

**CHAILEASE HOLDING COMPANY LIMITED  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2019 and 2018**

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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, 2019 and 2018, the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2019 and 2018, as well as the changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$82,679,526 thousand and \$67,948,673 thousand, constituting 19% and 19% of consolidated total assets at June 30, 2019 and 2018, respectively, total liabilities amounting to \$58,407,849 thousand and \$44,812,724 thousand, constituting 16% and 15% of consolidated total liabilities at June 30, 2019 and 2018, respectively, and total comprehensive income amounting to \$894,232 thousand, \$722,461 thousand, \$2,000,646 thousand and \$1,559,749 thousand, constituting 22%, 19%, 23% and 22% of consolidated total comprehensive income for the three months and six months ended June 30, 2019 and 2018, respectively.





Furthermore, as stated in Note 6(f), the other equity accounted investments of the Chailease Holding Company Limited and its subsidiaries in its investee companies of \$1,575,075 thousand and \$1,193,470 thousand at June 30, 2019 and 2018, respectively, and its equity in net gain on these investee companies of \$155,280 thousand, loss \$18,215 thousand, gain \$146,537 thousand and loss \$20,858 thousand for the three months and six months ended June 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Chailease Holding Company Limited and its subsidiaries as of June 30, 2019 and 2018, and of its consolidated financial performance for the three months and six months ended June 30, 2019 and 2018, and of its consolidated cash flows for the six months ended June 30, 2019 and 2018 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.

### **Emphasis of Matter**

As stated in Note 3(a), the Group initially adopted the IFRS 16, “Leases” on January 1, 2019 and applied the modified retrospective approach, with no restatement of comparative period amounts. Our conclusion is not qualified in respect of this matter.

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 12, 2019

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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.

**CONSOLIDATED BALANCE SHEETS**

**June 30, 2019, December 31, 2018, and June 30, 2018**

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2019.6.30			2018.12.31			2018.6.30		
	Amount	%		Amount	%		Amount	%	
<b>Assets</b>									
<b>Current assets :</b>									
1100 Cash and cash equivalents (Notes (6)(a) and (7))	\$ 18,484,906	4		17,579,967	5		55,386,259	13	
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	825,896	-		1,005,642	-		64,843,935	15	
1136 Current financial assets at amortized cost (Note (6)(b))	8,934,757	2		10,211,997	3		21,908	-	
1139 Current financial assets for hedging (Notes (6)(b) and (6)(c))	239,466	-		94,684	-		4,823,914	1	
1170 Accounts receivable, net (Notes (6)(d), (7) and (8))	289,088,172	66		264,233,577	66		2,037,851	-	
1300 Inventories	-	-		-	-		584,799	-	
1476 Other current financial assets (Notes (7) and (8))	4,651,220	1		4,354,916	1		45,489,756	10	
1479 Other current assets (Notes (6)(c))	5,137,170	1		5,062,848	1		37,502,822	9	
	327,361,587	74		302,543,631	76		90,580,274	25	
<b>Non-current assets :</b>							2,473,213	1	
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	70,786	-		-	-		284,990,714	65	
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	957,952	-		947,180	-		1,390,048	-	
1535 Non-current financial assets at amortized cost (Note (6)(b))	1,885,599	-		2,058,584	1		272,813,141	68	
1550 Investments accounted for using equity method (Note (6)(f) and (8))	1,575,075	-		1,268,249	-		244,692,112	68	
1600 Property, plant and equipment (Notes (6)(g), (7) and (8))	29,960,459	7		10,349,301	3		18,641,132	4	
1755 Right-of-use assets (Notes (6)(h) and (7))	2,635,977	1		-	-		60,296,815	14	
1780 Intangible assets (Note (6)(h))	75,350	-		75,746	-		2,229,369	-	
1840 Deferred tax assets (Note (6)(p))	2,767,773	1		3,360,546	1		2,075,744	-	
1930 Long-term accounts receivable, net (Notes (6)(d), (7) and (8))	73,729,552	17		78,783,682	19		6,910,215	2	
1995 Other non-current assets (Notes (7) and (8))	997,208	-		990,790	-		90,153,275	20	
	114,655,731	26		97,834,078	24		375,143,989	85	
<b>TOTAL ASSETS</b>	<b>\$ 442,017,318</b>	<b>100</b>		<b>400,377,709</b>	<b>100</b>		<b>336,314,610</b>	<b>84</b>	
<b>LIABILITIES AND EQUITY</b>									
<b>Current Liabilities :</b>									
2100 Short-term borrowings (Notes (6)(k), (7) and (8))							54,056,709	14	
2110 Short-term notes and bills payable (Notes (6)(l))							65,273,584	16	
2126 Current financial liabilities for hedging (Note (6)(c))							6,022	-	
2170 Accounts and notes payable							4,313,564	1	
2230 Current tax liabilities							1,845,873	1	
2280 Current lease liabilities (Note (6)(m) and (7))							-	-	
2305 Other current financial liabilities (Notes (7))							-	-	
2320 Long-term liabilities, current portion (Note (6)(k), (6)(l), (7) and (8))							38,658,193	11	
2399 Other current liabilities							109,329,079	25	
							2,473,213	1	
<b>Non-current Liabilities :</b>							272,813,141	68	
2530 Bonds payable (Notes (6)(l))							13,017,464	3	
2540 Long-term borrowings (Notes (6)(k), (7) and (8))							42,428,820	11	
2570 Deferred tax liabilities (Note (6)(p))							2,433,046	1	
2580 Non-current lease liabilities (Note (6)(m) and (7))							-	-	
2600 Other non-current liabilities (Note (6)(o))							-	-	
							5,622,139	1	
<b>Total Liabilities</b>							63,501,469	16	
<b>Equity attributable to owners of the Company : (Note (6)(q))</b>									
Share Capital							12,895,146	3	
Stock dividend to be distributed							386,854	-	
Capital surplus							17,367,796	4	
Special reserve							2,095,945	-	
Unappropriated retained earnings							32,556,478	7	
Other equity items							(1,521,815)	-	
<b>Total equity attributable to owners of the Company</b>							63,780,404	14	
<b>Non-controlling interests</b>							3,092,925	1	
<b>Total equity</b>							66,873,329	15	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 442,017,318</b>	<b>100</b>		<b>400,377,709</b>	<b>100</b>		<b>400,377,709</b>	<b>100</b>	

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, 2019 and 2018 and for the six months ended June 30, 2019 and 2018  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

	For the three months ended June 30				For the six months ended June 30,			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenues: (Note (7))</b>								
4111 Sales revenue	\$ 3,490,408	24	2,954,315	23	\$ 5,968,198	22	5,272,468	22
4810 Interest revenue - installment sales	2,249,183	15	2,047,407	16	4,564,780	16	4,043,088	17
4820 Interest revenue - capital leases	4,256,447	29	3,217,015	25	8,139,828	30	6,120,680	25
4300 Rental revenue - operating leases	829,121	6	791,432	6	1,656,834	6	1,570,424	6
4230 Interest revenue - loans	1,124,311	8	936,246	8	2,194,007	8	1,863,515	8
4240 Other interest revenue	1,199,768	8	898,741	7	2,292,957	8	1,757,217	7
4881 Other operating revenue	1,424,639	10	1,918,243	15	2,652,998	10	3,674,411	15
	<u>14,573,877</u>	<u>100</u>	<u>12,763,399</u>	<u>100</u>	<u>27,469,602</u>	<u>100</u>	<u>24,301,803</u>	<u>100</u>
<b>Operating costs: (Note (7))</b>								
5111 Cost of sales	2,875,094	20	2,564,191	20	4,893,880	18	4,569,626	19
5240 Interest expense	1,896,449	13	1,439,130	11	3,751,093	14	2,811,972	12
5300 Cost of rental revenue	570,335	4	591,716	5	1,178,983	4	1,175,260	5
5800 Other operating costs	606,276	4	534,551	4	1,147,456	4	1,028,001	3
	<u>5,948,154</u>	<u>41</u>	<u>5,129,588</u>	<u>40</u>	<u>10,971,412</u>	<u>40</u>	<u>9,584,859</u>	<u>39</u>
<b>Gross profit from operation</b>	<u>8,625,723</u>	<u>59</u>	<u>7,633,811</u>	<u>60</u>	<u>16,498,190</u>	<u>60</u>	<u>14,716,944</u>	<u>61</u>
6400 <b>Operating expenses (Note (7))</b>	2,668,104	18	2,264,559	18	5,194,142	19	4,357,062	18
6450 <b>Expected credit loss (Note (6)(d))</b>	982,588	7	909,890	7	1,862,601	7	1,723,952	7
6500 <b>Net other income and expenses (Note (6)(f))</b>	122,223	1	48,562	-	222,647	1	81,294	-
<b>Operating profit</b>	<u>5,097,254</u>	<u>35</u>	<u>4,507,924</u>	<u>35</u>	<u>9,664,094</u>	<u>35</u>	<u>8,717,224</u>	<u>36</u>
<b>Non-operating income and expenses:</b>								
7100 Interest income	31,660	-	28,510	-	61,006	-	54,826	-
7130 Dividend income	3,314	-	6,586	-	3,314	-	7,312	-
7020 Other gains and losses (Note (6)(u) and (7))	343,308	2	461,859	4	534,956	2	490,975	2
7060 Share of (loss) profit of associates and joint ventures accounted for using equity method (Note (6)(f))	155,280	1	(18,215)	-	146,537	1	(20,858)	-
	<u>533,562</u>	<u>3</u>	<u>478,740</u>	<u>4</u>	<u>745,813</u>	<u>3</u>	<u>532,255</u>	<u>2</u>
7900 <b>Profit before income tax</b>	<u>5,630,816</u>	<u>38</u>	<u>4,986,664</u>	<u>39</u>	<u>10,409,907</u>	<u>38</u>	<u>9,249,479</u>	<u>38</u>
7950 <b>Less: Income tax expenses (Note (6)(p))</b>	<u>1,470,742</u>	<u>10</u>	<u>1,274,765</u>	<u>10</u>	<u>2,554,414</u>	<u>10</u>	<u>2,388,007</u>	<u>10</u>
<b>Profit for the period</b>	<u>4,160,074</u>	<u>28</u>	<u>3,711,899</u>	<u>29</u>	<u>7,855,493</u>	<u>28</u>	<u>6,861,472</u>	<u>28</u>
<b>Other comprehensive income (loss):</b>								
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(2,280)	-	(27,073)	-	(6,532)	-	(41,571)	-
8349 Less: Income tax related to components that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(2,280)</u>	<u>-</u>	<u>(27,073)</u>	<u>-</u>	<u>(6,532)</u>	<u>-</u>	<u>(41,571)</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361 Exchange differences on translation	(32,334)	-	162,390	1	796,178	3	373,807	1
8368 Gains (loss) on hedging instrument	(83,220)	(1)	(111,012)	(1)	6,237	-	(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	(296)	-	(3,154)	-	(4,516)	-	(3,065)	-
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	56,567	-	59,019	-	41,440	-	28,792	-
<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(172,417)</u>	<u>(1)</u>	<u>(10,795)</u>	<u>-</u>	<u>756,459</u>	<u>3</u>	<u>258,303</u>	<u>1</u>
<b>Other comprehensive income (net of tax)</b>	<u>(174,697)</u>	<u>(1)</u>	<u>(37,868)</u>	<u>-</u>	<u>749,927</u>	<u>3</u>	<u>216,732</u>	<u>1</u>
8500 <b>Total comprehensive income for the period</b>	<u>\$ 3,985,377</u>	<u>27</u>	<u>\$ 3,674,031</u>	<u>29</u>	<u>\$ 8,605,420</u>	<u>31</u>	<u>\$ 7,078,204</u>	<u>29</u>
<b>Profit attributable to:</b>								
8610 Owners of the Company	\$ 4,039,985	27	3,604,343	28	7,618,824	27	6,638,336	27
8620 Non-controlling interests	120,089	1	107,556	1	236,669	1	223,136	1
	<u>\$ 4,160,074</u>	<u>28</u>	<u>\$ 3,711,899</u>	<u>29</u>	<u>\$ 7,855,493</u>	<u>28</u>	<u>\$ 6,861,472</u>	<u>28</u>
<b>Comprehensive income attributable to:</b>								
8710 Owners of the Company	\$ 3,745,255	26	3,602,502	28	8,189,857	30	6,841,227	28
8720 Non-controlling interests	240,122	1	71,529	1	415,563	1	236,977	1
	<u>\$ 3,985,377</u>	<u>27</u>	<u>\$ 3,674,031</u>	<u>29</u>	<u>\$ 8,605,420</u>	<u>31</u>	<u>\$ 7,078,204</u>	<u>29</u>
9750 <b>Basic earnings per share (NT dollars) (Note (6)(r))</b>	<u>\$ 3.05</u>		<u>\$ 2.72</u>		<u>\$ 5.74</u>		<u>\$ 5.00</u>	

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS  
**CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**For the Six Months Ended June 30, 2019 and 2018**

(Amounts Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Company      Other Equity Items

	Stock	Share capital	Stock dividend to be distributed	Capital surplus	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) portion of effective hedges of net investments in foreign operations	Gains (losses) on hedging instruments	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance at January 1, 2018</b>	\$ 12,642,300	-	-	17,367,796	674,779	24,374,823	(1,491,002)	-	(93,386)	(145)	-	53,661,875	2,501,946	56,163,821
Effects of retrospective application	-	-	-	-	-	(245,840)	-	(93,386)	93,386	-	186,710	(245,840)	(87,145)	(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)	-	-	186,710	53,416,035	2,414,801	55,830,836
Profit for the six months ended June 30, 2018	-	-	-	-	-	6,638,336	328,109	(41,571)	-	-	-	6,638,336	223,136	6,861,472
Other comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	328,109	(41,571)	-	-	(83,647)	202,891	13,841	216,732
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	6,638,336	328,109	(41,571)	-	-	(83,647)	6,841,227	236,977	7,078,204
Earnings distribution and appropriation:														
Special reserve appropriated	-	-	-	-	723,044	(723,044)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(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)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	(550)	-	-	-	-	-	-
<b>Balance at June 30, 2018</b>	\$ 12,642,300	-	252,846	17,367,796	1,397,823	24,987,905	(1,162,893)	(135,507)	-	-	102,918	55,453,198	2,475,260	57,928,448
<b>Balance at January 1, 2019</b>	\$ 12,895,146	-	-	17,367,796	1,397,823	31,649,405	(1,716,802)	(184,517)	-	-	(194,626)	61,214,225	2,848,874	64,063,099
Effects of retrospective application	-	-	-	-	-	(207,717)	-	-	-	-	-	(207,717)	-	(207,717)
Equity at beginning of period after adjustments	12,895,146	-	-	17,367,796	1,397,823	31,441,688	(1,716,802)	(184,517)	-	-	(194,626)	61,006,508	2,848,874	63,855,382
Profit for the six months ended June 30, 2019	-	-	-	-	-	7,618,824	571,328	(6,532)	-	-	-	7,618,824	236,669	7,855,493
Other comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	7,618,824	571,328	(6,532)	-	-	6,237	571,033	178,894	749,927
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	7,618,824	571,328	(6,532)	-	-	6,237	8,189,857	415,563	8,605,420
Earnings distribution and appropriation:														
Special reserve appropriated	-	-	-	-	698,122	(698,122)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(5,415,961)	-	-	-	-	-	(5,415,961)	-	(5,415,961)
Stock dividends of ordinary share	-	-	386,854	-	-	(386,854)	-	-	-	-	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(171,512)	(171,512)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	3,097	-	-	-	-	-	-
<b>Balance at June 30, 2019</b>	\$ 12,895,146	-	386,854	17,367,796	2,095,945	32,556,478	(1,145,474)	(187,952)	-	-	(188,389)	63,780,404	3,092,925	66,873,329

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



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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Six Months Ended June 30, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 10,409,907	9,249,479
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,792,011	1,097,026
Amortization expense	96,641	72,851
Expected credit loss	1,862,601	1,723,952
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(6,432)	15,009
Interest expense	3,773,456	2,811,972
Interest income	(17,252,578)	(13,839,326)
Dividend income	(3,314)	(7,312)
Share of (gain) loss of associates and joint ventures accounted for using equity method	(146,537)	20,858
Gain on disposal of property, plant and equipment	(76,298)	(44,436)
Loss on disposal of foreclosed assets	77,048	60,848
Impairment loss on non-financial assets	134,573	203,494
Effect of changes in lease contract	(531)	-
<b>Total adjustments to reconcile profit</b>	<b>(9,749,360)</b>	<b>(7,885,064)</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	124,386	(136,442)
Increase in accounts receivable	(33,514,371)	(28,639,980)
Increase in other current financial assets	(206,883)	(125,321)
Increase in inventories	-	(46,891)
Increase in other current assets	(183,420)	(1,360,584)
Proceeds from sales of operating lease assets and operating equipments	613,088	495,528
Purchase of operating lease assets and operating equipments	(6,211,378)	(1,949,562)
Increase in other operating assets	(94,886)	(136,968)
<b>Total changes in operating assets</b>	<b>(39,473,464)</b>	<b>(31,900,220)</b>
Changes in operating liabilities:		
Increase in accounts and notes payable	476,824	543,606
Increase in long term and short term debts	226,395,575	159,060,522
Repayment of long term and short term debts	(204,140,527)	(139,994,307)
Increase in other current financial liabilities	2,252,396	3,580,608
Increase (decrease) in accrued pension liabilities	17,109	(3,739)
Increase in other current liabilities others	1,096,251	41,380
Increase in other operating liabilities	1,236,926	506,788
<b>Total changes in operating liabilities</b>	<b>27,334,554</b>	<b>23,734,858</b>
<b>Total changes in operating assets and liabilities</b>	<b>(12,138,910)</b>	<b>(8,165,362)</b>
<b>Total adjustments</b>	<b>(21,888,270)</b>	<b>(16,050,426)</b>
Cash outflow used in operations	(11,478,363)	(6,800,947)
Interest received	17,177,885	13,744,077
Dividends received	3,353	7,312
Interest paid	(3,820,032)	(2,761,923)
Income taxes paid	(1,957,782)	(1,206,247)
<b>Net cash flows (used in) provided by operating activities</b>	<b>(74,939)</b>	<b>2,982,272</b>
<b>Cash flows from investing activities:</b>		
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	22,628	24,118
Acquisition of financial assets at amortized cost	(2,491,574)	(5,268,431)
Proceeds from disposal of financial assets at amortized cost	3,941,798	1,989,012
Acquisition of investments accounted for using equity method	(162,178)	(56,908)
Acquisition of property, plant and equipment	(110,313)	(45,816)
Proceeds from disposal of property, plant and equipment	78,968	93,656
Acquisition of intangible assets	(773)	(153)
Proceeds from disposal of foreclosed assets	114,641	-
Acquisition of right-of-use assets	(17,150)	-
<b>Net cash flows provided by (used in) investing activities</b>	<b>1,376,047</b>	<b>(3,274,076)</b>
<b>Cash flows from financing activities:</b>		
Change in non-controlling interests	(171,512)	(176,518)
Payment of lease liabilities	(310,730)	-
<b>Net cash flows used in financing activities</b>	<b>(482,242)</b>	<b>(176,518)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>83,266</b>	<b>23,221</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>902,132</b>	<b>(445,101)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17,565,531</b>	<b>19,030,593</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 18,467,663</b>	<b>18,585,492</b>

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



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**Notes to Consolidated Financial Statements**

**June 30, 2019 and 2018**

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

**(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, 2019 and 2018, the Company had outstanding common stock of \$12,895,146 and \$12,642,300 divided into 1,289,514,593 shares and 1,264,229,994 shares, respectively.

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

The consolidated financial statements were authorized for issuance by the Audit Committee and reported to Board of Directors on August 12, 2019.

**(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, 2019.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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

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.

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The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (4)(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of building and leases of transportation equipment.

A. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- a. their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- b. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.



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In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- a. Applied a single discount rate to a portfolio of leases with similar characteristics.
- b. Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- c. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- d. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- e. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**B. Leases previously classified as finance leases**

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

**3) As a lessor**

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

**4) Impacts on financial statements**

On transition to IFRS 16, the Group recognized additional \$2,151,333 of right-of-use assets and \$2,156,050 of lease liabilities, respectively, and recognized the difference in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.56%.

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The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	<u>January 1, 2019</u>
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 1,972,747
Recognition exemption for:	
short-term leases	(106,358)
Extension and termination options reasonably certain to be exercised	<u>554,326</u>
	<u>2,420,715</u>
Discounted using the incremental borrowing rate at January 1, 2019	<u>2,156,050</u>
Lease liabilities recognized at January 1, 2019	<u><u>\$ 2,156,050</u></u>

(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, 2020, in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(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 International Accounting Standards Board (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



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The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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.

**(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, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

**(b) Basis of consolidation**

**1. List of subsidiaries in the consolidated financial statements**

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2019.6.30	2018.12.31	2018.6.30	
The Company	Chalease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chalease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Chalease International Company (Hong Kong) Limited	Investment	100.00 %	100.00 %	-	% This subsidiary was established on February 13, 2018. The company invested it on September 7, 2018. (Note b)
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2019.6.30	2018.12.31	2018.6.30	
My Leasing (Mauritius) Corp.	Chaillease International Finance Corporation	Leasing	97.85 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chaillease International Finance Corporation	Chaillease Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chaillease International Finance Corporation	Chaillease 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 %	
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 %	(Note b)
"	Chaillease Berjaya Finance Corporation	Leasing and financing	60.00 %	60.00 %	60.00 %	(Note b)
"	Chaillease Royal Finance Plc.	Financing	60.00 %	60.00 %	-	% Purchased on December 19, 2018. (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 %	(Note b)



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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2019.6.30	2018.12.31	2018.6.30	
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	100.00 %	
"	Chailease 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)
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding control of Asia SermKij Leasing Public Co., Ltd.
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Company, 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)
"	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, and was terminated on November 23, 2018. (Note a, b)
"	Chailease Finance Securitization Trust 2016	Special Purpose Entity	- %	- %	- %	The subsidiary was established on August 24, 2016. (Note a, b)

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2019.6.30	2018.12.31	2018.6.30	
Chailase Finance Co., Ltd.	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Energy Integration Co., Ltd.	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Power Technology Co., Ltd.	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
Fina Finance & Trading Co., Ltd.	Chailase Consumer Finance Co., Ltd.	Factoring and installment sales	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailase Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	100.00 %	(Note b)
The Company and Chailase Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	(Note b)
Chailase Consumer Finance Co., Ltd. and Chailase Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	100.00 %	(Note b)
Chailase Specialty Finance Co., Ltd. and Chailase Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	100.00 %	(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 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)
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2019.6.30	2018.12.31	2018.6.30	
Asia Sermkij Leasing Public Co., Ltd.	SK Insurance Broker Co., Ltd.	Insurance brokers	100.00 %	100.00 %	100.00 %	

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) Leases (applicable from January 1, 2019)

1. Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) The Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

**2. As a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) Fixed payments;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) There is a change in future lease payments arising from the change in an index or rate; or
- 2) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) There is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- 4) There is any lease modifications.



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When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**3.As a lessor**

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental revenue-operating leases'.

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**(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, 2018. For the related information, please refer to Note (5) of the consolidated financial statements for the year ended December 31, 2018.

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>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Cash and demand deposits	\$ 16,709,235	16,615,450	18,133,316
Time deposits	1,169,595	391,564	126,978
Cash equivalents-repurchase bills	<u>606,076</u>	<u>572,953</u>	<u>325,198</u>
Cash and cash equivalents	18,484,906	17,579,967	18,585,492
Bank overdraft	<u>(17,243)</u>	<u>(14,436)</u>	<u>-</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 18,467,663</u>	<u>17,565,531</u>	<u>18,585,492</u>

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

**(b) Financial instruments**

1. The components of financial assets were as follows :

	<u>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</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	\$ 174,025	255,306	171,084
Private equity	480	480	-
Non-hedging derivatives	651,391	749,856	848,213
Convertible bond	<u>70,786</u>	<u>-</u>	<u>-</u>
Sub-total	<u>896,682</u>	<u>1,005,642</u>	<u>1,019,297</u>
Financial assets at fair value through other comprehensive income			
Securities of listed companies	849,167	838,348	914,684
Emerging stock	3,541	3,366	2,704
Private equity	<u>105,244</u>	<u>105,466</u>	<u>104,897</u>
Sub-total	<u>957,952</u>	<u>947,180</u>	<u>1,022,285</u>
Financial assets measured at amortized cost			
Investment in debt securities	<u>10,820,356</u>	<u>12,270,581</u>	<u>11,115,866</u>
Current financial assets for hedging	<u>239,466</u>	<u>94,684</u>	<u>-</u>
Total	<u>\$ 12,914,456</u>	<u>14,318,087</u>	<u>13,157,448</u>

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**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.

**2. Financial assets measured at amortized cost**

The Group purchased debt securities issued by real estate asset trust. These debt securities have maturity dates between 2019 and 2022, and bear effective annual interest rate ranging from 2.53%~8.20%.

**3. Please refer to Note (6)(v) for information regarding credit risk and market risk.**

**(c) Derivative instruments used for hedging**

As of June 30, 2019, December 31, 2018, and June 30, 2018, the Group held derivative instruments qualified for hedge accounting as follows:

		<b>2019.6.30</b>			
<b>Nominal Amount</b>		<b>Currency</b>	<b>Interest Rate Payable</b>	<b>Interest Rate Receivable</b>	<b>Contract Period</b>
USD	5,040	USD to MYR	4.83%	90 Day LIBOR+ 1.4%	2018.06.04~
MYR	20,084				2020.03.02
USD	12,000	USD to MYR	4.83%	90 Day LIBOR+ 1.35%	2019.03.20~
MYR	48,960				2022.03.21
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
USD	50,000	USD to CNY	4.12%	90 Day LIBOR+ 1.4%	2019.01.22~
CNY	338,250				2022.01.21
USD	50,000	USD to CNY	4.21%	90 Day LIBOR+ 1.4%	2019.06.17~
CNY	345,000				2022.06.17
JPY	4,100,000	JPY to CNY	5.02%	90 Day LIBOR+ 0.85%	2018.07.11~
CNY	246,410				2021.06.21
JPY	7,500,000	JPY to CNY	4.70%	90 Day LIBOR+ 0.85%	2018.08.15~
CNY	458,700				2021.06.23



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		<b>2018.12.31</b>			
	<b>Nominal Amount</b>	<b>Currency</b>	<b>Interest Rate Payable</b>	<b>Interest Rate Receivable</b>	<b>Contract Period</b>
USD	5,600	USD to MYR	4.83%	90 Day LIBOR+ 1.4%	2018.06.04~
MYR	22,316				2020.03.02
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~
CNY	331,000				2020.10.23
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	331,400				2020.12.18
JPY	4,100,000	JPY to CNY	5.02%	90 Day LIBOR+ 0.85%	2018.07.11~
CNY	246,410				2021.06.21
JPY	7,500,000	JPY to CNY	4.70%	90 Day LIBOR+ 0.85%	2018.08.15~
CNY	458,700				2021.06.23

		<b>2018.6.30</b>			
	<b>Nominal Amount</b>	<b>Currency</b>	<b>Interest Rate Payable</b>	<b>Interest Rate Receivable</b>	<b>Contract Period</b>
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

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**1. Cash flow hedge**

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

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2019.6.30	2018.12.31	2018.6.30		
USD loans	Cross Currency Swap	\$ 239,466	94,684	(44,437)	2017~2020	2017~2020
USD loans and JPY loans	Cross Currency Swap	(21,908)	(6,022)	-	2018~2022	2018~2022

  

Item	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
The fair value adjustment to other comprehensive income	\$ (51,697)	(27,426)	50,020	(40,731)

**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		
		2019.6.30	2018.12.31	2018.6.30
Equity investment measured in USD	Foreign currency borrowings	\$ 4,115,450	3,440,080	2,010,360

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, 2019 and 2018.

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(d) Accounts receivable, net

	<u>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
<b>Current</b>			
Accounts receivable	\$ 28,304,883	25,017,035	22,122,927
Less: Allowance for impairment	<u>(783,145)</u>	<u>(672,901)</u>	<u>(652,763)</u>
	<u>27,521,738</u>	<u>24,344,134</u>	<u>21,470,164</u>
Installment sales receivable	94,839,255	89,864,903	85,908,391
Less: Unearned interests	<u>(9,372,290)</u>	<u>(8,596,689)</u>	<u>(8,013,436)</u>
Allowance for impairment	<u>(3,161,401)</u>	<u>(3,030,389)</u>	<u>(3,155,106)</u>
	<u>82,305,564</u>	<u>78,237,825</u>	<u>74,739,849</u>
Leases receivable (included operating leases)	150,026,682	136,913,485	117,271,166
Less: Unearned revenue	<u>(18,301,691)</u>	<u>(18,984,723)</u>	<u>(15,272,923)</u>
Allowance for impairment	<u>(3,761,671)</u>	<u>(3,873,586)</u>	<u>(3,941,915)</u>
	<u>127,963,320</u>	<u>114,055,176</u>	<u>98,056,328</u>
Loans receivable	52,322,150	48,582,739	43,855,476
Less: Allowance for impairment	<u>(1,024,600)</u>	<u>(986,297)</u>	<u>(1,046,404)</u>
	<u>51,297,550</u>	<u>47,596,442</u>	<u>42,809,072</u>
<b>Sub-total of current accounts</b>	<u>289,088,172</u>	<u>264,233,577</u>	<u>237,075,413</u>
<b>Non Current</b>			
Accounts receivable	13,918,271	11,530,100	8,905,919
Less: Allowance for impairment	<u>(200,769)</u>	<u>(167,035)</u>	<u>(132,367)</u>
	<u>13,717,502</u>	<u>11,363,065</u>	<u>8,773,552</u>
Installment sales receivable	47,888,547	41,578,182	37,271,395
Less: Unearned interests	<u>(5,564,723)</u>	<u>(4,699,281)</u>	<u>(4,094,714)</u>
Allowance for impairment	<u>(722,021)</u>	<u>(620,965)</u>	<u>(731,821)</u>
	<u>41,601,803</u>	<u>36,257,936</u>	<u>32,444,860</u>
Leases receivable	10,391,258	37,519,113	27,810,962
Less: Unearned revenue	<u>(1,074,426)</u>	<u>(13,614,760)</u>	<u>(9,849,599)</u>
Allowance for impairment	<u>(197,987)</u>	<u>(149,286)</u>	<u>(147,493)</u>
	<u>9,118,845</u>	<u>23,755,067</u>	<u>17,813,870</u>
Loans receivable	9,662,620	7,754,978	6,731,007
Less: Allowance for impairment	<u>(371,218)</u>	<u>(347,364)</u>	<u>(286,976)</u>
	<u>9,291,402</u>	<u>7,407,614</u>	<u>6,444,031</u>
<b>Sub-total of non current accounts</b>	<u>73,729,552</u>	<u>78,783,682</u>	<u>65,476,313</u>
<b>Total accounts receivable</b>	<u>\$ 362,817,724</u>	<u>343,017,259</u>	<u>302,551,726</u>

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

	<b>For the six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
Opening balance (Under IAS 39)	\$ 9,847,823	9,269,268
Initial adjustment of IFRS 9	-	429,180
Opening balance (Under IFRS 9)	9,847,823	9,698,448
Impairment loss recognized	1,862,601	1,723,952
Bad debts written off	(1,640,282)	(1,377,963)
Effect of exchange rate changes	152,670	50,408
Ending balance	<u>\$ 10,222,812</u>	<u>10,094,845</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).
3. A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	<b>2019.6.30</b>
Less than one year	\$ 85,292,637
One to two years	49,003,485
Two to three years	20,730,058
Three to four years	3,501,223
Four to five years	1,454,599
More than five years	<u>289,491</u>
Gross investment in the leases	160,271,493
Unearned revenue	<u>(19,376,117)</u>
Present value of minimum leases receivable	<u>\$ 140,895,376</u>

	<b>Gross investment in the leases</b>	<b>Unearned revenue</b>	<b>Present value of minimum leases receivable</b>
December 31, 2018			
Within operating cycle	\$ 136,778,289	(18,984,723)	117,793,566
Beyond one operating cycle to 5 years	10,682,496	(1,270,953)	9,411,543
Beyond 5 years	<u>26,836,617</u>	<u>(12,343,807)</u>	<u>14,492,810</u>
	<u>\$ 174,297,402</u>	<u>(32,599,483)</u>	<u>141,697,919</u>



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	<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>

The Group entered into several electricity procurement agreements with Taiwan Power Company (Please refer to Note (9) for details of these agreements). Under these agreements, the electric power produced 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 are not applicable IFRIC4 "Determining whether an arrangement contains a Lease " under the new standard".

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

	<u>2018.12.31</u>	<u>2018.6.30</u>
Within operating cycle	\$ 2,597,706	2,510,379
Beyond one operating cycle to 5 years	2,029,923	2,145,286
Beyond 5 years	<u>43,345</u>	<u>5,129</u>
	<u><u>\$ 4,670,974</u></u>	<u><u>4,660,794</u></u>

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

	<u>Gross investment in the installment sales</u>	<u>Unearned interests</u>	<u>Present value of installment sales receivable</u>
June 30, 2019			
Within operating cycle	\$ 94,839,255	(9,372,290)	85,466,965
Beyond one operating cycle to 5 years	45,439,961	(5,245,301)	40,194,660
Beyond 5 years	<u>2,448,586</u>	<u>(319,422)</u>	<u>2,129,164</u>
	<u><u>\$ 142,727,802</u></u>	<u><u>(14,937,013)</u></u>	<u><u>127,790,789</u></u>

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	<b>Gross investment in the installment sales</b>	<b>Unearned interests</b>	<b>Present value of installment sales receivable</b>
December 31, 2018			
Within operating cycle	\$ 89,864,903	(8,596,689)	81,268,214
Beyond one operating cycle to 5 years	39,630,256	(4,432,772)	35,197,484
Beyond 5 years	1,947,926	(266,509)	1,681,417
	<u><u>\$ 131,443,085</u></u>	<u><u>(13,295,970)</u></u>	<u><u>118,147,115</u></u>
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	1,464,748	(203,247)	1,261,501
	<u><u>\$ 123,179,786</u></u>	<u><u>(12,108,150)</u></u>	<u><u>111,071,636</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.

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

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On October 25, 2018, the special purpose trust has fully redeemed beneficiary certificates twAAA and twA. As the process of its liquidation was completed on November 23, 2018, the Group received \$690,643 from the return of subordinated certificates. And, the special purpose entity has been dissolved, as a result the combination has been suspended.

On November 20, 2018, the company signed a contract for the purchase of debts with special purpose trust entity, and purchased the receivables from special purpose individuals for a total price of \$480,272.

**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

**(e) Other current assets**

	2019.6.30	2018.12.31	2018.6.30
Prepayments	\$ 2,934,694	3,011,079	3,963,376
Prepaid expenses	1,987,402	1,768,036	1,496,792
Foreclosed assets	205,126	281,950	171,880
Others	9,948	1,783	5,498
	<u>\$ 5,137,170</u>	<u>5,062,848</u>	<u>5,637,546</u>

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As of June 30, 2019, December 31, 2018, and June 30, 2018, foreclosed assets held by the Group were as follows:

	<u>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Foreclosed assets	\$ 276,323	356,641	238,480
Less: Accumulated impairment	<u>(71,197)</u>	<u>(74,691)</u>	<u>(66,600)</u>
	<u>\$ 205,126</u>	<u>281,950</u>	<u>171,880</u>

For the three months and the six months ended June 30, 2019 and 2018, the Group recognized an impairment gain of \$11,093, loss of \$4,774, gain of \$8,189 and loss of \$21,717, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$48,503, \$30,152, \$77,048 and \$60,848 for the three months and the six months ended June 30, 2019 and 2018, respectively.

(f) Investments accounted under equity method

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

	<u>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Investments in affiliates	\$ <u>1,575,075</u>	<u>1,268,249</u>	<u>1,193,470</u>

  

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Comprehensive income attributable to the Group				
Gain (loss) for the period	\$ 155,280	(18,215)	146,537	(20,858)
Other comprehensive income	<u>(296)</u>	<u>(3,154)</u>	<u>(4,516)</u>	<u>(3,065)</u>
Total comprehensive income	<u>\$ 154,984</u>	<u>(21,369)</u>	<u>142,021</u>	<u>(23,923)</u>

2. Investments accounted for using equity method and the consolidated 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).

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**(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, 2019 and 2018, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Balance at January 1, 2019	\$ 2,940,418	11,878,781	1,710,588	189,261	16,719,048
Effects of retrospective application	-	-	16,568,910	-	16,568,910
Additions	-	1,873,123	4,426,421	22,147	6,321,691
Disposals	-	(1,475,505)	(153,039)	(4,398)	(1,632,942)
Effect of movements in exchange rate	24,245	19,074	13,496	703	57,518
Balance at June 30, 2019	<u>\$ 2,964,663</u>	<u>12,295,473</u>	<u>22,566,376</u>	<u>207,713</u>	<u>38,034,225</u>
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>
Depreciation and impairment losses:					
Balance at January 1, 2019	\$ 594,863	4,418,460	1,207,996	148,428	6,369,747
Effects of retrospective application	-	-	1,014,796	-	1,014,796
Depreciation for the year	27,518	1,055,880	448,329	7,651	1,539,378
Impairment loss	-	112,682	30,080	-	142,762
Disposals	-	(985,211)	(31,167)	(806)	(1,017,184)
Effect of movements in exchange rate	3,428	10,433	10,146	260	24,267
Balance at June 30, 2019	<u>\$ 625,809</u>	<u>4,612,244</u>	<u>2,680,180</u>	<u>155,533</u>	<u>8,073,766</u>
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>
Carrying amounts:					
Balance at January 1, 2019	<u>\$ 2,345,555</u>	<u>7,460,321</u>	<u>502,592</u>	<u>40,833</u>	<u>10,349,301</u>
Balance at June 30, 2019	<u>\$ 2,338,854</u>	<u>7,683,229</u>	<u>19,886,196</u>	<u>52,180</u>	<u>29,960,459</u>
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>

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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 1.18%~5.82% and 1.15%~6.18% for the six months ended June 30, 2019 and 2018, 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) Right-of-use assets**

The Group leases many assets including land and buildings and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2019	\$ -	-	-
Effects of retrospective application	<u>2,793,602</u>	<u>86,122</u>	<u>2,879,724</u>
Balance as of January 1, 2019 after adjustments	2,793,602	86,122	2,879,724
Disposals and Releases	(319,776)	(2,832)	(322,608)
Purchase	903,851	25,429	929,280
Effect of changes in foreign exchange rates	<u>(586)</u>	<u>(899)</u>	<u>(1,485)</u>
Balance as of June 30, 2019	<u>\$ 3,377,091</u>	<u>107,820</u>	<u>3,484,911</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2019	\$ -	-	-
Effects of retrospective application	<u>728,391</u>	<u>-</u>	<u>728,391</u>
Balance as of January 1, 2019 after adjustments	728,391	-	728,391
Depreciation for the year	230,903	21,730	252,633
Disposals and Releases	(134,624)	(1,012)	(135,636)
Effect of changes in foreign exchange rates	<u>3,717</u>	<u>(171)</u>	<u>3,546</u>
Balance as of June 30, 2019	<u>\$ 828,387</u>	<u>20,547</u>	<u>848,934</u>
Carrying amount:			
Balance as of June 30, 2019	<u>\$ 2,548,704</u>	<u>87,273</u>	<u>2,635,977</u>

The Group's finance lease is classified as property, plant and equipment for the six months ended June 30, 2018, please refer to Note (6)(g). The Group leases offices under an operating lease, please refer to Note (6)(n).



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(i) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2019	\$ <u>61,051</u>	<u>14,695</u>	<u>75,746</u>
Balance at June 30, 2019	\$ <u>61,215</u>	<u>14,135</u>	<u>75,350</u>
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>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2019 and 2018. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(h) of the 2018 annual consolidated financial statements for other related information.

(j) Short-term notes and bills payable

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

	<u>2019.6.30</u>		
	<u>Guarantee or Acceptance Agency</u>	<u>Annual Interest Rate</u>	<u>Amount</u>
Commercial paper payables	Bank	0.74%~1.15%	\$ 40,770,000
	Bills Finance Company	0.74%~1.20%	24,300,000
Less: Discount on short-term notes and bills payable			<u>(226,065)</u>
Total			<u>\$ 64,843,935</u>
	<u>2018.12.31</u>		
	<u>Guarantee or Acceptance Agency</u>	<u>Annual Interest Rate</u>	<u>Amount</u>
Commercial paper payables	Bank	0.73%~1.19%	\$ 44,120,000
	Bills Finance Company	0.75%~1.24%	21,330,000
Less: Discount on short-term notes and bills payable			<u>(176,416)</u>
Total			<u>\$ 65,273,584</u>

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<b>2018.6.30</b>			
	<b>Guarantee or Acceptance Agency</b>	<b>Annual Interest Rate</b>	<b>Amount</b>
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			<b>\$ 64,714,105</b>

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

(k) Long-term and short-term borrowings

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

<b>2019.6.30</b>				
	<b>Currency</b>	<b>Annual Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Secured bank loans	TWD	1.04%	2022	\$ 360,000
"	USD	3.10%~5.75%	2019~2022	1,032,315
"	THB	2.70%~3.38%	2019~2021	7,389,318
"	CNY	4.12%~6.17%	2019~2022	24,641,086
"	VND	4.30%~5.60%	2019~2020	5,950,126
"	MYR	4.99%~5.19%	2020~2022	1,104,354
Unsecured bank loans	TWD	0.80%~2.11%	2019~2027	75,384,439
"	USD	2.99%~5.70%	2019~2022	21,052,602
"	THB	1.95%~7.13%	2019~2021	20,243,520
"	CNY	4.51%~5.70%	2019~2022	48,420,643
"	EUR	0.75%~1.25%	2019	2,158,188
"	JPY	1.10%~1.25%	2019	297,204
"	HKD	3.75%	2019	47,723
"	SGD	3.45%	2019	160,791
"	MYR	4.40%~5.10	2019~2022	4,821,624
"	PHP	4.50%~6.10%	2019~2020	338,848
"	AUD	3.00%	2019	261,541
Notes payable from securitization	TWD	1.90%~2.45%	2019~2021	4,093,200
Total				<b>\$ 217,757,522</b>

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<b>2019.6.30</b>				
	<b>Currency</b>	<b>Annual Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Current				\$ 157,460,707
Non-current				60,296,815
Total				<u>\$ 217,757,522</u>
<b>2018.12.31</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
Secured bank loans	TWD	1.04%~1.10%	2019~2021	\$ 730,000
"	USD	3.20%~5.50%	2019	1,011,782
"	THB	2.05%~3.30%	2019~2021	7,965,831
"	CNY	4.35%~6.17%	2019~2021	31,752,559
"	VND	3.75%~6.90%	2019	5,011,020
Unsecured bank loans	TWD	0.80%~2.03%	2019~2027	68,602,590
"	USD	3.03%~5.00%	2019~2021	22,248,383
"	THB	1.95%~7.13%	2019~2021	15,465,595
"	CNY	4.35%~5.70%	2019~2021	34,110,043
"	EUR	1.01%~1.25%	2019	770,880
"	JPY	1.15%~1.25%	2019	222,622
"	HKD	2.85%	2019	74,500
"	SGD	3.65%	2019	168,600
"	MYR	4.50%~5.10%	2019	3,961,384
"	PHP	4.25%~5.75%	2019~2020	214,543
"	AUD	3.20%	2019	270,814
Notes payable from securitization	TWD	1.90%~2.45%	2019~2021	4,093,200
Total				<u>\$ 196,674,346</u>
Current				\$ 154,245,526
Non-current				42,428,820
Total				<u>\$ 196,674,346</u>

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<b>2018.6.30</b>				
	<b>Currency</b>	<b>Annual Interest Rate</b>	<b>Years of Maturity</b>	<b>Amount</b>
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>

For information on the Group's interest risk, currency risk, and liquidity risk, please refers to Note (6)(v). For information on the debts of related parties, please refer to Note (7).

**1. Securities for bank loans**

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

**2. Financial covenants of significant loans and borrowings**

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

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- 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.) Company, 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, the Company and 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.
- 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.

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- 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.
- 12) A subsidiary, Chailease Berjaya Credit Sdn Bhd., entered into several credit/loan agreements with financial institutions, under which, the Company and Chailease Berjaya Credit Sdn Bhd., shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, etc.) Otherwise, the loans are due and payable immediately.

As of December 31, 2018, the Group was in compliance with the financial covenants mentioned above.

(l) Bonds payable

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2019.6.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	None
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	-	"
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	"
2018.09.26~ 2023.09.26	0.980%	1,600,000	"	-	1,600,000	"
2018.09.26~ 2025.09.26	1.260%	700,000	"	-	700,000	"
2017.09.26~ 2020.09.26	1.05%	3,500,000	"	3,500,000	-	"



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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2019.6.30		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2019.05.09~ 2024.05.09	0.98%	2,950,000		Payable in lump sum. Interest rate is fixed. Interest is payable annually	-	2,950,000	None
2019.05.09~ 2026.05.09	1.150%	500,000		"	-	500,000	"
2019.05.29~ 2024.05.29	0.98%	2,850,000		"	-	2,850,000	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	208,382	-	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	238,878	-	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	203,300	-	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	101,650	-	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	152,475	-	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	111,815	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,524,750	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	1,016,500	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	508,250	"
2018.09.13~ 2020.09.13	2.980%	THB	500,000	"	-	508,250	"
2019.01.30~ 2021.02.05	3.000%	THB	290,000	"	-	294,785	"
2019.02.28~ 2022.01.31	3.200%	THB	100,000	"	-	101,650	"
2019.05.17~ 2022.05.17	3.150%	THB	200,000	"	-	203,300	"
2019.06.19~ 2022.06.30	3.150%	THB	270,000	"	-	274,455	"
Bonds payable (Gross)					7,254,685	18,643,755	
Discounts on bonds payable					(54)	(2,623)	
					<u>\$ 7,254,631</u>	<u>18,641,132</u>	

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2018.12.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.06.16~ 2019.06.16	1.500%	450,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	225,000	-	None
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	3,000,000	-	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	3,500,000	-	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2018.09.26~ 2023.09.26	0.980%	1,600,000	"	-	1,600,000	"
2018.09.26~ 2025.09.26	1.260%	700,000	"	-	700,000	"
2016.02.02~ 2019.02.02	2.970%	THB 300,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	285,960	-	"
2016.02.17~ 2019.02.21	2.970%	THB 100,000	"	95,320	-	"
2016.03.29~ 2019.04.03	2.920%	THB 155,000	"	147,746	-	"
2016.06.16~ 2019.06.11	2.930%	THB 100,000	"	95,320	-	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2018.12.31		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2016.06.24~ 2019.03.21	2.920%	THB	300,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	285,960	-	None
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	181,108	-	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	195,406	-	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	224,002	-	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	190,640	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	95,320	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	142,980	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	104,852	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,429,800	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	953,200	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	476,600	"
2018.09.13~ 2020.09.13	2.980%	THB	500,000	"	-	476,600	"
Bonds payable (Gross)					8,235,822	13,019,992	
Discounts on bonds payable					(120)	(2,528)	
					<u>\$ 8,235,702</u>	<u>13,017,464</u>	

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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	"
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	-	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	138,555	-	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2018.6.30		Collateral Note
					Within Operating Cycle	Beyond Operating Cycle	
2016.02.02~ 2019.02.02	2.970%	THB	300,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	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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(m) Lease liabilities

The Group's lease liability were as follows:

	<b>2019.6.30</b>		
	<b>Future minimum lease payments</b>	<b>Interest</b>	<b>Present value of minimum lease payments</b>
Within operating cycle	\$ 652,153	67,354	584,799
Beyond one operating cycle to 5 years	331,144	57,696	273,448
Beyond 5 years	2,021,861	219,565	1,802,296
	<u>\$ 3,005,158</u>	<u>344,615</u>	<u>2,660,543</u>
Current	\$ 652,153	67,354	584,799
Non-current	<u>\$ 2,353,005</u>	<u>277,261</u>	<u>2,075,744</u>

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30, 2019</b>	<b>For the six months ended June 30, 2019</b>
Interest on lease liabilities	\$ 12,465	22,361
Expenses relating to short-term leases	<u>\$ 89,318</u>	<u>166,268</u>

The amounts recognized in the statement of cash flows for the Group was as follows: :

	<b>For the six months ended June 30, 2019</b>
Total cash outflow for leases	\$ <u>499,360</u>

1. Real estate leases

As of June 30, 2019, the Group leases land and buildings for its office and solar power station. The leases of office and solar power station typically run for two to twenty-eight years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.



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**2. Other leases**

The Group leases transportation equipment, with lease terms of two to three years.

3. The operating leases rentals payable on December 31, 2018 and June 30, 2018, please refer to Note (6)(n).

**(n) Operating Leases**

**1. Leases entered into as lessee**

Non-cancellable operating lease rentals payable were as follows:

	<u><b>2018.12.31</b></u>	<u><b>2018.6.30</b></u>
Less than one year	\$ 475,164	350,458
Between one year and five years	480,805	441,243
Beyond five years	<u>794,737</u>	<u>573,962</u>
	<u><u><b>\$ 1,750,706</b></u></u>	<u><u><b>1,365,663</b></u></u>

**(o) 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, 2018 and 2017.

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

	<u><b>For the three months ended June 30,</b></u>		<u><b>For the six months ended June 30,</b></u>	
	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Operating expenses	\$ <u>41,264</u>	<u>15,989</u>	<u>58,374</u>	<u>32,262</u>

**2. Defined contribution plans**

The pension costs incurred from the contributions were as follows:

	<u><b>For the three months ended June 30,</b></u>		<u><b>For the six months ended June 30,</b></u>	
	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Operating costs	\$ 544	515	1,071	1,028
Operating expenses	<u>58,804</u>	<u>46,875</u>	<u>123,118</u>	<u>92,595</u>
Total	<u><u><b>\$ 59,348</b></u></u>	<u><u><b>47,390</b></u></u>	<u><u><b>124,189</b></u></u>	<u><u><b>93,623</b></u></u>

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(p) Income taxes

The components of income tax for the three months and the six months ended June 30, 2019 and 2018 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Total income tax expense from continuing operations \$	<u>1,470,742</u>	<u>1,274,765</u>	<u>2,554,414</u>	<u>2,388,007</u>

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,	
	2019	2018	2019	2018
Components that may be reclassified to profit or loss:				
Foreign currency translation differences for foreign operations \$	<u>56,567</u>	<u>59,019</u>	<u>41,440</u>	<u>28,792</u>

(q) 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, 2019 and 2018. Please refer to Note (6)(n) of the 2018 annual, consolidated financial statements for other related information.

1. Share capital

As of June 30, 2019 and 2018, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth \$12,895,146 and \$12,642,300, 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, 2019, December 31, 2018, and June 30, 2018, the Company has listed, 812,284, 812,485 and 865,132 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>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Share capital	\$ 17,363,784	17,363,784	17,363,784
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>17,367,796</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, 2019 and May 24, 2018, the shareholders resolved to distribute the 2018 and 2017 earnings. These earnings were appropriated as follows:

	<b>2018</b>		<b>2017</b>	
	<b>Dividend per share (\$)</b>	<b>Amount</b>	<b>Dividend per share (\$)</b>	<b>Amount</b>
Dividends distributed to common shareholders				
Cash	\$ 4.20	5,415,961	3.80	4,804,074
Stock	0.30	386,854	0.20	252,846
<b>Total</b>		<b>\$ 5,802,815</b>		<b>5,056,920</b>

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

**(r) Earnings per share**

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Profit attributable to common stockholders of the Company	\$ 4,039,985	3,604,343	7,618,824	6,638,336
Weighted average number of ordinary shares	\$ 1,328,200	1,328,200	1,328,200	1,328,200
Weighted average number of ordinary shares (Diluted)	\$ 1,328,216	1,328,216	1,328,216	1,328,216

Note: Potential ordinary shares have no dilutive effects.

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**(s) 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, 2019 and 2018, the Company estimated its employees' remuneration amounting to \$607, \$541, \$1,144 and \$996, and directors' remuneration amounting to \$2,831, \$2,523, \$5,337 and \$4,647, 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 2019 and 2018. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

For 2018 and 2017, the Company recognized employees' remuneration amounting to \$2,010 and \$1,450, and directors' remuneration amounting to \$12,562 and \$8,113, respectively. The amounts, as stated in the condensed interim consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017. Related information would be available at the Market Observation Post System website.

**(t) Net other income and expenses**

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net losses on disposal of foreclosed assets	\$ (48,503)	(30,152)	(77,048)	(60,848)
Impairment gains (losses) on foreclosed assets	11,093	(4,774)	8,189	(21,717)
Gains on doubtful debt recoveries	159,102	83,488	290,975	163,859
Effect of changes in lease contract	531	-	531	-
	<u>\$ 122,223</u>	<u>48,562</u>	<u>222,647</u>	<u>81,294</u>

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(u) Other gains and losses

The components of other gains and losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Interest on lease liabilities	\$ (12,465)	-	(22,361)	-
Net foreign exchange gain	14,836	90,069	10,535	66,660
Net (losses) gains on disposal of property plant, and equipment	(1,042)	566	(955)	1,672
Net (losses) gains on valuation of financial assets measured at fair value through profit or loss	523	(8,625)	6,432	(15,009)
Others	341,456	379,849	541,305	437,652
	<u>\$ 343,308</u>	<u>461,859</u>	<u>534,956</u>	<u>490,975</u>

(v) 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, 2019, December 31, 2018, and June 30, 2018, the maximum exposure to credit risks amounted to \$407,943,902, \$387,834,767 and \$346,545,773, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$89,269, \$103,735 and \$123,395 as of June 30, 2019, December 31, 2018, and June 30, 2018, 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
<b>June 30, 2019</b>					
<b>Gross loans and receivables:</b>					
Neither past due nor impaired					
12-month ECL	\$ 177,498,108	124,868,754	35,711,511	1,380,090	339,458,463
Lifetime ECL	-	262,784	15,932,546	2,751,101	18,946,431
Past due					
Lifetime ECL	610,696	30,177	3,266,271	203,108	4,110,252
Impaired					
Lifetime ECL	5,624,569	2,500,304	2,244,797	-	10,369,670
Gross carrying amounts	<u>\$ 183,733,373</u>	<u>127,662,019</u>	<u>57,155,125</u>	<u>4,334,299</u>	<u>372,884,816</u>
Allowance for losses	<u>3,998,579</u>	<u>3,982,848</u>	<u>2,005,070</u>	<u>169,864</u>	<u>10,156,361</u>
Carrying amount	<u>\$ 179,734,794</u>	<u>123,679,171</u>	<u>55,150,055</u>	<u>4,164,435</u>	<u>362,728,455</u>



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**Taiwan**

	<b>For the six months ended June 30, 2019</b>			<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit impaired</b>	<b>Lifetime ECL- credit impaired</b>	
Balance at January 1, 2019	\$ 1,520,799	46,825	2,207,602	3,775,226
Impairment loss recognized	87,646	687	942,129	1,030,462
Bad debts written-off	-	-	(811,972)	(811,972)
Others	1,629	-	3,234	4,863
Balance at June 30, 2019	<u>\$ 1,610,074</u>	<u>47,512</u>	<u>2,340,993</u>	<u>3,998,579</u>

**China**

	<b>For the six months ended June 30, 2019</b>			<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit impaired</b>	<b>Lifetime ECL- credit impaired</b>	
Balance at January 1, 2019	\$ 2,366,636	10,518	1,794,930	4,172,084
Impairment loss (profit) recognized	1,693,702	98,911	(1,302,432)	490,181
Transfer to lifetime ECL-not credit impaired	(66,333)	66,333	-	-
Transfer to lifetime ECL- credit impaired	(1,632,844)	(171,650)	1,804,494	-
Bad debts written-off	-	-	(727,091)	(727,091)
Others	25,977	169	21,528	47,674
Balance at June 30, 2019	<u>\$ 2,387,138</u>	<u>4,281</u>	<u>1,591,429</u>	<u>3,982,848</u>

**ASEAN**

	<b>For the six months ended June 30, 2019</b>			<b>Total</b>
	<b>12-month ECL</b>	<b>Lifetime ECL- not credit impaired</b>	<b>Lifetime ECL- credit impaired</b>	
Balance at January 1, 2019	\$ 188,884	378,709	1,060,757	1,628,350
Impairment loss recognized	234,008	16,370	129,923	380,301
Transfer to lifetime ECL-not credit impaired	(156,416)	156,416	-	-
Transfer to lifetime ECL- credit impaired	(64,839)	(63,486)	128,325	-
Bad debts written-off	-	(878)	(100,508)	(101,386)
Others	12,955	16,395	68,455	97,805
Balance at June 30, 2019	<u>\$ 214,592</u>	<u>503,526</u>	<u>1,286,952</u>	<u>2,005,070</u>

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**Others**

	For the six months ended June 30, 2019			Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
Balance at January 1, 2019	\$ -	218,295	183	218,478
Impairment profit recognized	-	(50,942)	(168)	(51,110)
Impairment written-off	-	-	(18)	(18)
Others	-	2,511	3	2,514
Balance at June 30, 2019	<u>\$ -</u>	<u>169,864</u>	<u>-</u>	<u>169,864</u>

	Taiwan	China	ASEAN	Others	Total
<b><u>December 31, 2018</u></b>					
Gross loans and receivables:					
Neither past due nor impaired					
12-month ECL	\$ 180,459,842	111,243,823	31,325,081	1,318,482	324,347,228
Lifetime ECL	-	226,313	13,052,592	2,604,188	15,883,093
Past due					
Lifetime ECL	498,284	27,452	2,397,480	-	2,923,216
Impaired					
Lifetime ECL	5,131,131	2,405,380	1,944,134	73,480	9,554,125
Gross carrying amounts	<u>\$ 186,089,257</u>	<u>113,902,968</u>	<u>48,719,287</u>	<u>3,996,150</u>	<u>352,707,662</u>
Allowance for losses	3,775,226	4,172,084	1,628,350	218,478	9,794,138
Carrying amount	<u>\$ 182,314,031</u>	<u>109,730,884</u>	<u>47,090,937</u>	<u>3,777,672</u>	<u>342,913,524</u>

**Taiwan**

	For the year ended December 31, 2018			Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	
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	13,209	23,049	2,270,842	2,307,100
Bad debts written-off	-	-	(2,234,321)	(2,234,321)
Others	(31,382)	(435)	44,377	12,560
Balance at December 31, 2018	<u>\$ 1,520,799</u>	<u>46,825</u>	<u>2,207,602</u>	<u>3,775,226</u>

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**China**

	For the year ended December 31, 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 (profit) recognized	2,784,130	154,854	(1,786,512)	1,152,472
Transfer to lifetime ECL-not credit impaired	(96,229)	96,229	-	-
Transfer to lifetime ECL- credit impaired	(2,282,056)	(252,167)	2,534,223	-
Bad debts written-off	-	-	(1,056,267)	(1,056,267)
Others	(48,478)	(221)	(37,889)	(86,588)
Balance at December 31, 2018	<u>\$ 2,366,636</u>	<u>10,518</u>	<u>1,794,930</u>	<u>4,172,084</u>

**ASEAN**

	For the year ended December 31, 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	162,328	15,360	145,764	323,452
Transfer to lifetime ECL-not credit impaired	(102,447)	102,447	-	-
Transfer to lifetime ECL- credit impaired	(87,450)	(71,246)	158,696	-
Bad debts written-off	-	(1,639)	(233,488)	(235,127)
Others	7,642	7,497	36,650	51,789
Balance at December 31, 2018	<u>\$ 188,884</u>	<u>378,709</u>	<u>1,060,757</u>	<u>1,628,350</u>

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**Others**

	For the year ended December 31, 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	-	(34,074)	2,412	(31,662)
Transfer to lifetime ECL- credit impaired	-	(1,461)	1,461	-
Others	-	50,704	(97,244)	(46,540)
Balance at December 31, 2018	<u>\$ -</u>	<u>218,295</u>	<u>183</u>	<u>218,478</u>

	Taiwan	China	ASEAN	Others	Total
<b>June 30, 2018</b>					
<b>Gross loans and receivables:</b>					
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	<u>3,835,383</u>	<u>4,265,826</u>	<u>1,636,383</u>	<u>280,745</u>	<u>10,018,337</u>
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>

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	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)	\$ 1,538,972	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>

**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>

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	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>

**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>

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**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>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Past due up to 30 days	\$ 798,247	403,535	782,061
Past due from 31 to 90 days	3,020,550	2,320,591	2,408,699
Past due from 91 to 180 days	24,644	23,048	114,472
Past due over 180 days	<u>266,811</u>	<u>176,042</u>	<u>218,139</u>
	<u>\$ 4,110,252</u>	<u>2,923,216</u>	<u>3,523,371</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
<b>June 30, 2019</b>								
<b>Non-derivative financial liabilities</b>								
Bank overdraft	\$ 17,243	17,243	-	-	-	-	-	17,243
Secured bank loans	40,477,199	42,493,624	3,589,018	4,102,570	11,622,346	23,179,690	-	-
Unsecured bank loans	173,169,880	178,350,017	27,583,811	23,959,138	40,229,663	86,314,757	262,648	-
Notes payable from securitization	4,093,200	4,285,708	6,638	13,276	59,744	4,206,050	-	-
Short-term notes and bills payable	64,843,935	65,070,000	11,300,000	16,670,000	37,100,000	-	-	-
Bonds payables	25,895,763	27,103,483	244,287	306,390	2,258,866	21,939,500	2,354,440	-
Other payables	16,854,347	16,892,472	6,807,838	5,867,619	1,333,046	792,350	-	2,091,619
Deposits relating to collateral of customers	41,999,187	42,027,991	294,135	795,868	7,200,002	32,933,643	3,765	800,578
Lease liabilities	2,660,543	3,005,158	33,345	62,040	273,711	614,201	2,021,861	-
<b>Derivative financial liabilities</b>								
Current financial liabilities for hedging	21,908	21,908	-	-	-	21,908	-	-
	<u>\$ 370,033,205</u>	<u>379,267,604</u>	<u>49,859,072</u>	<u>51,776,901</u>	<u>100,077,378</u>	<u>170,002,099</u>	<u>4,642,714</u>	<u>2,909,440</u>
<b>December 31, 2018</b>								
<b>Non-derivative financial liabilities</b>								
Bank overdraft	\$ 14,436	14,436	-	-	-	-	-	14,436
Secured bank loans	46,471,192	48,215,226	3,902,443	3,744,464	12,956,897	27,611,422	-	-
Unsecured bank loans	146,095,518	150,272,648	27,456,038	21,646,560	37,127,440	63,761,436	281,174	-
Notes payable from securitization	4,093,200	4,305,622	6,638	13,276	59,744	4,225,964	-	-
Short-term notes and bills payable	65,273,584	65,450,000	16,170,000	19,980,000	29,300,000	-	-	-
Bonds payables	21,253,166	22,230,255	5,163	885,102	2,697,582	16,290,968	2,351,440	-
Other payables	10,149,875	10,185,761	5,211,497	1,116,104	1,049,181	683,987	-	2,124,992
Deposits relating to collateral of customers	37,859,884	37,899,043	262,804	600,768	6,349,037	29,872,962	2,972	810,500
<b>Derivative financial liabilities</b>								
Current financial liabilities for hedging	6,022	6,022	-	-	6,022	-	-	-
	<u>\$ 331,216,877</u>	<u>338,579,013</u>	<u>53,014,583</u>	<u>47,986,274</u>	<u>89,545,903</u>	<u>142,446,739</u>	<u>2,635,586</u>	<u>2,949,928</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
<b>June 30, 2018</b>								
<b>Non-derivative financial liabilities</b>								
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
<b>Derivative financial liabilities</b>								
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>

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:

2019.6.30					
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	8,301.54	USD : TWD	31.0600	257,846
		1,955.71	USD : GBP	0.7885	60,744
		5,769.27	USD : VND	25,669	179,193
JPY		1,223,063.37	JPY : USD	0.0093	352,976
EUR		66,633.15	EUR : USD	1.1391	2,357,481
HKD		13,712.52	HKD : USD	0.0128	54,535
AUD		12,434.78	AUD : USD	0.7017	271,016
SGD		7,228.41	SGD : USD	0.7395	166,037

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		<b>2019.6.30</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>Functional currency</b>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	4,011.15	USD : VND	25,669	124,586
	1,955.71	USD : GBP	0.7885	60,744
JPY	1,030,000.00	JPY : USD	0.0093	297,204
EUR	61,000.00	EUR : USD	1.1391	2,158,188
HKD	12,000.00	HKD : USD	0.1280	47,723
AUD	12,000.00	AUD : USD	0.7017	261,541
SGD	7,000.00	SGD : USD	0.7395	160,791
		<b>2018.12.31</b>		
		<b>Foreign currency (In thousands)</b>	<b>Exchange rate</b>	<b>Functional currency</b>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 21,484.40	USD : TWD	30.7150	659,893
	2,235.31	USD : GBP	0.7900	68,658
	6,172.73	USD : VND	25,596	189,595
JPY	1,072,774.07	JPY : USD	0.0091	298,446
EUR	25,615.23	EUR : USD	1.1460	901,656
HKD	20,840.43	HKD : USD	0.1277	81,715
GBP	837.41	GBP : USD	1.2658	32,559
AUD	12,384.89	AUD : USD	0.7054	268,320
SGD	7,705.41	SGD : USD	0.7319	173,218
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	5,219.40	USD : VND	25,596	160,314
	2,235.31	USD : GBP	0.7900	68,658
JPY	800,224.01	JPY : USD	0.0091	222,622
EUR	21,900.00	EUR : USD	1.1460	770,880
HKD	19,000.37	HKD : USD	0.1277	74,500
AUD	12,500.00	AUD : USD	0.7054	270,814
SGD	7,500.00	SGD : USD	0.7319	168,600

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2018.6.30					
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
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
<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

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 \$18,249 and \$67,372, for the six months ended June 30, 2019 and 2018, 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, 2019 and 2018, the foreign currency gain, including realized and unrealized, amounted to \$10,535 and \$66,660, 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, 2019	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	0.67 %	\$ 18,484,906	14,188,877	2,431,590	-	-	1,864,439
Debt securities	5.45 %	10,891,142	-	5,633,609	5,257,533	-	-
Total accounts receivables	9.66 %	373,040,536	40,290,954	167,986,423	156,365,387	1,919,348	6,478,424
Current financial assets for hedging	1.73 %	239,466	-	239,466	-	-	-
		402,656,050	54,479,831	176,291,088	161,622,920	1,919,348	8,342,863
Financial liabilities							
Secured bank loans	4.62 %	40,477,199	33,031,923	3,290,837	4,154,439	-	-
Unsecured bank loans	3.01 %	173,169,880	115,535,644	33,042,748	24,344,405	247,083	-
Bank overdraft	7.13 %	17,243	17,243	-	-	-	-
Short-term notes and bills payable	0.92 %	64,843,935	17,775,502	47,068,433	-	-	-
Bonds payables	1.60 %	25,895,763	-	2,404,631	21,191,132	2,300,000	-
Current financial liabilities for hedging	0.40 %	21,908	-	-	21,908	-	-
Notes payable from securitization	1.95 %	4,093,200	-	-	4,093,200	-	-
Deposits relating to collateral of customers	0.13 %	41,999,187	-	4,185,334	7,274,495	1,263	30,538,095
Lease liabilities	1.97 %	2,660,543	-	280,926	577,321	1,802,296	-
		353,178,858	166,360,312	90,272,909	61,656,900	4,350,642	30,538,095
Net exposure		\$ 49,477,192	(111,880,481)	86,018,179	99,966,020	(2,431,294)	(22,195,232)

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Ending balance as of December 31, 2018	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	0.57 %	\$ 17,579,967	14,241,135	2,782,382	-	-	556,450
Debt securities	5.71 %	12,270,581	-	5,498,868	6,771,713	-	-
Total accounts receivables	9.63 %	352,865,082	39,425,960	153,838,256	151,357,067	2,510,554	5,733,245
Current financial assets for hedging	1.30 %	94,684	-	94,684	-	-	-
		382,810,314	53,667,095	162,214,190	158,128,780	2,510,554	6,289,695
Financial liabilities							
Secured bank loans	4.60 %	46,471,192	38,431,321	3,040,708	4,999,163	-	-
Unsecured bank loans	2.79 %	146,095,518	94,194,682	28,776,701	22,862,052	262,083	-
Bank overdraft	7.13 %	14,436	14,436	-	-	-	-
Short-term notes and bills payable	0.87 %	65,273,584	25,762,687	39,510,897	-	-	-
Bonds payables	1.76 %	21,253,166	-	3,235,702	15,717,464	2,300,000	-
Current financial liabilities for hedging	3.95 %	6,022	-	6,022	-	-	-
Notes payable from securitization	1.95 %	4,093,200	-	-	4,093,200	-	-
Deposits relating to collateral of customers	0.09 %	37,859,884	-	3,247,927	5,960,655	2,932	28,648,370
		321,067,002	158,403,126	77,817,957	53,632,534	2,565,015	28,648,370
Net exposure		\$ 61,743,312	(104,736,031)	84,396,233	104,496,246	(54,461)	(22,358,675)
Ending balance as of June 30, 2018	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	0.66 %	\$ 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	0.96 %	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)

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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 \$188,334 and \$171,771 for the six months ended June 30, 2019 and 2018, 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,			
	2019		2018	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	\$ <u>67,123</u>	<u>17,170</u>	<u>71,620</u>	<u>11,976</u>
Decrease 7%	\$ <u>(67,123)</u>	<u>(17,170)</u>	<u>(71,620)</u>	<u>(11,976)</u>

**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 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:

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	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 896,682	174,025	-	722,657	896,682
<b>Financial assets for hedging</b>	239,466	-	239,466	-	239,466
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic and foreign market (OTC) equity securities	852,708	849,167	3,541	-	852,708
Measure the fair value of unquoted equity instruments	105,244	-	-	105,244	105,244
Sub-total	957,952	849,167	3,541	105,244	957,952
<b>Financial assets at amortized cost</b>	10,820,356	-	-	-	-
<b>Loans and receivable</b>					
Cash and cash equivalents	18,484,906	-	-	-	-
Accounts receivable	362,817,724	-	-	-	-
Other financial assets	1,950,008	-	-	-	-
Refundable deposits	307,392	-	-	-	-
Restricted bank deposits	3,050,432	-	-	-	-
Sub-total	386,610,462	-	-	-	-
<b>Total</b>	<b>\$ 399,524,918</b>	<b>1,023,192</b>	<b>243,007</b>	<b>827,901</b>	<b>2,094,100</b>
<b>Financial liabilities for hedging</b>	\$ 21,098	-	21,098	-	21,098
<b>Measurement of financial liabilities at amortized cost</b>					
Bank overdraft	17,243	-	-	-	-
Secured bank loans	40,477,199	-	-	-	-
Unsecured bank loans	173,169,880	-	-	-	-
Notes payable from securitization	4,093,200	-	-	-	-
Short-term notes and bills payable	64,843,935	-	-	-	-
Bonds payables	25,895,763	-	-	-	-
Other payables	16,854,347	-	-	-	-
Deposits relating to collateral of customers	41,999,187	-	-	-	-
Lease liabilities	2,660,543	-	-	-	-
Sub-total	370,011,297	-	-	-	-
<b>Total</b>	<b>\$ 370,032,395</b>	<b>-</b>	<b>21,098</b>	<b>-</b>	<b>21,098</b>

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	December 31, 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,005,642	255,306	-	750,336	1,005,642
<b>Financial assets for hedging</b>	94,684	-	94,684	-	94,684
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic and foreign market (OTC) equity securities	841,714	838,348	3,366	-	841,714
Measure the fair value of unquoted equity instruments	105,466	-	-	105,466	105,466
Sub-total	947,180	838,348	3,366	105,466	947,180
<b>Financial assets at amortized cost</b>	12,270,581	-	-	-	-
<b>Loans and receivable</b>					
Cash and cash equivalents	17,579,967	-	-	-	-
Accounts receivable	343,017,259	-	-	-	-
Other financial assets	1,748,727	-	-	-	-
Refundable deposits	339,300	-	-	-	-
Restricted bank deposits	2,966,885	-	-	-	-
Sub-total	365,652,138	-	-	-	-
<b>Total</b>	<b>\$ 379,970,225</b>	<b>1,093,654</b>	<b>98,050</b>	<b>855,802</b>	<b>2,047,506</b>
<b>Financial liabilities for hedging</b>	\$ 6,022	-	6,022	-	6,022
<b>Measurement of financial liabilities at amortized cost</b>					
Bank overdraft	14,436	-	-	-	-
Secured bank loans	46,471,192	-	-	-	-
Unsecured bank loans	146,095,518	-	-	-	-
Notes payable from securitization	4,093,200	-	-	-	-
Short-term notes and bills payable	65,273,584	-	-	-	-
Bonds payables	21,253,166	-	-	-	-
Other payables	10,149,875	-	-	-	-
Deposits relating to collateral of customers	37,859,884	-	-	-	-
Sub-total	331,210,855	-	-	-	-
<b>Total</b>	<b>\$ 331,216,877</b>	<b>-</b>	<b>6,022</b>	<b>-</b>	<b>6,022</b>



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	June 30, 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,019,297	171,084	-	848,213	1,019,297
<b>Financial assets at fair value through other comprehensive income</b>					
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	1,022,285	914,684	2,704	104,897	1,022,285
<b>Financial assets at amortized cost</b>	11,115,866	-	-	-	-
<b>Loans and receivable</b>					
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	325,758,361	-	-	-	-
<b>Total</b>	<b>\$ 338,915,809</b>	<b>1,085,768</b>	<b>2,704</b>	<b>953,110</b>	<b>2,041,582</b>
<b>Current financial liabilities for hedging</b>	\$ 44,437	-	44,437	-	44,437
<b>Measurement of financial liabilities at amortized cost</b>					
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	-	-	-	-
<b>Total</b>	<b>\$ 296,894,506</b>	<b>-</b>	<b>44,437</b>	<b>-</b>	<b>44,437</b>

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**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**

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 and financial liabilities measured at amortized cost**

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

**3) Valuation Techniques for Financial Instruments Measured at Fair Value**

**A. Non-derivative Financial Instruments**

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

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

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

**B. Derivative Financial Instruments**

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

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

	At fair value through profit or loss	At fair value through others comprehensive income	
	Non-derivative financial assets	Unquoted equity instruments	Total
Opening balance, January 1, 2019	\$ 750,336	105,466	855,802
Total gains and losses recognized:			
In profit or loss	8,645	-	8,645
In other comprehensive income	-	(1,043)	(1,043)
Purchase	61,968	-	61,968
Disposal / Liquidate	(106,626)	-	(106,626)
Effect of movements in exchange rate	8,334	821	9,155
Ending balance, June 30, 2019	\$ <u>722,657</u>	<u>105,244</u>	<u>827,901</u>

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	At fair value through profit or loss Non-derivative financial assets	At fair value through others comprehensive income 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
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>

For the six months ended June 30, 2019 and 2018, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierarchy that were included in “other gains and losses” and “unrealized gains and losses from financial assets measured at fair value through other comprehensive” were as follows:

	For the three months ended June 30, 2019	2018	For the six months ended June 30, 2019	2018
Total gains and losses recognized :				
In profit or loss, and presented in “other gains and losses”	\$ 8,645	(913)	8,645	(591)
In other comprehensive income, and presented in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	(1,199)	(5)	(1,043)	287

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

The Group’s financial instruments that use Level 3 inputs to measure fair values include fair value through other comprehensive income-equity investments and financial assets at fair value through profit or loss. Most of these financial instruments using Level 3 inputs to measure fair values have only one significant unobservable input.

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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 - investments in debt instruments without active market	Net Asset Value Method	Net Asset Value	Not applicable
Financial assets at fair value through profit or loss without active market	Black-Scholes Model	Stock Return Volatility (4.40% on June 30, 2019)	The higher stock return volatility, the higher the fair value
"	Discounted Cash Flow Method	Discount Rate (1.05% on June 30, 2019)	The higher the discount rate, the lower the fair value

6) Fair value measurements in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Impact or Fair Value Change on Net income or loss	
			Favorable Change	Unfavorable Change
June 30, 2019	Input	Variation		
Financial asset at fair value through profit or loss				
Financial instruments without active market	Discount Rate	10%	\$ 125	(125)
"	Stock Return Volatility	10%	-	-

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(v) of the consolidated financial statements for the year ended December 31, 2018.

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**(x) 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, 2018. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2018. Please refer to Note (6)(w) of the consolidated financial statements for the year ended December 31, 2018 for further details.

**(7) Related Party Transactions**

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

(b) Names and relationship of related parties

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

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

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Name of related parties	Relationship with the Group
Chailease Youngster Foundation	Other related party
Advance Rental Care Co., Ltd.	"
Qin An Investment Consulting (Shanghai) Co., Ltd.	"
Shanghai Jiasheng Decoration Engineering Co., Ltd.	"
Yujia Investment Management Consulting (Shanghai) Co., Ltd.	"
Anywhere 2 Go Company Limited	"
Bangkok Bank Public Company Limited	"
Bangkok Granden Property Fund	"
Bangkok Insurance Public Company Limited	"
Enrich Management Consultants Ltd.	"
Grand Pacific Finance Corp. (N.Y.)	"
Sathorn City Tower Property Fund	"
Chailease Enterprise Co., Ltd.	"
Chun An Investment Co., Ltd.	"
Chun An Technology Co., Ltd.	"
Li Cheng Investment Co., Ltd.	"
Jen Chung Co., Ltd.	"
EzfunDS Securities Investment Consulting Enterprise Ltd.	"

(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,	
	2019	2018	2019	2018
Affiliates	\$ 34	34	34	34
Other related parties	3,962	588	7,346	4,268
	<u>\$ 3,996</u>	<u>622</u>	<u>7,380</u>	<u>4,302</u>

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**2. Receivables from related parties**

Receivables of the Group from related parties were as follows :

Account	Categories of related parties	2019.6.30	2018.12.31	2018.6.30
Capital leases receivable	Other related parties \$	54,608	71,519	40,859
Other receivables	Other related parties	344	1,277	645
Other current financial assets	Other related parties	1,017	-	-
		<u>\$ 55,969</u>	<u>72,796</u>	<u>41,504</u>

**3. Payable to related parties**

Payable to related parties were as follows :

Account	Categories of related parties	2019.6.30	2018.12.31	2018.6.30
Other current financial liabilities	Other related parties \$	2,245	158	2,281

**4. Asset transactions**

The Group purchased leasehold improvement from other related parties amounting to \$23,869 for the year ended December 31, 2018. The Group purchased leasehold improvements from other related parties of \$29,753 and \$7,537 for the six months ended June 30, 2019 and 2018.

**5. Related-Party Financing**

Financing to affiliates and related parties was as follows :

	2019.6.30	2018.12.31	2018.6.30
Affiliates	\$ 1,380,090	1,318,483	996,983
Other related parties	25,627	11,825	17,905
	<u>\$ 1,405,717</u>	<u>1,330,308</u>	<u>1,014,888</u>

The loans receivable from affiliates bear interest at rates ranging from 4.27% to 5.65%. As of June 30, 2019, December 31, 2018, and June 30, 2018, interest receivable from the loans receivable from affiliates amounted to \$10,172, \$10,230 and \$5,730, respectively. For the three months and the six months ended June 30, 2019 and 2018, interest revenue from the loans receivable from affiliates amounted to \$16,311, \$10,051, \$32,599 and \$20,845, respectively.

The loans receivable from other related parties bear interest at rates ranging from 3.95% to 10.00%. As of June 30, 2019, December 31, 2018, and June 30, 2018, interest receivable from the loans receivable from other related parties amounted to \$62, \$104 and \$108, respectively. For the three months and the six months ended June 30, 2019 and 2018, interest revenue from the loans receivable from other related parties amounted to \$373, \$267, \$526 and \$1,413, respectively.

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**6. Interest bearing borrowings**

Borrowings of the Group from related parties were as follows :

	<u>2019.6.30</u>	<u>2018.12.31</u>	<u>2018.6.30</u>
Other related parties	\$ <u>3,879,943</u>	<u>4,603,976</u>	<u>2,586,360</u>

The borrowings from other related parties bear interest at rates ranging from 3.25% to 7.13%. As of June 30, 2019, December 31, 2018, and June 30, 2018, interest payable from the interest bearing borrowings from other related parties amounted to \$334, \$2,255 and \$233, respectively. For the three months and the six months ended June 30, 2019 and 2018, interest expense from the interest bearing borrowing from other related parties amounted to \$29,506, \$21,552, \$58,431 and \$42,634, respectively.

**7. Guarantee**

As of June 30, 2019, December 31, 2018, and June 30, 2018, the Group had provided a guarantee for loans taken out by affiliates and the credit limit of the guarantee was \$101,723, \$100,620 and \$103,343, and the actual drawn amount was \$12,196, \$14,128 and \$7,493, respectively.

**8. Leases**

1) In November 2017, the Group rented an office building from other related parties. A four and half years lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was \$80,141. Rental expenses for the six months ended June 30, 2018 amounted to \$14,148. The Group applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized an additional amount of \$49,011 and \$49,011 of right-of-use assets and lease liabilities, respectively. For the six months ended June 30, 2019, the Group recognized the amount of \$630 as interest expense. As of June 30, 2019, the balance of lease liabilities amounted to \$36,770.

2) For the three months and the six months ended June 30, 2019 and 2018, rent expense is not included in rent liabilities that from other related parties amounted to \$1,461, \$594, \$2,637 and \$1,187, respectively.

**9. Others**

1) As of June 30, 2019, December 31, 2018, and June 30, 2018 bank deposits in financial institutions which are other related parties of the Group amounted to \$174,721, \$196,087 and \$231,592, respectively. For the three months and the six months ended June 30, 2019 and 2018, interest revenue from the deposits in other related parties amounted to \$234, \$164, \$234 and \$164, respectively.

2) Other expense with related parties :

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
<u>Other related parties</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other operating costs and expenses	\$ <u>55,705</u>	<u>39,236</u>	<u>76,630</u>	<u>53,862</u>



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(d) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	2019	2018
Short-term employee benefits \$	78,783	67,695	160,418	138,302
Post-employment benefits	640	637	1,216	1,316
\$	<u>79,423</u>	<u>68,332</u>	<u>161,634</u>	<u>139,618</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2019.6.30	2018.12.31	2018.6.30
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)	\$ 3,036,184	2,938,269	2,714,906
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,230,776	2,240,524	2,295,996
Equity securities	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	1,198	1,255	1,367
Refundable deposits	Provincial court seizure etc.	52,539	98,730	118,612
Accounts receivable and notes receivable	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	115,667,881	110,791,429	96,757,437
Total		<u>\$ 120,988,578</u>	<u>116,070,207</u>	<u>101,888,318</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.

(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, 2019, December 31, 2018, and June 30, 2018, the balance of unexpired payments from these alliance transactions amounted to \$8,085,486, \$7,898,635 and \$7,586,489, respectively.
- (b) 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.

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

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

(12) **Other**

(a) Liquidity analysis of assets and liabilities :

	2019.6.30		
	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	\$ 18,484,906	-	18,484,906
Current financial assets at fair value through profit or loss	825,896	-	825,896
Current financial assets at amortized cost	5,633,609	3,301,148	8,934,757
Current financial assets for hedging	239,466	-	239,466
Accounts receivable, net	187,752,493	101,335,679	289,088,172
Other current financial assets	4,594,025	57,195	4,651,220
Other current assets	5,137,170	-	5,137,170
	<u>\$ 222,667,565</u>	<u>104,694,022</u>	<u>327,361,587</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 55,386,259	-	55,386,259
Short-term notes and bills payable	64,843,935	-	64,843,935
Current financial liabilities for hedging	21,908	-	21,908
Accounts and notes payable	4,823,790	124	4,823,914
Current tax liabilities	2,037,851	-	2,037,851
Current lease liabilities	280,926	303,873	584,799
Other current financial liabilities	5,311,827	40,177,929	45,489,756
Long-term liabilities, current portion	68,430,733	40,898,346	109,329,079
Other current liabilities	2,473,213	-	2,473,213
	<u>\$ 203,610,442</u>	<u>81,380,272</u>	<u>284,990,714</u>

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	<b>2018.12.31</b>	
	<b>Expected to be collected or paid within 12 months</b>	<b>Expected to be collected or paid after 12 months</b>
<u>Current assets</u>		<u>Total</u>
Cash and cash equivalents	\$ 17,579,967	17,579,967
Current financial assets at fair value through profit or loss	1,005,642	1,005,642
Current financial assets at amortized cost	5,498,868	4,713,129
Current financial assets for hedging	94,684	94,684
Accounts receivable, net	161,502,654	102,730,923
Other current financial assets	4,287,961	66,955
Other current assets	5,062,848	5,062,848
	<u>\$ 195,032,624</u>	<u>107,511,007</u>
		<u>302,543,631</u>
 <u>Current liabilities</u>		
Short-term borrowings	\$ 54,056,709	54,056,709
Short-term notes and bills payable	65,273,584	65,273,584
Current financial liability for hedging	6,022	6,022
Accounts and notes payable	4,312,164	1,400
Current tax liabilities	1,845,873	1,845,873
Other current financial liabilities	13,476,577	24,026,245
Long-term liabilities, current portion	53,184,182	55,240,337
Other current liabilities	1,369,584	20,464
	<u>\$ 193,524,695</u>	<u>79,288,446</u>
		<u>272,813,141</u>

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	<b>2018.6.30</b>		
	<b>Expected to be collected or paid within 12 months</b>	<b>Expected to be collected or paid after 12 months</b>	<b>Total</b>
<u>Current assets</u>			
Cash and cash equivalents	\$ 18,577,877	7,615	18,585,492
Current financial assets at fair value through profit or loss	1,019,297	-	1,019,297
Current financial assets at amortized cost	6,760,472	2,845,228	9,605,700
Accounts receivable, net	153,965,238	83,110,175	237,075,413
Inventories	46,891	-	46,891
Other current financial assets	3,910,518	-	3,910,518
Other current assets	5,637,546	-	5,637,546
	<u>\$ 189,917,839</u>	<u>85,963,018</u>	<u>275,880,857</u>
<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 liability 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	1,183,592	-	1,183,592
	<u>\$ 185,074,835</u>	<u>59,617,277</u>	<u>244,692,112</u>

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

By item	By function	For the three months ended June 30, 2019			For the three months ended June 30, 2018		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		15,149	1,498,026	1,513,175	16,524	1,265,559	1,282,083
Labor and health insurance		1,137	93,477	94,614	1,077	78,721	79,798
Pension		544	100,068	100,612	515	62,864	63,379
Others		-	112,778	112,778	-	99,750	99,750
Depreciation		783,260	141,356	924,616	524,784	30,165	554,949
Amortization		-	56,888	56,888	-	36,770	36,770

By item	By function	For the six months ended June 30, 2019			For the six months ended June 30, 2018		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		29,463	2,965,707	2,995,170	31,989	2,469,744	2,501,733
Labor and health insurance		2,248	194,509	196,757	2,173	163,302	165,475
Pension		1,071	181,492	182,563	1,028	124,857	125,885
Others		-	211,055	211,055	-	183,468	183,468
Depreciation		1,517,378	274,633	1,792,011	1,036,248	60,778	1,097,026
Amortization		-	96,641	96,641	-	72,851	72,851

**(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, 2019 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	Chailease Finance Co., Ltd.	A	Other receivables	No	458,000	458,000	458,000	0.03%-19.95%	2	-	Working Capital	5,288	None	-	3,113,208	49,811,325
-	-	B	-	No	245,935	245,935	245,935	0.03%-19.95%	2	-	Working Capital	3,000	None	-	3,113,208	49,811,325
-	-	C	-	No	30,139	15,670	15,670	0.03%-19.95%	1	30,139	-	191	None	-	3,113,208	49,811,325
-	-	C-1	-	No	270,260	215,889	215,889	0.03%-19.95%	2	-	Working Capital	2,634	None	-	3,113,208	49,811,325
-	-	D	-	No	198,700	198,700	198,700	0.03%-19.95%	2	-	Working Capital	2,424	None	-	3,113,208	49,811,325

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount (Note 3)
													Item	Value		
1	Chailase Finance Co., Ltd.	E	Other receivables	No	192,648	184,180	184,180	0.03%-19.95%	2	-	Working Capital	2,247	None	-	3,113,208	49,811,325
"	"	F	"	No	80,333	80,333	80,333	0.03%-19.95%	1	549,750	-	9,809	None	-	3,113,208	49,811,325
"	"	F-1	"	No	103,684	103,684	103,684	0.03%-19.95%	2	-	Working Capital	-	None	-	3,113,208	49,811,325
"	"	G	"	No	20,000	-	-	0.03%-19.95%	1	30,000	-	-	Properties	9,267	3,113,208	49,811,325
"	"	G-1	"	No	289,499	176,121	176,121	0.03%-19.95%	2	-	Working Capital	2,149	None	-	3,113,208	49,811,325
"	"	H	"	No	124,459	124,459	124,459	0.03%-19.95%	1	250,056	-	1,518	None	-	3,113,208	49,811,325
"	"	I	"	No	133,065	123,415	123,415	0.03%-19.95%	1	252,212	-	1,506	None	-	3,113,208	49,811,325
"	"	J	"	No	96,260	96,260	96,260	0.03%-19.95%	2	-	Working Capital	1,174	None	-	3,113,208	49,811,325
"	"	K	"	No	90,000	90,000	90,000	0.03%-19.95%	2	-	Working Capital	1,098	None	-	3,113,208	49,811,325
"	"	L	"	No	90,000	90,000	90,000	0.03%-19.95%	2	-	Working Capital	1,098	None	-	3,113,208	49,811,325
"	"	M	"	No	153,505	87,995	87,995	0.03%-19.95%	1	310,951	-	1,074	None	-	3,113,208	49,811,325
"	"	N	"	No	107,380	82,971	82,971	0.03%-19.95%	1	329,042	-	1,012	None	-	3,113,208	49,811,325
"	"	O	"	No	80,000	80,000	80,000	0.03%-19.95%	2	-	Working Capital	976	None	-	3,113,208	49,811,325
"	"	P	"	No	95,118	79,118	79,118	0.03%-19.95%	1	284,800	-	965	None	-	3,113,208	49,811,325
"	"	Q	"	No	77,473	77,463	77,463	0.03%-19.95%	2	-	Working Capital	945	None	-	3,113,208	49,811,325
"	"	R	"	No	11,829	8,452	8,452	0.03%-19.95%	1	34,800	-	103	None	-	3,113,208	49,811,325
"	"	R-1	"	No	68,000	66,689	66,689	0.03%-19.95%	2	-	Working Capital	814	None	-	3,113,208	49,811,325
"	"	S	"	No	74,000	54,800	54,800	0.03%-19.95%	1	211,900	-	659	None	-	3,113,208	49,811,325
"	"	S-1	"	No	20,000	20,000	20,000	0.03%-19.95%	2	-	Working Capital	244	None	-	3,113,208	49,811,325
"	"	T	"	No	80,000	72,068	72,068	0.03%-19.95%	2	-	Working Capital	879	None	-	3,113,208	49,811,325
"	"	Summary of other clients	"	No	9,391,044	6,294,574	6,097,874	0.03%-19.95%	1	30,328,947	-	74,394	Bank Deposits/Stocks/Properties	328,726	3,113,208	49,811,325
"	"	"	"	No	17,370,603	11,468,025	11,468,025	0.03%-19.95%	2	-	Working Capital	303,112	Bank Deposits/Stocks/Beneficiary certificate/Equipment/Properties	1,623,427	3,113,208	49,811,325
2	Fina Finance & Trading Co., Ltd.	A	Other receivables	No	230,000	230,000	230,000	1.5747%-19.7800%	2	-	Working Capital	2,300	Properties	195,049	1,278,738	20,459,808
"	"	B	"	No	172,002	139,048	139,048	1.5747%-19.7800%	2	-	Working Capital	1,390	None	-	1,278,738	20,459,808
"	"	C	"	No	113,000	112,986	29,536	1.5747%-19.7800%	1	57,028	-	295	None	-	1,278,738	20,459,808
"	"	D	"	No	93,707	66,798	66,798	1.5747%-19.7800%	2	-	Working Capital	668	None	-	1,278,738	20,459,808
"	"	D-1	"	No	26,792	13,388	13,388	1.5747%-19.7800%	1	19,400	-	134	None	-	1,278,738	20,459,808
"	"	E	"	No	62,000	61,616	61,616	1.5747%-19.7800%	2	-	Working Capital	616	Properties	51,908	1,278,738	20,459,808
"	"	F	"	No	55,000	54,960	54,960	1.5747%-19.7800%	2	-	Working Capital	550	Properties	17,934	1,278,738	20,459,808
"	"	F-1	"	No	38,004	5,200	-	1.5747%-19.7800%	1	17,000	-	-	Properties	17,934	1,278,738	20,459,808
"	"	G	"	No	59,169	57,367	57,367	1.5747%-19.7800%	2	-	Working Capital	574	Properties	59,331	1,278,738	20,459,808
"	"	H	"	No	57,969	50,170	50,170	1.5747%-19.7800%	2	-	Working Capital	502	Properties	56,027	1,278,738	20,459,808
"	"	I	"	No	45,145	45,116	45,116	1.5747%-19.7800%	2	-	Working Capital	451	Properties	40,228	1,278,738	20,459,808
"	"	J	"	No	45,298	45,113	45,113	1.5747%-19.7800%	2	-	Working Capital	451	Properties	36,687	1,278,738	20,459,808
"	"	Summary of other clients	"	No	5,908,296	3,943,389	3,929,189	1.5747%-19.7800%	2	-	Working Capital	74,232	Bank Deposits/Stocks/Properties/Vehicles/Ships	797,283	1,278,738	20,459,808
"	"	"	"	No	1,840,321	1,228,541	1,205,541	1.5747%-19.7800%	1	2,349,831	-	36,090	Properties/Vehicles/Ships	515,618	1,278,738	20,459,808
3	Chailase Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Other receivables	Yes	300,000	300,000	-	4%-19%	2	-	Working Capital	-	None	-	374,961	3,749,610
"	"	A	"	No	4,000	2,060	2,060	4%-19%	2	-	Working Capital	7	None	-	374,961	3,749,610
"	"	B	"	No	1,200	1,200	1,200	4%-19%	2	-	Working Capital	4	None	-	374,961	3,749,610
"	"	C	"	No	1,100	921	921	4%-19%	1	1,400	-	3	None	-	374,961	3,749,610
"	"	D	"	No	1,000	520	520	4%-19%	2	-	Working Capital	2	None	-	374,961	3,749,610
"	"	E	"	No	506	445	445	4%-19%	2	-	Working Capital	2	None	-	374,961	3,749,610
"	"	F	"	No	800	416	416	4%-19%	2	-	Working Capital	1	None	-	374,961	3,749,610
"	"	G	"	No	356	359	359	4%-19%	2	-	Working Capital	1	None	-	374,961	3,749,610
"	"	H	"	No	355	299	299	4%-19%	2	-	Working Capital	1	None	-	374,961	3,749,610
"	"	I	"	No	587	296	296	4%-19%	1	7,283	-	1	None	-	374,961	3,749,610
"	"	J	"	No	340	246	246	4%-19%	2	-	Working Capital	1	None	-	374,961	3,749,610
"	"	Summary of other clients	"	No	207	-	-	4%-19%	1	7,497	-	-	None	-	374,961	3,749,610
"	"	"	"	No	2,533	911	911	4%-19%	2	-	Working Capital	19	None	-	374,961	3,749,610

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
4	Chailase International Finance Corporation	Chailase International Corp.	Receivables from related party	Yes	2,712,600	2,712,600	-	4.35%-19.97%	2	-	Working Capital	-	None	-	5,772,493	9,235,989
"	"	Chailase International Corp.	"	Yes	1,356,300	1,356,300	-	4.35%-19.97%	2	-	Working Capital	-	None	-	5,772,493	9,235,989
"	"	A	Receivable-short term financing	No	45,210	45,210	-	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	B	"	No	36,168	36,168	-	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	C	"	No	27,126	27,126	-	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	D	"	No	27,126	24,866	24,866	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	E	"	No	22,605	22,605	22,605	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	F	"	No	22,605	22,605	22,605	4.35%-19.97%	2	-	Working Capital	-	Vehicles	832	1,154,499	9,235,989
"	"	G	"	No	20,345	20,345	-	4.35%-19.97%	2	-	Working Capital	-	Equipment	58,375	1,154,499	9,235,989
"	"	H	"	No	20,345	20,345	-	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	I	"	No	20,345	20,345	20,345	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	J	"	No	20,345	19,779	19,779	4.35%-19.97%	2	-	Working Capital	-	None	-	1,154,499	9,235,989
"	"	Summary of other clients	Receivable-short term financing	No	875,971	661,668	607,416	4.35%-19.97%	2	-	Working Capital	38,818	Vehicles Real estate Equipment Properties Inventory	109,560	1,154,499	9,235,989
"	"	"	Receivables-business relationship	No	16,645	7,778	7,778	4.35%-19.97%	1	55,699	-	255	None	-	1,154,499	9,235,989
5	Chailase Specialty Finance Co., Ltd.	A	Other receivables	No	381,744	209,748	209,748	0.98%-14.88%	2	-	Working Capital	2,936	None	-	3,113,208	5,318,151
"	"	B	"	No	131,250	94,500	94,500	0.98%-14.88%	2	-	Working Capital	1,323	None	-	3,113,208	5,318,151
"	"	C	"	No	184,150	92,000	92,000	0.98%-14.88%	2	-	Working Capital	1,288	None	-	3,113,208	5,318,151
"	"	D	"	No	70,000	70,000	70,000	0.98%-14.88%	2	-	Working Capital	980	None	-	3,113,208	5,318,151
"	"	E	"	No	80,000	64,000	64,000	0.98%-14.88%	2	-	Working Capital	896	None	-	3,113,208	5,318,151
"	"	F	"	No	60,000	60,000	60,000	0.98%-14.88%	2	-	Working Capital	840	None	-	3,113,208	5,318,151
"	"	G	"	No	149,070	53,894	53,894	0.98%-14.88%	2	-	Working Capital	755	None	-	3,113,208	5,318,151
"	"	H	"	No	63,000	52,500	52,500	0.98%-14.88%	2	-	Working Capital	735	None	-	3,113,208	5,318,151
"	"	I	"	No	55,000	50,000	50,000	0.98%-14.88%	2	-	Working Capital	700	None	-	3,113,208	5,318,151
"	"	J	"	No	50,000	50,000	50,000	0.98%-14.88%	2	-	Working Capital	700	None	-	3,113,208	5,318,151
"	"	Summary of other clients	"	No	1,311,056	757,217	726,917	0.98%-14.88%	2	-	Working Capital	10,612	Properties	39,124	3,113,208	5,318,151
6	Chailase Finance Securitization Trust 2016	A	"	No	25,260	16,527	16,527	4.01%-15.90%	1	39,405	-	132	Bank Deposits	25,600	49,738	880,589
"	"	B	"	No	18,182	14,407	14,407	4.01%-15.90%	1	50,000	-	115	None	-	49,738	880,589
"	"	C	"	No	14,901	9,834	9,834	4.01%-15.90%	2	-	Working Capital	79	Bank Deposits	3,450	49,738	880,589
"	"	D	"	No	14,477	9,726	9,726	4.01%-15.90%	2	-	Working Capital	78	Bank Deposits	3,000	49,738	880,589
"	"	E	"	No	9,883	9,164	9,164	4.01%-15.90%	1	12,000	-	73	None	-	49,738	880,589
"	"	F	"	No	14,619	8,380	8,380	4.01%-15.90%	2	-	Working Capital	67	Bank Deposits	2,700	49,738	880,589
"	"	G	"	No	13,300	8,176	8,176	4.01%-15.90%	2	-	Working Capital	65	Bank Deposits	6,000	49,738	880,589
"	"	H	"	No	12,629	7,624	7,624	4.01%-15.90%	2	-	Working Capital	61	Bank Deposits	3,000	49,738	880,589
"	"	I	"	No	13,851	7,551	7,551	4.01%-15.90%	2	-	Working Capital	60	None	-	49,738	880,589
"	"	J	"	No	11,405	7,548	7,548	4.01%-15.90%	2	-	-	60	None	-	49,738	880,589
"	"	Summary of other clients	"	No	551,921	294,097	294,097	4.01%-15.90%	2	-	Working Capital	5,335	Bank Deposits	123,175	49,738	880,589
"	"	"	"	No	28,628	17,478	17,478	4.01%-15.90%	1	242,425	-	140	Bank Deposits	14,360	49,738	880,589
7	Chailase International Corp.	Chailase International Corp.	Receivables from related party	Yes	452,100	452,100	-	4.35%	2	-	Working Capital	-	None	-	934,361	1,494,978
8	Chailase International Corp.	"	"	Yes	452,100	452,100	-	4.35%	2	-	Working Capital	-	None	-	961,034	1,537,654

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

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

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

(1) Subsidiary— The maximum fund loaning provided by Chailease Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$3,113,208).

(2) Subsidiary— The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed 10% of net worth (\$1,278,738).

(3) Subsidiary— The maximum fund loaning provided by Chailease Consumer Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$374,961).

(4) Subsidiary— The maximum fund loaning provided by Chailease International Finance Corporation for individual entity cannot exceed 5% of net worth (\$1,154,499). The maximum fund loaning cannot exceed 25% of net worth (\$5,772,493) to individual affiliate.

(5) Subsidiary— The maximum fund loaning provided by Chailease Specialty Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$3,113,208) of parent company (Chailease Finance Co., Ltd.).

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

(7) Subsidiary— The maximum fund loaning provided by Chailease International Corp. for individual entity cannot exceed 5% of net worth (\$186,872). The maximum fund loaning cannot exceed 25% of net worth (\$934,361) to individual affiliate.

(8) Subsidiary— The maximum fund loaning provided by Chailease Finance International Corp. for individual entity cannot exceed 5% of net worth (\$192,207). The maximum fund loaning cannot exceed 25% of net worth (\$961,034) to individual affiliate.

Note 3: Limit on the amount for loaning fund

(1) Subsidiary— Total amount of fund loaning provided by Chailease Finance Co., Ltd. cannot exceed 160% of net worth (\$49,811,325), total amount of fund loaning for short-term financing cannot exceed net worth (\$31,132,077) of the most recent financial statement.

(2) Subsidiary— Total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed 160% of net worth (\$20,459,808), total amount of fund loaning for short-term financing cannot exceed net worth (\$12,787,380) of the most recent financial statement.

(3) Subsidiary— Total amount of fund loaning provided by Chailease Consumer Finance Co., Ltd. cannot exceed net worth (\$3,749,610), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$1,499,844) of the most recent financial statement.

(4) Subsidiary— Total amount of fund loaning provided by Chailease International Finance Corporation cannot exceed 40% of net worth (\$9,235,989) of the most recent financial statement.

(5) Subsidiary— Total amount of fund loaning provided by Chailease Specialty Finance Co., Ltd. cannot exceed net worth (\$5,318,151), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$2,127,260) 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.

(7) Subsidiary— Total amount of fund loaning provided by Chailease International Corp. cannot exceed 40% of net worth (\$1,494,978) of the most recent financial statement.

(8) Subsidiary— Total amount of fund loaning provided by Chailease Finance International Corp. cannot exceed 40% of net worth (\$1,537,654) of the most recent financial statement.

Note 4: Counter parties

(1) Subsidiary— Chailease Finance Co., Ltd.: There are 4,178 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 852 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 24 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 105 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 114 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 132 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

(7) Subsidiary— Chailease International Corp.: There is 1 counter party during the period.

(8) Subsidiary— Chailease Finance International Corp.: There is 1 counter party during the period.

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



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**2. Guarantees and endorsements for other parties:**

(Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement/ guarantee amount provided to each guaranteed party (Note 5)	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 1)										
0	The Company	Chailase International Corp.	2	127,560,808	24,599,460	22,882,462	17,993,795	-	35.88 %	318,902,020	Y		Y
"	"	Chailase International Leasing Company Limited	2	127,560,808	1,896,000	1,863,600	1,442,000	-	2.92 %	318,902,020	Y		
"	"	Golden Bridge (B.V.I.) Corp.	2	127,560,808	158,000	155,300	-	-	0.24 %	318,902,020	Y		
"	"	Chailase International Company (Malaysia) Limited	2	127,560,808	158,000	155,300	155,300	-	0.24 %	318,902,020	Y		
"	"	Chailase Berjaya Credit Sdn. Bhd.	2	31,890,202	8,971,232	8,902,142	6,455,240	-	13.96 %	318,902,020	Y		
"	"	Chailase Royal Leasing Pte.	2	31,890,202	2,034,000	2,018,900	939,410	-	3.17 %	318,902,020	Y		
"	"	Chailase Royal Finance Pte.	2	31,890,202	790,000	776,500	144,429	-	1.22 %	318,902,020	Y		
"	"	Chailase Berjaya Finance Corporation	2	31,890,202	1,767,640	1,767,640	338,848	-	2.77 %	318,902,020	Y		
1	Chailase Finance Co., Ltd.	Chailase Finance (B.V.I.) Company, Ltd.	2	62,264,154	737,160	465,900	465,900	-	1.50 %	155,660,385	Y		
"	"	Chailase Auto Rental Co., Ltd.	2	62,264,154	5,222,000	5,061,200	2,790,000	-	16.26 %	155,660,385	Y		
"	"	Chailase Consumer Finance Co., Ltd.	2	62,264,154	4,865,000	4,865,000	725,000	-	15.63 %	155,660,385	Y		
"	"	Chailase Specialty Finance Co., Ltd.	2	62,264,154	600,000	500,000	-	-	1.61 %	155,660,385	Y		
"	"	Apex Credit Solutions Inc.	2	62,264,154	240,000	160,000	-	-	0.51 %	155,660,385	Y		
"	"	Chailase International Leasing Company Limited (Vietnam)	2	62,264,154	8,317,697	8,177,228	4,812,321	-	26.27 %	155,660,385	Y		
"	"	Chailase International Trading Company Limited (Vietnam)	2	62,264,154	1,010,450	993,300	226,237	-	3.19 %	155,660,385	Y		
"	"	Yun Tang Inc.	2	62,264,154	961,000	918,500	818,500	-	2.95 %	155,660,385	Y		
"	"	Chailase Credit Services Co., Ltd.	2	62,264,154	36,000	36,000	13	-	0.12 %	155,660,385	Y		
"	"	Chailase Energy Integration Co., Ltd.	2	62,264,154	1,330,000	1,280,000	150,000	-	4.11 %	155,660,385	Y		
"	"	Chailase Power Technology Co., Ltd.	2	62,264,154	100,000	100,000	-	-	0.32 %	155,660,385	Y		
"	"	Grand Pacific Financing Corp.	2	63,780,404	3,354,480	3,354,480	985,379	-	10.77 %	155,660,385			
"	"	Chailase International Financial Services Co., Ltd.	2	63,780,404	31,022,560	31,022,560	16,896,235	-	99.63 %	155,660,385			
"	"	Chailase International Financial Services (Liberia) Co., Ltd.	2	63,780,404	107,503	-	-	-	- %	155,660,385			

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No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement/ guarantee amount provided to each guaranteed party (Note 2)	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)										
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	9,693,711	355,775	355,775	-	-	7.34 %	24,234,278	Y		
3	Chailase International Finance Corporation	Chailase International Corp.	2	46,179,944	9,528,934	9,430,483	3,112,257	-	40.84 %	115,449,860	Y		Y
-	-	Chailase Finance International Corp.	2	46,179,944	6,135,321	5,863,194	2,644,202	-	25.39 %	115,449,860	Y		Y
-	-	DMC Energy Management Services (Shenzhen) Co., Ltd.	4	11,544,986	103,568	101,723	12,196	-	0.44 %	115,449,860			Y
4	Grand Pacific Holding Corp.	Grand Pacific Financing Corp.	2	1,195,903	155,300	155,300	-	-	8.62 %	1,195,903	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 \$1,937,100. 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 of the most recent financial statement. The maximum of guarantees and endorsements for individual counter party cannot exceed double of its net worth.

Note 7: Subsidiary— The maximum and the total amount of guarantees and endorsements provided by Grand Pacific Holding Corp. cannot exceed five times of its capital.

Note 8: Subsidiary— The maximum guarantees and endorsements provided by Chailase International Finance Corporation cannot exceed five times of net worth of the most recent financial statement. 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 9: The total amount of guarantees and endorsements provided by the Company for Chailase International Finance Corp. and Chailase International Corp. is CNY130,000 thousand (\$587,730). The total amount has been disclosed in the balance of guarantees and endorsements for Chailase International Corp.

Note 10: 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 (\$310,600). 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)	
Chalease Finance Co., Ltd.	Ta Chen Stainless Pipe Co., Ltd.	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	330	14,949	- %	14,949	
"	Fubon Financial Holding Co., Ltd.	"	"	420	19,257	- %	19,257	
"	Fubon SSE 180 ETF	"	"	250	7,942	- %	7,942	
"	ShinKong Insurance Co., Ltd.	"	"	30	1,194	- %	1,194	
"	Chicony	"	"	95	7,258	- %	7,258	
"	GSD Technologies Co., Ltd.	"	"	115	7,118	- %	7,118	
"	Topco Scientific Co., Ltd.	"	"	80	6,680	- %	6,680	
"	Yuanta/P-shares Taiwan Dividend Plus ETF	"	"	250	6,647	- %	6,647	
"	Cathay FTSE China A50 ETF	"	"	250	5,450	- %	5,450	
"	China Life Insurance Co., Ltd.	"	"	100	2,485	- %	2,485	
"	Sinyi Realty Inc.	"	"	100	3,215	- %	3,215	
"	Forcera Materials Co., Ltd. (Former name : SIC Electronics Co., Ltd.)	"	"	126	480	- %	480	
"	LandMark Optoelectronics Corporation	"	"	41	10,722	- %	10,722	
"	Wistron NeWeb Corporation	"	"	150	10,980	- %	10,980	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	25	5,975	- %	5,975	
"	Accton Technology Corp.	"	"	71	9,337	- %	9,337	
"	Mediatek Inc.	"	"	34	10,676	- %	10,676	
"	Visual Photonics Epitaxy Co. Ltd	"	"	135	10,787	- %	10,787	
"	Asia Vital Components Co. Ltd.	"	"	185	7,113	- %	7,113	
"	FOCI Fiber Optic Communications, Inc.	"	"	117	5,183	- %	5,183	
"	Globalwafers. Co., Ltd.	"	"	35	11,008	- %	11,008	
"	Webi & Net Internet Services Inc.	"	"	250	-	10.53 %	-	(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)
"	Azanda Network Devices	"	"	714	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	Sampotech Co., Ltd.	"	"	369	-	0.10 %	-	(Note 2)

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	TECO Nanotech Co., Ltd	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	95	-	0.38 %	-	(Note 2)
"	Deerport Ariation Corp.	"	"	-	-	10.48 %	-	(Note 2) shareholding less than 1,000 shares
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	339,932	- %	339,932	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	180,000	- %	180,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	346,840	- %	346,840	
"	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	-	"	-	95,300	- %	95,300	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	45,000	- %	45,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	152,080	- %	152,080	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	42,852	- %	42,852	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	492,000	- %	492,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	17,280	- %	17,280	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	211,024	- %	211,024	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	890,000	- %	890,000	
"	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	-	"	-	25,000	- %	25,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	36,630	- %	36,630	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	36,000	- %	36,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	57,485	- %	57,485	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance				Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chailease Finance Co., Ltd.	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	31,007	- %	31,007	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	68,000	- %	68,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	130,000	- %	130,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	83,000	- %	83,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	165,000	- %	165,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	44,500	- %	44,500	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	49,700	- %	49,700	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	49,500	- %	49,500	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	29,000	- %	29,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	16,000	- %	16,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	69,250	- %	69,250	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	450,000	- %	450,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	2,045	- %	2,045	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	4,009	- %	4,009	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	2,530	- %	2,530	

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	--	Current financial assets at amortized cost	-	67,000	- %	67,000	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	53,000	- %	53,000	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	125,679	- %	125,679	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	232,000	- %	232,000	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	168,300	- %	168,300	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	20,700	- %	20,700	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	--	"	-	222,490	- %	222,490	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	343,700	- %	343,700	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	48,000	- %	48,000	
"	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	-	"	-	218,682	- %	218,682	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	165,000	- %	165,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	212,800	- %	212,800	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	258,446	- %	258,446	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	153,240	- %	153,240	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	55,100	- %	55,100	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	377,240	- %	377,240	

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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 Shin Kong's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	47,290	- %	47,290	
"	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	—	"	-	27,710	- %	27,710	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	44,675	- %	44,675	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	12,100	- %	12,100	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	71,836	- %	71,836	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	68,000	- %	68,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	52,600	- %	52,600	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	96,870	- %	96,870	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	445,500	- %	445,500	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	573,000	- %	573,000	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	—	"	-	60,700	- %	60,700	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	146,520	- %	146,520	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	"	-	27,700	- %	27,700	
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	20,000	- %	20,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	53,000	- %	53,000	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	252,600	- %	252,600	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	305,100	- %	305,100	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	23,580	- %	23,580	

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chalease Finance Co., Ltd.	Chaoфу real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	10,454	- %	10,454	
"	Chaoфу real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	20,491	- %	20,491	
"	Chaoфу real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	20,470	- %	20,470	
"	Chaoфу real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	29,600	- %	29,600	
"	Chaoфу real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	26,000	- %	26,000	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	500,000	- %	500,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	1,840	- %	1,840	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	10,164	- %	10,164	
"	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	—	"	-	345,000	- %	345,000	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	—	"	-	19,080	- %	19,080	
"	Chicony	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	360	27,519	0.05 %	27,519	
"	CICI Corp.	"	"	770	35,613	0.10 %	35,613	
"	U-Ming Marine Transport Corp.	"	"	270	9,032	0.03 %	9,032	
"	Chin Poon	"	"	380	13,205	0.10 %	13,205	
"	O-Bank Co., Ltd	"	"	92,694	763,799	3.42 %	763,799	
"	Subton Technology Co., Ltd.	"	"	288	3,541	0.10 %	3,541	
"	Kingmax Technology Inc.	"	"	2,081	21,043	4.73 %	21,043	
"	Spring House Entertainment Tech Inc.	"	"	857	7,298	4.67 %	7,298	
"	Everterminal Co., Ltd.	"	"	490	5,432	0.50 %	5,432	
"	Enova Technology Corp.	"	"	550	720	3.07 %	720	
"	Tekcon Electronics Corp.	"	"	137	2,180	0.52 %	2,180	



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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)	
Chailease Finance Co., Ltd.	Ecomsoftware Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	130	2,186	2.60 %	2,186	
"	Crownpo Technology Inc.	"	"	57	1,082	0.51 %	1,082	
"	Book4u Co., Ltd.	"	"	9	87	0.19 %	87	
Chailease Speciality Finance Co., Ltd.	Linkou amusement Co., Ltd.(Stock)	"	"	-	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	-	155,000	- %	155,000	
"	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	-	"	-	5,491	- %	5,491	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	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	214	0.14 %	214	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	10	9,657	19.00 %	9,657	
"	Bumrungrad Hospital (Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	59	10,049	0.10 %	10,049	
Chailease International Financial Services Co., Ltd.	Clean Focus Yield Limited	"	"	-	651,391	- %	651,391	
Grand Pacific Holding Corp.	Mobileshift, Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	359	7,765	3.45 %	7,765	
"	Stemcyte Inc.	"	"	38	1,553	0.15 %	1,553	
Grand Pacific Financing Corp.	Swabplus Inc.	"	"	10	-	- %	-	
"	Mobileshift, Inc.	"	"	358	7,765	3.45 %	7,765	
"	Stemcyte Inc.	"	"	38	1,553	0.15 %	1,553	
Chailease International Company(Malaysia) Limited	Anywhere 2 GO Co. Ltd CB	Investee company accounted for under the financial assets at fair value through profit or loss	Non-current financial assets at fair value through profit or loss	-	70,786	- %	70,786	

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

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

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

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company name	Marketable securities type and name (Note 1)	Financial statement account (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	Chailease International Financial Services Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
Chailease Finance Co., Ltd.	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	Financial assets at amortized cost	-	-	-	-	-	500,000	-	-	-	-	-	500,000
-	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	-	-	-	-	-	343,700	-	-	-	-	-	343,700
-	-	-	-	-	-	860,000	-	-	-	-	860,000	-	-	-
-	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	-	-	-	651,000	-	-	-	-	651,000	-	-	-

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.

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	Chailease International Company (Malaysia) Limited	Parent Company	3,556,370	-	-		-	-
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd	Subsidiaries	1,155,978	-	-		-	-

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Company name	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	Subsidiaries	351,230	-	-		-	-
My Leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	Associates	1,686,399	-	-		-	-
Chailease International Financial Services Co., Ltd.	Chailease International Company (Malaysia) Limited	Associates	1,389,070	-	-		-	-
"	Chailease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	694,012	-	-		-	-
Chailease Finance (B.V.I.) Company, Ltd.	Chailease International Financial Services Co., Ltd.	Associates	4,688,726	-	-		-	-
"	Chailease International Financial Services (Liberia) Corp.	Associates	467,052	-	-		-	-
Chailease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	311,850	-	-		-	-
"	Chailease International Company (UK) Limited	Subsidiaries	4,895,765	-	-		-	-
"	Chailease Royal Finance Plc.	Subsidiaries	144,804	-	-		-	-
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Subsidiaries	4,206,114	-	-		-	-
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Subsidiaries	1,959,175	-	-		-	-
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public company Limited.	Subsidiaries	3,843,252	-	-		-	-

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

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

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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			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	Chalease Holding Co., Ltd	Chalease Berjaya Credit Sdn. Bhd. • Chalease Berjaya Finance Corporation • Chalease Royal Leasing Plc. • Chalease International Leasing Company Limited (Vietnam) • Chalease International Company (Malaysia) Limited • Chalease Royal Finance Plc.	1	Other current financial assets	3,606,361	Same as normal transactions	0.82 %
0	"	Chalease Royal Leasing Plc. • Chalease Royal Finance Plc. • Chalease Berjaya Finance Corporation • Chalease Berjaya Credit Sdn. Bhd. • Chalease International Leasing Company Limited (Vietnam)	1	Non-operating income	54,291	"	0.20 %
1	Chalease Finance Co., Ltd	Chalease Berjaya Credit Sdn. Bhd. • Chalease Finance (B.V.I.) Company, Ltd. • Chalease Credit Services Co., Ltd. • Yun Tang Inc. • Chalease Energy Integration Co., Ltd. • Chalease Finance Securitization Trust 2016 • Chalease Consumer Finance Co., Ltd. • Golden Bridge (B.V.I.) Corp. • Chalease International Finance Corporation • Chalease International Financial Services Co., Ltd. • Grand Pacific Holdings Corp. • Chalease Royal Leasing Plc • Chalease Berjaya Finance Corporation • Chalease Auto Rental Co., Ltd. • Chalease International Leasing Company Limited (Vietnam) • Chalease International Trading Company Limited (Vietnam) • Chalease Royal Finance Plc. • Chalease Insurance Brokers Co., Ltd. • Fina Finance & Trading Co., Ltd. • Asia Sermkij Leasing Public Co., Ltd. • Bangkok Grand Pacific Lease Public Company Limited	3	Other current financial assets	1,411,528	"	0.32 %
1	"	Chalease Specialty Finance Co., Ltd.	3	Payables and notes	351,230	"	0.08 %
1	"	Chalease Auto Rental Co., Ltd. • Chalease International Finance Corporation • Fina Finance & Trading Co., Ltd. • Chalease International Company (UK) Limited • Yun Tang Inc.	3	Other current financial liabilities	4,254,464	"	0.96 %
1	"	Fina Finance & Trading Co., Ltd. • Chalease Auto Rental Co., Ltd. • Chalease International Company (UK) Limited. • Apec Credit Solution Inc.	3	Operating cost and expenses	90,626	"	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	Chailase Speciality Finance Co., Ltd. • Chailase Berjaya Credit Sdn. Bhd. • Chailase Finance (B.V.I.) Company, Ltd. • Chailase Credit Services Co., Ltd. • 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. • Chailase International Trading Company Limited (Vietnam) • Chailase Auto Rental Co., Ltd. • Fina Finance & Trading Co., Ltd. • Chailase Royal Finance Plc.	3	Operating revenues and non-operating income	326,536	Same as normal transactions	1.19 %
2	Chailase Finance (B.V.I.) Company, Ltd.	Chailase International Financial Services Co., Ltd. • Chailase International Financial Services (Liberia) Corp.	3	Financing and interest receivable	5,155,777	"	1.17 %
2	"	"	3	Operating revenues	119,684	"	0.44 %
3	Chailase International Finance Corporation	Chailase Finance Co., Ltd • Jirong Real Estate Co., Ltd • My Leasing (Mauritius) Corp.	3	Other current financial liabilities	2,065,426	"	0.47 %
3	"	Chailase Finance Co., Ltd • Jirong Real Estate Co., Ltd	3	Operating expense	118,827	"	0.43 %
4	Golden Bridge (B.V.I.) Corp.	Chailase Finance Co., Ltd.	3	Other current financial liabilities	45,497	"	0.01 %
4	"	Chailase International Company (Malaysia) Limited. • My Leasing (B.V.I.) Corp. • My Leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,091,835	"	0.47 %
4	"	"	3	Operating expense	43,736	"	0.16 %
5	My leasing (Mauritius) Corp.	Golden Bridge (B.V.I.) Corp.	3	Financing and interest receivable	93,586	"	0.02 %
5	"	Chailase International Finance Corporation	3	Other current financial assets	1,959,175	"	0.44 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited • SK Insurance Broker Co., Ltd.	3	Other current financial assets	3,849,791	"	0.87 %
6	"	"	3	Operating revenues and non-operating income	82,240	"	0.30 %

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No.	Company name	Counter-party	Nature of relationship	Financial statements item	Intercompany transactions		Percentage of the consolidated net revenue or total assets
					Amount	Terms	
7	Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Labuan) Co., Ltd. ∙ Chailease International Company (Malaysia) Limited	3	Financing and interest receivable	1,535,890	Same as normal transactions	0.35 %
7	"	Chailease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	547,193	"	0.12 %
7	"	Chailease Finance (B.V.I.) Company, Ltd.	3	Borrowings and interest payable	4,688,726	"	1.07 %
7	"	Chailease Finance Co., Ltd. ∙ Chailease Finance (B.V.I.) Company, Ltd.	3	Operating cost and expenses	143,628	"	0.52 %
7	"	Chailease International Financial Services (Labuan) Co., Ltd. ∙ Chailease International Company (Malaysia) Limited	3	Operating revenues	53,465	"	0.19 %
8	Chailease International Company (Malaysia) Limited	Chailease International Company (UK) Limited ∙ Golden Bridge (B.V.I.) Corp. ∙ Chailease Royal Finance Plc.	3	Financing and interest receivable	1,846,683	"	0.42 %
8	"	"	3	Operating revenues	41,419	"	0.15 %
8	"	Chailease International Financial Services Co., Ltd.	3	Borrowings and interest payable	1,389,070	"	0.31 %
9	Chailease International Company (UK) Limited	Chailease International Company (Malaysia) Limited	3	Borrowings and interest payable	1,390,055	"	0.31 %
9	"	"	3	Other current financial liabilities	3,505,710	"	0.79 %
9	"	"	3	Operating expense	31,903	"	0.12 %
9	"	Chailease Finance Co., Ltd. ∙ Chailease Energy Integration Co., Ltd.	3	Other current financial assets	4,206,705	"	0.95 %
10	Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	3	Capital leases receivable	351,230	"	0.08 %
11	Fina Finance & Trading Co., Ltd.	"	3	Other current financial liabilities	1,155,978	"	0.26 %
11	"	Chailease Finance Co., Ltd. ∙ Apex Credit Solution Inc. ∙ Chailease Auto Rental Co., Ltd. ∙ Chailease Consumer Finance Co., Ltd.	3	Operating cost and expenses	103,993	"	0.38 %
11	"	Chailease Finance Co., Ltd. ∙ Chailease Auto Rental Co., Ltd. ∙ Chailease Consumer Finance Co., Ltd.	3	Other current financial assets	37,377	"	0.01 %
11	"	Chailease Finance Co., Ltd. ∙ Chailease Auto Rental Co., Ltd. ∙ Chailease Insurance Broker Co., Ltd. ∙ Chailease Consumer Finance Co., Ltd.	3	Operating revenues	38,419	"	0.14 %
12	My leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	3	Financing and interest receivable	1,686,399	"	0.38 %
12	"	"	3	Operating revenues	35,375	"	0.13 %
13	Chailease Royal Finance Plc.	Chailease International Company (Malaysia) Limited	3	Borrowings and interest payable	144,804	"	0.03 %
14	Chailease International Financial Services (Liberia) Corp.	Chailease Finance (B.V.I.) Company, Ltd.	3	Borrowings and interest payable	467,052	"	0.11 %
15	Chailease Berjaya Credit Sdn. Bhd.	Chailease Holding Company Limited	2	Other current financial liabilities	32,869	"	0.01 %
15	"	"	2	Operating expense	32,951	"	0.12 %

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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
16	Chailase International Financial Service (Labuan) Co., Ltd	Chailase International Financial Services Co., Ltd	3	Borrowings and interest payable	694,012	Same as normal transactions	0.16 %
17	Bangkok Grand Pacific Lease Public Company Limited	Asia Sermkij Leasing Public Company Limited	3	Borrowings and interest payable	3,843,252	"	0.87 %
17	"	Asia Sermkij Leasing Public Company Limited - Chailase Finance Co., Ltd.	3	Operating cost and expenses	43,771	"	0.16 %
18	SK Insurance Broker Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited - Asia Sermkij Leasing Public Company Limited	3	Operating cost and expenses	41,423	"	0.15 %
19	Apex Credit Solution Inc.	Chailase Finance Co., Ltd. - Chailase Consumer Finance Co., Ltd. - Fina Finance & Trading Co., Ltd.	3	Operating revenues	45,562	"	0.17 %

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, 2019 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, 2019			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Chailase International Company (Malaysia) Limited	Malaysia	Investment	19,767,053	19,518,573	1,107,247	100.00 %	34,389,637	3,605,737	3,605,737	
"	Chailase International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	3,012,820	2,546,920	97,000	100.00 %	4,619,163	467,350	467,350	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	151,923	151,923	3,927	51.00 %	1,122,441	398,006	202,983	
"	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	13,088,980	13,088,980	377,150	100.00 %	29,528,371	3,523,450	3,523,450	
"	Chailase International Company (Hong Kong) Limited	Hong Kong	Investment	9,319	9,319	300	100.00 %	9,013	(164)	(164)	

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				June 30, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chailase International Company (Malaysia) Limited	Chailase International (B.V.I.) Corp.	British Virgin Islands	Investment	829,620	705,380	26,550	100.00 %	898,927	141,760	141,760	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	464,297	464,297	40,698	11.57 %	582,351	373,981	43,270	
"	Chailase International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	23,652,223	23,652,223	397,567	100.00 %	31,481,635	3,340,048	3,340,048	
"	Chailase Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	505,260	378,945	70,000	70.00 %	663,015	95,746	67,022	
"	Chailase Royal Leasing Plc.	Cambodia	Leasing	93,180	93,180	3,000	60.00 %	138,074	48,318	28,991	
"	Chailase Royal Finance Plc.	Cambodia	Financing	55,659	18,387	2,112	60.00 %	36,363	(7,532)	(4,519)	
"	Yellowstone Holding AG	Swiss	Venture capital investment	167,239	167,239	525,000	35.00 %	142,376	(12,689)	(4,441)	
"	Chailase Berjaya Finance Corporation	Philippines	Leasing and financing	161,784	89,880	270,000	60.00 %	126,353	(5,414)	(3,248)	
Chailase Berjaya Credits Sdn. Bhd.	Chailase Agency Sdn. Bhd.	Malaysia	Insurance Brokers	722	722	100	100.00 %	12,043	3,658	3,658	
Chailase International Company (UK) Limited	Chailase Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	19,475,919	19,475,919	1,522,100	100.00 %	31,132,078	3,602,074	3,602,074	
"	C&E Engine Leasing Limited	Ireland	Leasing	512,714	484,385	16,507	50.00 %	520,212	14,972	7,486	
Chailase International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	812	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	4,369	(40)	(19)	
"	Chailase Greater China SME Fund, L.P.	Cayman Islands	Investment funds	416,299	412,442	-	48.00 %	416,772	(10,232)	(4,911)	
"	Diamond Rain Group Limited	British Virgin Islands	Investment	401,283	269,787	12,920	35.28 %	469,225	415,992	146,761	
Chailase Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	6,891,242	6,891,242	584,300	100.00 %	12,821,670	1,141,352	1,141,352	
"	Chailase Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,225,015	120,428	120,428	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	528,020	528,020	17,000	100.00 %	1,848,347	35,278	35,278	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	854,982	854,982	128,837	36.61 %	1,842,686	373,981	136,914	



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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2019			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chalease Finance Co., Ltd.	Chalease Finance (B.V.I.) Company, Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	1,270,665	1,270,665	40,910	100.00 %	4,930,678	65,931	65,931	
"	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	194,102	23,100	23,100	
"	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,198	(57)	(16)	
"	Chalease International Leasing Company Limited(Vietnam)	Vietnam	Leasing	764,418	764,418	-	100.00 %	1,276,462	63,966	63,966	
"	Chalease Auto Rental Co., Ltd.	Taiwan	Leasing	1,352,227	1,352,227	135,000	100.00 %	1,408,341	40,859	40,859	
"	Chalease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	41,624	25,372	25,372	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	127,617	127,617	3,773	49.00 %	1,078,424	398,006	195,023	
"	Chalease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,669	(11)	(11)	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	468,992	7,808	7,808	
"	Chalease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	361,444	248,614	248,614	
"	Chalease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	100.00 %	698,503	130,592	130,592	
"	Chalease Power Technology Co., Ltd.	Taiwan	Solar power business	250,000	250,000	25,000	100.00 %	249,937	1	1	
"	Chalease International Trading Company Limited.(Vietnam)	Vietnam	Trading	155,300	155,300	-	100.00 %	157,081	5,682	5,682	
Fina Finance & Trading Co., Ltd.	Chalease Consumer Finance Co., Ltd.	Taiwan	Leasing, installment sales and factoring	2,652,436	2,652,436	215,530	100.00 %	3,958,228	208,730	208,730	
"	Chalease Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	10,001	10,001	1,000	100.00 %	9,776	(87)	(87)	
Chalease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	1,800,000	1,800,000	-	- %	1,977,163	81,224	81,224	(Note 2)

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2019			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Chalease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	1,500,000	-	- %	1,568,587	68,587	68,587	(Note 3)
Chalease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	-	-	(Note 2)
Chalease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	-	-	(Note 3)
Chalease International Financial Services Co., Ltd.	Chalease International Financial Services (Liberia) Corp.	Liberia	Leasing	311	311	-	100.00 %	173,081	19,252	19,252	share holding less than 1,000 shares
-	Chalease International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	932	932	30	100.00 %	8,075	(113)	(113)	

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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Losses) of the Investee	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Inward Remittance of Earnings as of June 30, 2019
					Outflow	Inflow						
Chalease International Finance Corporation	Leasing	10,715,700	( 2 )	-	-	-	-	3,652,833	97.85 %	3,652,833	29,000,461	3,199,180
Chalease Finance International Corp.	Leasing	1,863,600	( 2 )	-	-	-	-	328,466	98.39 %	328,466	4,169,884	-
Chalease International Corp.	Trading	904,200	( 2 )	-	-	-	-	461,686	97.85 %	461,886	4,195,313	-
Jirong Real Estate Co., Ltd.	House property leasing and management	768,570	( 2 )	-	-	-	-	4,828	97.85 %	4,828	817,594	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	113,025	( 2 )	-	-	-	-	9,710	19.57 %	1,677	20,923	-

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

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

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

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

Note 3: The limit is not 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS**  
**CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**June 30, 2019 and 2018**

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

**3. Significant transactions:**

The aforementioned inter company transaction have been eliminated upon consolidation for the six months ended June 30, 2019, please refer to Note (13) (a).

**(14) Segment Information**

Operating segments financial information:

	For the three months ended June 30, 2019					
	Taiwan	China	ASEAN	Others	Elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 6,262,576	6,618,682	1,591,362	101,257	-	14,573,877
Intersegment revenues	317,007	20,191	204,658	21,681	(563,537)	-
<b>Total revenue</b>	<u>\$ 6,579,583</u>	<u>6,638,873</u>	<u>1,796,020</u>	<u>122,938</u>	<u>(563,537)</u>	<u>14,573,877</u>
<b>Reportable segment profit or loss</b>	<u>\$ 1,911,298</u>	<u>1,940,171</u>	<u>297,416</u>	<u>11,189</u>	<u>-</u>	<u>4,160,074</u>
	For the three months ended June 30, 2018					
	Taiwan	China	ASEAN	Others	Elimination	Total
<b>Revenue</b>						
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)	-
<b>Total revenue</b>	<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>
<b>Reportable segment profit or loss</b>	<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 six months ended June 30, 2019					
	Taiwan	China	ASEAN	Others	Elimination	Total
<b>Revenue</b>						
Revenue from external customers	\$ 12,082,275	12,193,120	3,000,057	194,150	-	27,469,602
Intersegment revenues	620,885	40,420	241,469	41,420	(944,194)	-
<b>Total revenue</b>	<u>\$ 12,703,160</u>	<u>12,233,540</u>	<u>3,241,526</u>	<u>235,570</u>	<u>(944,194)</u>	<u>27,469,602</u>
<b>Reportable segment profit or loss</b>	<u>\$ 3,667,839</u>	<u>3,558,825</u>	<u>574,747</u>	<u>54,082</u>	<u>-</u>	<u>7,855,493</u>
	For the six months ended June 30, 2018					
	Taiwan	China	ASEAN	Others	Elimination	Total
<b>Revenue</b>						
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)	-
<b>Total revenue</b>	<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>
<b>Reportable segment profit or loss</b>	<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>