillease International Company (UK) Limited • Fina Finance & Trading Co., Ltd. • Apex Credit Solutions Inc. • Chaillease Auto Rental Co., Ltd.	3	Operating cost and expenses	79,122	"	0.33 %

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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	Chailase Finance Co., Ltd	Fina Finance & Trading Co., Ltd. • Chailase Specialty Finance Co., Ltd. • Chailase Berjaya Credit Sdn. Bhd. • Chailase Finance (B.V.I.) Company, Ltd. • Chailase Auto Rental Co., Ltd. • Chailase Credit Services Co., Ltd. • Chailase Finance Securitization Trust 2014 • Yun Tang Inc. • Chailase Energy Integration Co., Ltd. • Chailase Finance Securitization Trust 2016 • Chailase Consumer Finance Co., Ltd. • Chailase International Finance Corporation • Chailase International Financial Services Co., Ltd. • Chailase International Financial Services (Liberia) Corp. • Grand Pacific Holdings Corp. • Chailase Insurance Brokers Co., Ltd. • Chailase Berjaya Finance Corp. • Chailase Royal Leasing Plc. • Chailase 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 • Chailase International Leasing Company Limited (Vietnam) • Chailase Cloud Service Co., Ltd.	3	Operating revenues and non-operating income	293,293	Same as normal transactions	1.21 %
2	Chailase Finance (B.V.I) Co., Ltd.	Chailase International Financial Services Co., Ltd. • Chailase International Financial Services (Liberia) Corp.	3	Financing and interest receivable	5,054,988	"	1.41 %
2	"	Chailase International Financial Services Co., Ltd. • Chailase International Financial Services (Liberia) Corp.	3	Interest revenue-loans	96,239	"	0.40 %
3	Chailase International Finance Corporation	Chailase Finance Co., Ltd. • Jirong Real Estate Co., Ltd.	3	Other current financial liabilities	108,201	"	0.03 %
3	"	Chailase Finance Co., Ltd. • Jirong Real Estate Co., Ltd.	3	Operating expense	116,607	"	0.48 %
4	Golden Bridge(B.V.I) Corp.	Chailase Finance Co., Ltd	3	Other current financial liabilities	40,383	"	0.01 %
4	"	Chailase International Company (Malaysia) Limited. • My Leasing (B.V.I.) Corp. • My Leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,295,820	"	0.64 %
5	My leasing (Mauritius) Corp.	Golden Bridge(B.V.I) Corp.	3	Financing and interest receivable	91,759	"	0.03 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited • SK Insurance Broker Co., Ltd.	3	Other current financial assets	1,798,276	"	0.50 %
6	Asia Sermkij Leasing Public Co., Ltd.	SK Insurance Broker Co., Ltd.	3	Operating revenues and non-operating income	33,310	"	0.14 %
7	Chailase International Financial Services Co., Ltd.	Chailase International Financial Services (Labuan) Co., Ltd. • Chailase International Company (Malaysia) Limited	3	Financing and interest receivable	1,007,666	"	0.28 %
7	"	Chailase International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	543,412	"	0.15 %

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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	Chailase International Financial Services Co., Ltd.	Chailase Finance (BVI) Co., Ltd.	3	Borrowings and interest payable	4,596,988	Same as normal transactions	1.28 %
7	"	Chailase Finance Co., Ltd. & Chailase Finance (B.V.I.) Co., Ltd.	3	Operating cost and expenses	114,981	"	0.47 %
8	Chailase International Company (Malaysia) Limited	Chailase International Company (UK) Limited & Golden Bridge (BVI) Corp.	3	Financing and interest receivable	1,001,799	"	0.28 %
8	"	Chailase International Financial Services Co., Ltd.	3	Borrowings and interest payable	1,001,084	"	0.28 %

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 six months ended June 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 June 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Chailase International Company (Malaysia) Limited	Malaysia	Investment	17,313,925	17,313,925	1,022,247	100.00 %	29,150,847	2,965,298	2,965,298	
"	Chailase International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	2,497,720	2,497,720	82,000	100.00 %	4,879,847	525,088	525,088	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	148,988	148,988	3,927	51.00 %	847,107	144,228	73,556	
"	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	12,836,134	11,617,734	377,150	100.00 %	24,498,566	3,141,921	3,141,921	
Chailase International Company (Malaysia) Limited	Chailase International (B.V.I.) Corp.	British Virgin Islands	Investment	691,754	691,754	22,550	100.00 %	680,760	(21,478)	(21,478)	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	455,328	455,328	40,698	11.57 %	488,342	413,910	47,889	
"	Chailase International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	21,139,273	21,139,273	346,567	100.00 %	26,557,563	2,939,855	2,939,855	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chalease International Company (Malaysia) Limited	Chalease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	381,465	254,310	-	70.00 %	429,821	36,630	25,641	
"	Chalease Royal Leasing Plc.	Cambodia	Leasing	91,380	63,966	-	60.00 %	90,105	9,019	5,411	
"	Yellowstone Holding AG	Swiss	Venture capital investment	160,624	107,083	525,000	35.00 %	146,090	(15,629)	(5,470)	
"	Chalease Berjaya Finance Corporation	Philippines	Leasing and financing	84,540	84,540	150,000	60.00 %	65,676	(14,873)	(8,924)	
Chalease Berjaya Credits Sdn. Bhd.	Chalease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	727	727	100	100.00 %	5,711	2,679	2,679	
Chalease International Company (UK) Limited	Chalease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	17,826,102	17,826,102	1,369,500	100.00 %	26,333,885	3,168,761	3,168,761	
"	C&E Engine Leasing Limited	Ireland	Leasing	363,126	363,126	11,921	50.00 %	369,830	13,016	6,508	
Chalease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	1,210	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	(180)	-	
"	Chalease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	398,980	395,688	-	48.00 %	441,929	(21,717)	(2,201)	
"	Diamond Rain Group Limited	British Virgin Islands	Investment funds	264,575	264,575	8,686	35.28 %	213,957	(54,745)	(19,314)	
Chalease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	6,891,242	5,891,242	451,528	100.00 %	11,885,351	884,234	884,234	
"	Chalease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,189,834	108,976	108,976	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	517,820	517,820	17,000	100.00 %	1,745,306	28,186	28,186	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	776,928	776,928	128,837	36.61 %	1,545,220	413,910	151,532	
"	Chalease Finance (B.V.I.) Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	1,246,119	1,246,119	40,910	100.00 %	4,714,832	61,601	61,601	
"	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	172,296	20,921	20,921	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chaillease Finance Co., Ltd.	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,367	199	57	
"	Chaillease International Leasing Company Limited (Vietnam)	Vietnam	Leasing	749,651	749,651	-	100.00 %	1,138,193	76,061	76,061	
"	Chaillease International Trading Company Limited (Vietnam)	Vietnam	Trading	152,300	152,300	-	100.00 %	142,888	2,802	2,802	
"	Chaillease Auto Rental Co., Ltd.	Taiwan	Leasing	1,352,227	952,227	135,000	100.00 %	1,349,999	5,977	5,977	
"	Chaillease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	33,045	16,793	16,793	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	125,151	125,151	3,773	49.00 %	813,888	144,228	70,672	
"	Chaillease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,731	(42)	(42)	
"	Chaillease Finance Securitization Trust 2014	Taiwan	Special purpose entity	1,034,797	1,034,797	-	100.00 %	761,191	46,971	46,971	
"	Chaillease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	100.00 %	773,759	127,487	127,487	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	484,960	34,786	34,786	
"	Chaillease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	366,994	254,188	254,188	
"	Chaillease Power Technology Co., Ltd.	Taiwan	Solar power business	250,000	250,000	25,000	100.00 %	249,572	(235)	(235)	
Fina Finance & Trading Co., Ltd.	Chaillease Consumer Finance Co., Ltd.	Taiwan	Installment sales and factoring	2,652,436	1,652,436	215,530	100.00 %	3,574,237	147,400	147,400	
"	Chaillease Credit Services Co., Ltd.	Taiwan	Installment sales and factoring	10,001	10,001	1,000	100.00 %	9,559	(36)	(36)	
Chaillease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and factoring	1,800,000	800,000	-	- %	1,838,321	38,321	38,321	(Note 2)
Chaillease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and factoring	1,500,000	1,500,000	-	- %	1,524,463	24,463	24,463	(Note 3)
Chaillease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and factoring	10	10	-	- %	10	-	-	(Note 2)
Chaillease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and factoring	10	10	-	- %	10	-	-	(Note 3)

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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2018			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chalease International Financial Services Co., Ltd.	Chalease International Financial Services (Liberia) Corp.	Liberia	Leasing	305	305	-	100.00 %	132,208	15,728	15,728	shareholding less than 1,000 shares
"	Chalease International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	914	914	30	100.00 %	7,670	589	589	"

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

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

Note 3: Chalease Specialty Financial Co., Ltd. is limited partner, and Chalease 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 June 30, 2018	Net Income (Losses) of the Investee	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of June 30, 2018	Accumulated Inward Remittance of Earnings as of June 30, 2018
					Outflow	Inflow						
Chalease International Finance Corporation	Leasing	10,508,700	(2)	-	-	-	-	3,254,725	100.00 %	3,254,725	26,335,287	3,137,380
Chalease Finance International Corp.	Leasing	1,370,700	(2)	-	-	-	-	301,049	100.00 %	301,049	3,571,366	-
Chalease International Corp.	Trading	918,600	(2)	-	-	-	-	534,466	100.00 %	534,466	3,395,289	-
Jirong Real Estate Co., Ltd.	House property leasing and management	780,810	(2)	-	-	-	-	4,842	100.00 %	4,842	821,352	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	114,825	(2)	-	-	-	-	(2,190)	20.00 %	(438)	20,297	-

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

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

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

Note 2: Investment gains and losses are recognized based on financial reports audited by certified public accountants.

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

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

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

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

3.Significant transactions:

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

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(14) Segment Information

Operating segments financial information:

For the three months ended June 30, 2018						
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 5,328,076	6,186,734	1,136,956	111,633	-	12,763,399
Intersegment revenues	265,894	20,530	116,325	16,261	(419,010)	-
Total revenue	<u>\$ 5,593,970</u>	<u>6,207,264</u>	<u>1,253,281</u>	<u>127,894</u>	<u>(419,010)</u>	<u>12,763,399</u>
Reportable segment profit or loss	<u>\$ 1,757,932</u>	<u>1,770,857</u>	<u>257,645</u>	<u>(74,535)</u>	<u>-</u>	<u>3,711,899</u>
For the three months ended June 30, 2017						
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 4,856,301	4,082,924	831,068	85,841	-	9,856,134
Intersegment revenues	237,084	19,225	-	7,968	(264,277)	-
Total revenue	<u>\$ 5,093,385</u>	<u>4,102,149</u>	<u>831,068</u>	<u>93,809</u>	<u>(264,277)</u>	<u>9,856,134</u>
Reportable segment profit or loss	<u>\$ 1,333,629</u>	<u>832,846</u>	<u>197,301</u>	<u>(86,639)</u>	<u>-</u>	<u>2,277,137</u>
For the six months ended June 30, 2018						
	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 10,390,973	11,522,426	2,115,708	272,696	-	24,301,803
Intersegment revenues	528,186	40,678	145,486	29,518	(743,868)	-
Total revenue	<u>\$ 10,919,159</u>	<u>11,563,104</u>	<u>2,261,194</u>	<u>302,214</u>	<u>(743,868)</u>	<u>24,301,803</u>
Reportable segment profit or loss	<u>\$ 3,392,782</u>	<u>3,170,212</u>	<u>523,549</u>	<u>(225,071)</u>	<u>-</u>	<u>6,861,472</u>
For the six months ended June 30, 2017						
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 9,480,352	7,954,001	1,614,244	178,588	-	19,227,185
Intersegment revenues	462,431	38,895	-	15,695	(517,021)	-
Total revenue	<u>\$ 9,942,783</u>	<u>7,992,896</u>	<u>1,614,244</u>	<u>194,283</u>	<u>(517,021)</u>	<u>19,227,185</u>
Reportable segment profit or loss	<u>\$ 2,683,647</u>	<u>1,650,367</u>	<u>385,353</u>	<u>(203,731)</u>	<u>-</u>	<u>4,515,636</u>