

**CHAILEASE HOLDING COMPANY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018**

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Representation Letter

The entities that are required to be included in the combined financial statements of Chailease Holding Company Limited as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chailease Holding Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Chailease Holding Company Limited
Chairman: Fong Long, Chen
Date: March 25, 2020



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Chailease Holding Company Limited:

Opinion

We have audited the consolidated financial statements of Chailease Holding Company Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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



1. Impairment assessment of accounts receivable

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of operating lease assets

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

Description of key audit matter:

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

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

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

How the matter was addressed in our audit:

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



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

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

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

Those charged with governance(including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the propriety of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2020

Notes to Readers

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

CHAILLEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2019.12.31		2018.12.31		2019.12.31		2018.12.31		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets :									
1100 Cash and cash equivalents (Notes (6)(a) and (7))	\$ 18,660,546	4	17,579,967	5	2100	\$ 60,184,562	12	54,056,709	14
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	232,658	-	1,005,642	-	2110	72,672,364	15	65,273,584	16
1136 Current financial assets at amortized cost (Note (6)(b))	10,799,119	2	10,211,997	3	2126	42,730	-	6,022	-
1139 Current financial assets for hedging (Notes (6)(b) and (6)(c))	465,101	-	94,684	-	2170	6,586,307	1	4,313,564	1
1170 Accounts receivable, net (Notes (6)(d), (7) and (8))	322,186,288	65	264,233,577	66	2230	2,011,215	-	1,845,873	1
1476 Other current financial assets (Notes (7) and (8))	8,514,593	2	4,354,916	1	2280	928,133	-	-	-
1479 Other current assets (Notes (6)(e))	6,258,911	1	5,062,848	1	2305	132,600,997	27	108,424,519	27
	<u>367,117,216</u>	<u>74</u>	<u>302,543,631</u>	<u>76</u>	<u>2320</u>	<u>3,581,389</u>	<u>1</u>	<u>1,390,048</u>	<u>-</u>
Non-current assets :					<u>2399</u>	<u>324,375,686</u>	<u>65</u>	<u>272,813,141</u>	<u>68</u>
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	87,919	-	-	-		17,297,324	3	13,017,464	3
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(b))	899,035	-	947,180	-	2530	69,210,404	14	42,428,820	11
1535 Non-current financial assets at amortized cost (Note (6)(b))	2,769,750	1	2,058,584	1	2540	2,578,605	1	2,433,046	1
1550 Investments accounted for using equity method (Note (6)(f))	1,786,090	-	1,268,249	-	2570	2,668,312	1	-	-
1600 Property, plant and equipment (Notes (6)(g), (7) and (8))	34,476,923	7	10,349,301	3	2600	7,269,508	1	5,622,139	1
1755 Right-of-use assets (Notes (6)(h) and (7))	3,599,096	1	-	-		99,024,153	20	63,501,469	16
1780 Intangible assets (Note (6)(i))	75,308	-	75,746	-		423,599,839	85	336,314,610	84
1840 Deferred tax assets (Note (6)(p))	3,428,945	1	3,360,546	1					
1930 Long-term accounts receivable, net (Notes (6)(d), (7) and (8))	82,026,218	16	78,783,682	19		13,282,000	3	12,895,146	3
1995 Other non-current assets (Notes (7) and (8))	<u>1,071,359</u>	<u>-</u>	<u>990,790</u>	<u>-</u>	3100	17,379,467	4	17,367,796	4
	130,220,643	26	97,834,078	24	3200	2,095,945	-	1,397,823	-
					3320	40,287,825	8	31,649,405	8
					3350	(3,283,275)	(1)	(2,095,945)	-
					3400	69,761,962	14	61,214,225	15
					36XX	4,176,058	1	2,848,874	1
						73,938,020	15	64,063,099	16
TOTAL ASSETS	<u>\$ 497,337,859</u>	<u>100</u>	<u>400,377,709</u>	<u>100</u>		<u>\$ 497,337,859</u>	<u>100</u>	<u>400,377,709</u>	<u>100</u>
LIABILITIES AND EQUITY									
Current Liabilities :									
Short-term borrowings (Notes (6)(k), (7) and (8))									
Short-term notes and bills payable (Notes (6)(l))									
Current financial liabilities for hedging (Note (6)(e))									
Accounts and notes payable									
Current tax liabilities									
Current lease liabilities (Note (6)(m) and (7))									
Other current financial liabilities (Notes (7))									
Long-term liabilities, current portion (Note (6)(k), (6)(l), (7) and (8))									
Other current liabilities									
Non-current Liabilities :									
Bonds payable (Notes (6)(l))									
Long-term borrowings (Notes (6)(k), (7) and (8))									
Deferred tax liabilities (Note 6(p))									
Non-current lease liabilities (Note (6)(m) and (7))									
Other non-current liabilities (Note (6)(o))									
Total Liabilities									
Equity attributable to owners of the Company : (Note (6)(q))									
Share Capital									
Capital surplus									
Special reserve									
Unappropriated retained earnings									
Other equity items									
Total equity attributable to owners of the Company									
Non-controlling interests									
Total equity									
TOTAL LIABILITIES AND EQUITY									

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

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2019		2018	
		Amount	%	Amount	%
Operating revenues: (Note (7))					
4111	Sales revenue	\$ 12,916,446	22	9,975,354	20
4810	Interest revenue - installment sales	9,542,085	16	8,446,600	17
4820	Interest revenue - capital leases	17,392,662	29	13,423,761	26
4300	Rental revenue - operating leases	3,383,399	6	3,197,591	6
4230	Interest revenue - loans	4,657,584	8	3,903,170	8
4240	Other interest revenue	4,984,254	8	3,836,634	8
4881	Other operating revenue	6,255,802	11	7,689,480	15
		<u>59,132,232</u>	<u>100</u>	<u>50,472,590</u>	<u>100</u>
Operating costs: (Note (7))					
5111	Cost of sales	10,663,601	18	8,684,617	17
5240	Interest expense	7,971,686	14	6,100,184	12
5300	Cost of rental revenue	2,389,994	4	2,371,735	5
5800	Other operating costs	2,462,771	4	2,227,306	4
		<u>23,488,052</u>	<u>40</u>	<u>19,383,842</u>	<u>38</u>
Gross profit from operation		35,644,180	60	31,088,748	62
6400	Operating expenses (Note (7))	11,069,596	19	9,394,652	19
6450	Expected credit loss (Note (6)(d))	4,267,311	7	3,782,855	7
6500	Net other income and expenses (Note (6)(f))	454,404	1	158,194	-
	Operating profit	<u>20,761,677</u>	<u>35</u>	<u>18,069,435</u>	<u>36</u>
Non-operating income and expenses:					
7100	Interest income	131,685	-	105,015	-
7130	Dividend income	17,376	-	49,533	-
7020	Other gains and losses (Note (6)(u) and (7))	611,348	1	703,195	1
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(f))	225,243	-	(77,117)	-
		<u>985,652</u>	<u>1</u>	<u>780,626</u>	<u>1</u>
7900	Profit before income tax	21,747,329	36	18,850,061	37
7950	Less: Income tax expenses (Note (6) (p))	5,649,770	10	4,957,568	10
	Profit for the period	<u>16,097,559</u>	<u>26</u>	<u>13,892,493</u>	<u>27</u>
Other comprehensive income (loss):					
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(153,068)	-	(87,802)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(34,723)	-	(87,476)	-
8349	Less: Income tax related to components that will not be reclassified to profit or loss	(30,613)	-	(17,560)	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(157,178)</u>	<u>-</u>	<u>(157,718)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation	(1,413,497)	(2)	(104,329)	-
8368	Gains (loss) on hedging instrument	370,622	1	(381,191)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	3,760	-	(3,745)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(13,034)	-	44,777	-
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(1,026,081)</u>	<u>(1)</u>	<u>(534,042)</u>	<u>(1)</u>
	Other comprehensive income (net of tax)	<u>(1,183,259)</u>	<u>(1)</u>	<u>(691,760)</u>	<u>(1)</u>
8500	Total comprehensive income for the period	<u>\$ 14,914,300</u>	<u>25</u>	<u>\$ 13,200,733</u>	<u>26</u>
Profit attributable to:					
8610	Owners of the Company	\$ 15,468,812	25	13,369,370	26
8620	Non-controlling interests	628,747	1	523,123	1
		<u>\$ 16,097,559</u>	<u>26</u>	<u>\$ 13,892,493</u>	<u>27</u>
Comprehensive income attributable to:					
8710	Owners of the Company	\$ 14,159,744	24	12,602,264	25
8720	Non-controlling interests	754,556	1	598,469	1
		<u>\$ 14,914,300</u>	<u>25</u>	<u>\$ 13,200,733</u>	<u>26</u>
9750	Basic earnings per share (NT dollars) (Note (6)(r))	<u>\$ 11.65</u>		<u>\$ 10.07</u>	

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

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Total equity			
	Stock	Share capital	Capital surplus	Special reserve	Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of hedges of net investments in foreign operations		Gains (losses) on hedging instruments	Total equity attributable to owners of the Company	Non-controlling interests
Balance at January 1, 2018		\$ 12,642,300	17,367,796	674,779	24,374,823	(1,491,002)	(93,386)	(93,386)	(145)	186,710	-	53,661,875	2,501,946	56,163,821
Effects of retrospective application		-	-	-	(245,840)	-	-	-	-	(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)	145	-	-	-	53,416,035	2,414,801	55,830,836
Profit for the year ended December 31, 2018		-	-	-	13,369,370	(225,800)	(87,476)	-	-	-	-	13,369,370	523,123	13,892,493
Other comprehensive income (loss) for the year ended December 31, 2018		-	-	-	(72,629)	(225,800)	(87,476)	-	-	-	(381,191)	(767,106)	75,346	(691,760)
Total comprehensive income (loss) for the year ended December 31, 2018		-	-	-	13,296,741	(225,800)	(87,476)	-	-	-	(381,191)	12,602,264	598,469	13,200,733
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		-	-	-	-	-	-	-	-	-	-	-	(164,396)	(164,396)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	3,655	-	(3,655)	-	-	-	-	-	-	-
Balance at December 31, 2018		12,895,146	17,567,796	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	17,567,796	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 year ended December 31, 2019		-	-	-	15,468,812	(1,522,512)	(34,723)	-	-	-	-	15,468,812	628,747	16,097,559
Other comprehensive income (loss) for the year ended December 31, 2019		-	-	-	(122,455)	(1,522,512)	(34,723)	-	-	-	370,622	(1,309,068)	125,809	(1,183,259)
Total comprehensive income (loss) for the year ended December 31, 2019		-	-	-	15,346,357	(1,522,512)	(34,723)	-	-	-	370,622	14,159,744	754,556	14,914,300
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		-	-	-	-	-	-	-	-	-	-	-	572,628	572,628
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	717	-	(717)	-	-	-	-	-	-	-
Changes in ownership in subsidiaries		-	11,671	-	-	-	-	-	-	-	-	11,671	-	11,671
Balance at December 31, 2019		\$ 13,282,000	17,379,467	2,095,945	40,287,825	(3,239,314)	(219,957)	-	-	-	175,996	69,761,562	4,176,658	73,938,020

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

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31.	
	2019	2018
Cash flows from operating activities:		
Profit before tax	\$ 21,747,329	18,850,061
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,672,396	2,237,725
Amortization expense	176,623	157,861
Expected credit loss	4,267,311	3,782,855
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(38,643)	54,367
Interest expense	8,020,229	6,100,184
Interest income	(36,708,270)	(29,715,180)
Dividend income	(17,376)	(49,533)
Share of (gain) loss of associates and joint ventures accounted for using equity method	(225,243)	77,117
Gain on disposal of property, plant and equipment	(98,986)	(89,006)
Loss on disposal of foreclosed assets	159,054	143,693
Impairment loss on non-financial assets	265,895	322,157
Effect of changes in lease contract	(862)	-
Total adjustments to reconcile profit	<u>(20,527,872)</u>	<u>(16,977,760)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	726,320	(260,180)
Increase in accounts receivable	(85,942,338)	(72,384,660)
Increase in other current financial assets	(3,872,238)	(448,085)
Increase in other current assets	(1,406,859)	(891,821)
Proceeds from sales of operating lease assets and operating equipments	1,169,026	999,647
Purchase of operating lease assets and operating equipments	(13,001,641)	(3,787,189)
Increase in other operating assets	(263,978)	(215,670)
Total changes in operating assets	<u>(102,591,708)</u>	<u>(76,987,958)</u>
Changes in operating liabilities:		
Increase in accounts and notes payable	2,430,210	401,262
Increase in long term and short term debts	380,044,224	343,304,725
Repayment of long term and short term debts	(308,841,270)	(288,863,836)
Increase in other current financial liabilities	9,288,469	7,708,414
Increase (decrease) in accrued pension liabilities	56,527	(50,847)
Increase in other current liabilities others	2,275,561	746,831
Increase in other operating liabilities	1,556,331	229,158
Total changes in operating liabilities	<u>86,810,052</u>	<u>63,475,707</u>
Total changes in operating assets and liabilities	<u>(15,781,656)</u>	<u>(13,512,251)</u>
Total adjustments	<u>(36,309,528)</u>	<u>(30,490,011)</u>
Cash outflow used in operations	(14,562,199)	(11,639,950)
Interest received	36,344,402	29,484,623
Dividends received	17,376	49,633
Interest paid	(7,862,491)	(5,949,745)
Income taxes paid	(5,419,774)	(3,755,694)
Net cash flows provided by operating activities	<u>8,517,314</u>	<u>8,188,867</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(40,000)	(9,554)
Proceeds from disposal of financial assets at fair value through other comprehensive income	53,531	53,758
Acquisition of financial assets at amortized cost	(8,953,899)	(10,369,128)
Proceeds from disposal of financial assets at amortized cost	7,655,610	5,934,994
Acquisition of investments accounted for using equity method	(313,784)	(175,255)
Acquisition of property, plant and equipment	(249,099)	(139,215)
Proceeds from disposal of property, plant and equipment	126,604	194,368
Acquisition of intangible assets	(866)	(15,893)
Proceeds from disposal of foreclosed assets	114,363	-
Acquisition of right-of-use assets	(166,129)	-
Proceeds from disposal of right-of-use assets	180,405	-
Net cash flows used in investing activities	<u>(1,593,264)</u>	<u>(4,525,925)</u>
Cash flows from financing activities:		
Distribution of cash dividend	(5,415,915)	(4,804,074)
Change in non-controlling interests	572,628	(164,396)
Payment of lease liabilities	(548,869)	-
Net cash flows used in financing activities	<u>(5,392,156)</u>	<u>(4,968,470)</u>
Effect of exchange rate changes on cash and cash equivalents	(436,879)	(159,534)
Net decrease in cash and cash equivalents	<u>1,095,015</u>	<u>(1,465,062)</u>
Cash and cash equivalents at beginning of period	<u>17,565,531</u>	<u>19,030,593</u>
Cash and cash equivalents at end of period	<u>\$ 18,660,546</u>	<u>17,565,531</u>

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

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

As of December 31, 2019 and 2018, the Company had outstanding common stock of \$13,282,000 and \$12,895,146 divided into 1,328,200,030 shares and 1,289,514,593 shares, respectively.

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

The consolidated financial statements were reported to and approved for issue by the Board of Directors on March 25, 2020.

(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.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

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)(j).

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.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

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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%.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

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:

	January 1, 2019
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>

In addition, the Group entered into several electricity procurement agreements based on IFRIC 4 "Determining whether an Arrangement contains a Lease", which was no longer applicable beginning January 1, 2019; resulting in the increase of \$15,554,114; \$75,184; as well as \$81,945, in its property, plant and equipment; deferred assets; as well as deferred tax liabilities, respectively; also, in the decrease of \$15,750,353 and \$203,000 in its accounts receivable and retained earnings, respectively. Except for the agreements mentioned above, the Group does not expect the new standard, IFRS 16, to have any significant impact on its financial leasing contracts and its ability to comply with the revised maximum leverage threshold loan covenants.

(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 Rule 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 IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	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.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements
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- (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
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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 significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

1. Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income are measured at fair value;
- 3) Hedge financial instruments are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of plan assets, less the present value of the defined benefit obligation, limited as explained in Note 4(n).

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

2. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2019.12.31	2018.12.31	
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
"	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	
"	Chailease International Company (Hong Kong) Limited	Investment	100.00 %	100.00 %	On September 7, 2018, the Company invested in this subsidiary, which was established on February 13, 2018.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2019.12.31	2018.12.31	
The Company	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	-	% The Company acquired the subsidiary from Chailease International Financial Services Co., Ltd. on September 30, 2019.
"	Chailease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	-	% The Company acquired the subsidiary from Chailease International Financial Services Co., Ltd. on September 30, 2019.
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	97.85 %	100.00 %	
"	Chailease International Financial Services (Singapore) Pte. Ltd.	Financing	100.00 %	-	% My Leasing (Mauritius) Corp. invested in this subsidiary on December 18, 2019.
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	
"	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
"	Chailease International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	
"	Chailease Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	
"	Chailease Royal Leasing Plc.	Leasing	60.00 %	60.00 %	
"	Chailease Berjaya Finance Corporation	Leasing and financing	60.00 %	60.00 %	
"	Chailease Royal Finance Plc.	Financing	60.00 %	60.00 %	% The Company acquired the subsidiary on December 19, 2018.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2019.12.31	2018.12.31	
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	- %	100.00 %	Chailease International Financial Services Co., Ltd. disposed all of its shares in this subsidiary to the Company on September 30, 2019.
"	Chailease International Financial Services (Labuan) Co., Ltd.	Leasing	- %	100.00 %	Chailease International Financial Services Co., Ltd. disposed all of its shares in this subsidiary to the Company on September 30, 2019.
Chailease International Company (Hong Kong) Limited	PT Chailease Indosurya Finance	Financing	75.00 %	- %	Chailease International Company (Hong Kong) Limited invested in this subsidiary on October 14, 2019.
Chailease Berjaya Credit Sdn. Bhd.	Chailease Agency Sdn. Bhd.	Insurance brokers	100.00 %	100.00 %	
"	Chailease Services Sdn. Bhd.	Insurance brokers	100.00 %	- %	Chailease Berjaya Credit Sdn. Bhd. invested in this subsidiary on September 13, 2019.
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	
"	Chailease Specialty Finance Co., Ltd.	Installment sales	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding the 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 %	
"	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2019.12.31	2018.12.31	
Chailease Finance Co., Ltd.	Chailease International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	
"	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	
Chailease Finance Co., Ltd.	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	The subsidiary was established on July 24, 2014, and was terminated on November 23, 2018. (Note)
"	Chailease Finance Securitization Trust 2016	Special Purpose Entity	- %	- %	The subsidiary was established on August 24, 2016. (Note)
"	Chailease Finance Securitization Trust 2019	Special Purpose Entity	- %	- %	The subsidiary was established on December 11, 2018. (Note)
"	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	
"	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	
"	Chailease Power Technology Co., Ltd.	Solar Power business	100.00 %	100.00 %	
"	Chung Cheng Energy Integration Co., Ltd.	Solar Power business	100.00 %	- %	The subsidiary was established on October 25, 2019.
"	Ho Lien Energy Integration Co., Ltd.	Solar Power business	100.00 %	- %	The subsidiary was established on October 25, 2019.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			2019.12.31	2018.12.31	
Chailease Consumer Finance Co., Ltd. and Chailease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	
Chailease Specialty Finance Co., Ltd. and Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special purpose entity	- %	- %	The subsidiary was established on June 27, 2005 (Note) and was liquidated on April, 2018.
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	
Asia Sermkij Leasing Public Co., Ltd.	SK Insurance Broker Co., Ltd.	Insurance brokers	100.00 %	100.00 %	

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

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

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

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

(d) Foreign Currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at average exchange rate. Exchange differences are recognized in other comprehensive income.

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

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

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

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

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

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An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

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

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

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

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

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

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

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

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

6) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

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2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

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At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under 'other equity — gains (losses) on hedging instruments', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The Group designates the changes in fair value of the spot element of the cross currency swap and interest rate swap as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of the forward exchange contracts is separately accounted for as a cost of hedging and accumulated in a separate component within equity.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

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If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

3) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in 'other equity — gains (losses) on hedging instruments'. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument accumulated in other equity are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

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When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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(j) 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 customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) The customer has the right to direct the use of the asset throughout the period of use only if either:
 - The customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - The relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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.

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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, including in-substance 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 charge in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- 4) There is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) There is any lease modifications

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 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.

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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. 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 Group 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 interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the 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'.

Applicable before January 1, 2019

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

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

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

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

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

(k) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

1.Sales revenue

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

2.Installment sales revenue

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

3.Leasing business

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

4.Loans receivable

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

5.Accounting for factoring of accounts receivable

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

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

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- 2) Control over transferred accounts receivable is deemed to have been transferred under all of the following conditions:
- A. The transferred accounts receivable are isolated from the transferor – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership situation.
 - B. Either (1) each transferee obtains the right – free of conditions that prevent the transferee from taking advantage of that right – to pledge or exchange the transferred accounts receivable or (2) the transferee is a qualifying special-purpose entity and the holders of beneficial interests in that entity have the right – free of conditions that prevent them from taking advantage of the right – to pledge or exchange those interests.
 - C. The transferor does not maintain effective control over the transferred accounts receivable through (1) an agreement that both entitle and obligates the transferor to repurchase or redeem them before their maturity or (2) an agreement that entitles the transferor to repurchase or redeem transferred accounts receivable that are not readily obtainable.

6. Fee and commission

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

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

(n) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(o) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or

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- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(p) Earnings per share

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

(q) Operating segments

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

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

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

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

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

(a) Judgment regarding control of subsidiaries

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

(b) Financial asset and liability classification

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

- (i) Financial assets are designated as fair value through profit or loss, if they meet the criteria for being classified as assets as set out in accounting policy disclosure Note 4(g).
- (ii) Financial assets are designated as fair value through other comprehensive income, if they met the criteria for being classified as assets as set out in accounting policy disclosure Note 4(g).
- (iii) Financial assets are designated as amortized cost, if they met the criteria for being as assets as set out in accounting policy disclosure Note 4(g).

(c) Securitizations

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

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

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- (ii) If the Group has transferred financial assets to another entity, but has not transferred substantially all of the risk and rewards relating to the transferred assets, the assets are recognized in the Group's consolidated balance sheet.
- (iii) If the Group transfers substantially all the risk and rewards relating to the transferred assets to an entity that it does not control, the assets are derecognized from the Group's consolidated balance sheet.

Details of the Group's securitization activities are discussed under the accounting policy disclosure Note 6(d).

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

(a) Impairment losses on loans and receivables

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

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

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

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

(b) Impairment losses on non financial assets

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

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

(c) Impairment of financial assets at fair value through other comprehensive income

Significant judgment is required in determining the impairment of financial assets at fair value through other comprehensive income at each reporting date and this requires management to make estimates and assumptions that can affect the financial statements. Management is required to exercise judgment in determining whether there is objective evidence that an impairment loss has occurred.

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

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

(d) Valuation Process

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

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

·Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

·Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

·Level 3: inputs for the assets or liability that are not based on observable market data.

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2019.12.31</u>	<u>2018.12.31</u>
Cash and demand deposits	\$ 17,504,337	16,615,450
Time deposits	725,720	391,564
Cash equivalents-repurchase bills	<u>430,489</u>	<u>572,953</u>
Cash and cash equivalents	18,660,546	17,579,967
Bank overdraft	<u>-</u>	<u>(14,436)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 18,660,546</u>	<u>17,565,531</u>

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

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(b) Financial instruments

1.The components of financial assets were as follows :

	2019.12.31	2018.12.31
Financial assets designated at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss :		
Securities of listed companies	\$ 232,178	255,306
Private equity	480	480
Non-hedging derivatives	-	749,856
Convertible bonds	68,685	-
Convertible preferred stocks	19,234	-
Sub-total	320,577	1,005,642
Financial assets at fair value through other comprehensive income		
Securities of listed companies	774,491	838,348
Emerging stock	3,515	3,366
Private equity	121,029	105,466
Sub-total	899,035	947,180
Financial assets measured at amortized cost		
Investment in debt securities	13,568,869	12,270,581
Current financial assets for hedging	465,101	94,684
Total	\$ 15,253,582	14,318,087

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 2020 and 2022, and bear effective annual interest rate ranging from 3.78%~7.77%.

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

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(c) Derivative instruments used for hedging

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

		2019.12.31			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period	
USD	4,760	USD to MYR	4.83%	90 Day LIBOR+ 1.4%	2018.06.04~ 2020.03.02
MYR	18,969				
USD	12,000	USD to MYR	4.83%	90 Day LIBOR+ 1.35%	2019.03.20~ 2022.03.21
MYR	48,960				
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~ 2020.10.23
CNY	331,000				
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~ 2020.11.20
CNY	665,200				
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~ 2020.12.18
CNY	332,250				
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~ 2020.12.18
CNY	331,400				
USD	50,000	USD to CNY	4.12%	90 Day LIBOR+ 1.4%	2019.01.22~ 2022.01.21
CNY	338,250				
USD	50,000	USD to CNY	4.21%	90 Day LIBOR+ 1.4%	2019.06.17~ 2022.06.17
CNY	345,500				
USD	50,000	USD to CNY	4.20%	90 Day LIBOR+ 1.4%	2019.07.15~ 2022.07.15
CNY	344,375				
USD	50,000	USD to CNY	4.18%	90 Day LIBOR+ 1.4%	2019.08.19~ 2022.08.19
CNY	352,650				
USD	50,000	USD to CNY	4.18%	90 Day LIBOR+ 1.4%	2019.08.26~ 2022.08.26
CNY	352,650				
JPY	4,100,000	JPY to CNY	5.02%	90 Day LIBOR+ 0.85%	2018.07.11~ 2021.06.21
CNY	246,410				
JPY	7,500,000	JPY to CNY	4.70%	90 Day LIBOR+ 0.85%	2018.08.15~ 2021.06.23
CNY	458,700				
HKD	400,000	HKD to CNY	4.34%	90 Day HIBOR+ 1.4%	2019.11.25 2022.11.25
CNY	359,120				

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

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
		2019.12.31	2018.12.31		
USD loans and JPY loans	Cross Currency Swap	\$ 465,101	94,684	2017~2022	2017~2022
USD loans, JPY loans and HKD loans	Cross Currency Swap	(42,730)	(6,022)	2018~2021	2018~2021
				For the years ended December 31,	
Item				2019	2018
The fair value adjustment to other comprehensive income				<u>\$ 129,715</u>	<u>(298,490)</u>

2. Hedge of net investment in foreign operation

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

Hedged Item	Hedge Instrument	Designated Hedging Instrument	
		Fair Value	
		2019.12.31	2018.12.31
Equity investment measured in USD	Foreign currency borrowings	\$ 7,405,060	3,440,080
For the years ended December 31,			
Item		2019	2018
The fair value adjustment to other comprehensive income		<u>\$ 240,907</u>	<u>(82,701)</u>

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There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I.) Corp., for the years ended December 31, 2019 and 2018.

(d) Accounts receivable, net

	<u>2019.12.31</u>	<u>2018.12.31</u>
Current		
Accounts receivable	\$ 32,248,866	25,017,035
Less: Allowance for impairment	<u>(801,482)</u>	<u>(672,901)</u>
	<u>31,447,384</u>	<u>24,344,134</u>
Installment sales receivable	96,199,615	89,864,903
Less: Unearned interests	(9,730,301)	(8,596,689)
Allowance for impairment	<u>(2,455,081)</u>	<u>(3,030,389)</u>
	<u>84,014,233</u>	<u>78,237,825</u>
Leases receivable (included operating leases)	173,598,276	136,913,485
Less: Unearned revenue	(21,791,362)	(18,984,723)
Allowance for impairment	<u>(3,643,773)</u>	<u>(3,873,586)</u>
	<u>148,163,141</u>	<u>114,055,176</u>
Loans receivable	59,546,532	48,582,739
Less: Allowance for impairment	<u>(985,002)</u>	<u>(986,297)</u>
	<u>58,561,530</u>	<u>47,596,442</u>
Sub-total of current accounts	<u>322,186,288</u>	<u>264,233,577</u>
Non Current		
Accounts receivable	17,171,744	11,530,100
Less: Allowance for impairment	<u>(264,062)</u>	<u>(167,035)</u>
	<u>16,907,682</u>	<u>11,363,065</u>
Installment sales receivable	53,784,629	41,578,182
Less: Unearned interests	(6,541,589)	(4,699,281)
Allowance for impairment	<u>(1,503,960)</u>	<u>(620,965)</u>
	<u>45,739,080</u>	<u>36,257,936</u>
Leases receivable	10,304,722	37,519,113
Less: Unearned revenue	(1,012,452)	(13,614,760)
Allowance for impairment	<u>(198,273)</u>	<u>(149,286)</u>
	<u>9,093,997</u>	<u>23,755,067</u>
Loans receivable	10,672,172	7,754,978
Less: Allowance for impairment	<u>(386,713)</u>	<u>(347,364)</u>
	<u>10,285,459</u>	<u>7,407,614</u>
Sub-total of non current accounts	<u>82,026,218</u>	<u>78,783,682</u>
Total accounts receivable	<u>\$ 404,212,506</u>	<u>343,017,259</u>

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

	For the years ended December 31,	
	2019	2018
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	4,267,311	3,782,855
Bad debts written off	(3,789,662)	(3,619,218)
Other	-	(35,229)
Effect of exchange rate changes	(87,126)	20,967
Ending balance	\$ 10,238,346	9,847,823

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 capital lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	2019.12.31
Less than one year	\$ 93,847,529
One to two years	58,125,912
Two to three years	25,838,772
Three to four years	3,970,599
Four to five years	1,655,270
More than five years	317,217
Gross investment in the leases	183,755,299
Unearned revenue	(22,803,814)
Present value of minimum leases receivable	\$ 160,951,485

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	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
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>

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:

	2018.12.31
Within operating cycle	\$ 2,597,706
Beyond one operating cycle to 5 years	2,029,923
Beyond 5 years	<u>43,345</u>
	<u>\$ 4,670,974</u>

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

	Gross investment in the installment sales	Unearned interests	Present value of installment sales receivable
December 31, 2019			
Within operating cycle	\$ 96,199,615	(9,730,301)	86,469,314
Beyond one operating cycle to 5 years	51,060,927	(6,200,971)	44,859,956
Beyond 5 years	<u>2,723,702</u>	<u>(340,618)</u>	<u>2,383,084</u>
	<u>\$ 149,984,244</u>	<u>(16,271,890)</u>	<u>133,712,354</u>

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	Gross investment in the installment sales	Unearned interest	Present value of installment sales receivable
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
	\$ 131,443,085	(13,295,970)	118,147,115

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.

On October 25, 2018, the special purpose trust, with the beneficiary certificate grades of twAAA and twA, has been fully redeemed. As the process of its liquidation was completed on November 23, 2018, the Group received the amount of \$690,643 from the return of subordinated certificates, resulting in the special purpose entity to be dissolved, and the combination suspended.

On November 20, 2018, the Group 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.

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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

8. 2019 Securitization

In 2019, 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 \$5,330,149. 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 \$4,285,000 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 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 December 11, 2019 to December 11, 2026. 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	3,840,000	3,840,000	1.30 %	Monthly
twA	2nd	445,000	445,000	1.70 %	Monthly
Subordinated	3rd	1,045,149	1,242,765	None	Monthly

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(e) Other current assets

	2019.12.31	2018.12.31
Prepayments	\$ 3,578,867	3,011,079
Prepaid expenses	2,444,645	1,768,036
Foreclosed assets	227,621	281,950
Others	7,778	1,783
	\$ 6,258,911	5,062,848

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

	2019.12.31	2018.12.31
Foreclosed assets	\$ 287,047	356,641
Less: Accumulated impairment	(59,426)	(74,691)
	\$ 227,621	281,950

For the years ended December 31, 2019 and 2018, the Group recognized a gain on reversal of impairment loss of \$19,532 and an impairment loss of \$27,634, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$159,054 and \$143,693 for the years ended December 31, 2019 and 2018, respectively.

(f) Investments accounted under equity method

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

	2019.12.31	2018.12.31
Investments in affiliates	\$ 1,786,090	1,268,249
	For the years ended December 31,	
	2019	2018
Comprehensive income attributable to the Group		
Gain (loss) for the period	\$ 225,243	(77,117)
Other comprehensive income	3,760	(3,745)
Total comprehensive income	\$ 229,003	(80,862)

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

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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 years ended December 31, 2019 and 2018, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost or deemed cost:					
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	8,163	3,904,816	9,285,699	52,062	13,250,740
Disposals	-	(2,780,813)	(680,982)	(4,431)	(3,466,226)
Effect of movements in exchange rate	(46,621)	(25,758)	4,064	(1,629)	(69,944)
Balance at December 31, 2019	<u>\$ 2,901,960</u>	<u>12,977,026</u>	<u>26,888,279</u>	<u>235,263</u>	<u>43,002,528</u>
Balance at January 1, 2018	\$ 2,934,645	11,129,091	1,448,670	173,084	15,685,490
Additions	31,701	3,427,305	452,468	14,930	3,926,404
Disposals	-	(2,717,755)	(196,592)	(162)	(2,914,509)
Acquisition of subsidiaries	-	-	2,139	1,096	3,235
Effect of movements in exchange rate	(25,928)	40,140	3,903	313	18,428
Balance at December 31, 2018	<u>\$ 2,940,418</u>	<u>11,878,781</u>	<u>1,710,588</u>	<u>189,261</u>	<u>16,719,048</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	54,488	2,149,467	924,945	16,633	3,145,533
Impairment loss	-	236,939	48,488	-	285,427
Disposals	-	(1,862,089)	(406,655)	(838)	(2,269,582)
Effect of movements in exchange rate	(7,102)	(15,780)	3,288	(722)	(20,316)
Balance at December 31, 2019	<u>\$ 642,249</u>	<u>4,926,997</u>	<u>2,792,858</u>	<u>163,501</u>	<u>8,525,605</u>
Balance at January 1, 2018	\$ 586,820	3,949,680	956,336	133,427	5,626,263
Depreciation	53,026	1,996,023	174,799	13,877	2,237,725
Impairment loss	-	239,618	96,656	-	336,274
Reversal of an impairment loss	(41,751)	-	-	-	(41,751)
Disposals	-	(1,784,425)	(24,913)	(162)	(1,809,500)
Acquisition of subsidiaries	-	-	1,072	1,096	2,168
Effect of movements in exchange rate	(3,232)	17,564	4,046	190	18,568
Balance at December 31, 2018	<u>\$ 594,863</u>	<u>4,418,460</u>	<u>1,207,996</u>	<u>148,428</u>	<u>6,369,747</u>
Carrying amounts:					
Balance at December 31, 2019	<u>\$ 2,259,711</u>	<u>8,050,029</u>	<u>24,095,421</u>	<u>71,762</u>	<u>34,476,923</u>
Balance at December 31, 2018	<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 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>

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%~5.71% and 1.12%~5.89% for the years ended December 31, 2019 and 2018, respectively, to reflect the specific risk associated with its cash generating units.

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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 retrospection	2,793,602	86,122	2,879,724
Termination before the expiration	(1,200,837)	(3,761)	(1,204,598)
Additions	2,448,076	55,904	2,503,980
Effect of changes in foreign exchange rates	<u>(17,013)</u>	<u>(4,748)</u>	<u>(21,761)</u>
Balance as of December 31, 2019	<u>\$ 4,023,828</u>	<u>133,517</u>	<u>4,157,345</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 retrospection	728,391	-	728,391
Depreciation	479,872	46,991	526,863
Termination before the expiration	(690,712)	(1,021)	(691,733)
Effect of changes in foreign exchange rates	<u>(3,617)</u>	<u>(1,655)</u>	<u>(5,272)</u>
Balance as of December 31, 2019	<u>\$ 513,934</u>	<u>44,315</u>	<u>558,249</u>
Carrying amount:			
Balance as of December 31, 2019	<u>\$ 3,509,894</u>	<u>89,202</u>	<u>3,599,096</u>

The Group leases offices under an operating lease, please refer to Note (6)(n).

(i) Intangible assets

The costs of intangible assets and amortization of the Group as of and for the years ended December 31, 2019 and 2018, were as follows:

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Cost:			
Balance at January 1, 2019	\$ 61,111	55,358	116,469
Additions	-	3,634	3,634
Effect of movements in exchange rate	<u>(350)</u>	<u>2,369</u>	<u>2,019</u>
Balance at December 31, 2019	<u>\$ 60,761</u>	<u>61,361</u>	<u>122,122</u>

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	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Balance at January 1, 2018	\$ 46,508	52,168	98,676
Additions	14,345	1,548	15,893
Effect of movements in exchange rate	<u>258</u>	<u>1,642</u>	<u>1,900</u>
Balance at December 31, 2018	<u>\$ 61,111</u>	<u>55,358</u>	<u>116,469</u>
Amortization and impairment losses:			
Balance at January 1, 2019	\$ 60	40,663	40,723
Amortization for the year	-	4,120	4,120
Effect of movements in exchange rate	<u>-</u>	<u>1,971</u>	<u>1,971</u>
Balance at December 31, 2019	<u>\$ 60</u>	<u>46,754</u>	<u>46,814</u>
Balance at January 1, 2018	\$ 60	34,756	34,816
Amortization for the year	-	4,752	4,752
Effect of movements in exchange rate	<u>-</u>	<u>1,155</u>	<u>1,155</u>
Balance at December 31, 2018	<u>\$ 60</u>	<u>40,663</u>	<u>40,723</u>
Carrying amounts:			
Balance at December 31, 2019	<u>\$ 60,701</u>	<u>14,607</u>	<u>75,308</u>
Balance at December 31, 2018	<u>\$ 61,051</u>	<u>14,695</u>	<u>75,746</u>
Balance at January 1, 2018	<u>\$ 46,448</u>	<u>17,412</u>	<u>63,860</u>

For the years ended December 31, 2019 and 2018, the amortization of intangible assets amounted to \$4,120 and \$4,752, respectively. This amortization was accounted for as operating expense of the consolidated statement of comprehensive income.

(j) Short-term notes and bills payable

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

	<u>2019.12.31</u>		
	<u>Guarantee or</u>	<u>Annual Interest</u>	
	<u>Acceptance Agency</u>	<u>Rate</u>	<u>Amount</u>
Commercial paper payables	Bank	0.75%~1.17%	\$ 47,720,000
	Bills Finance Company	0.74%~1.24%	25,230,000
Less: Discount on short-term notes and bills payable			<u>(277,636)</u>
Total			<u>\$ 72,672,364</u>

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2018.12.31			
	Guarantee or Acceptance Agency	Annual Interest Rate	Amount
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>

Please refer to Note (8) for the Group's short-term notes and bills payable collateral.

(k) Long-term and short-term borrowings

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

2019.12.31				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.04%	2022	\$ 360,000
"	USD	2.70%~5.75%	2020~2022	923,431
"	THB	1.96%~3.15%	2020~2021	8,258,325
"	CNY	4.05%~6.17%	2020~2029	34,144,157
"	VND	3.80%~5.90%	2020	6,768,906
"	MYR	5.00%~5.10%	2020~2022	3,164,850
Unsecured bank loans	TWD	0.80%~2.11%	2020~2027	86,191,163
"	USD	2.25%~6.60%	2020~2024	29,278,729
"	THB	1.55%~3.25%	2020~2022	20,659,476
"	CNY	4.35%~5.70%	2020~2022	48,522,712
"	EUR	1.20%	2020~2022	2,653,601
"	JPY	1.06%~1.25%	2020	202,886
"	HKD	4.10%~4.32%	2020	107,776
"	SGD	3.95%	2020	155,960
"	MYR	4.40%~4.80%	2020	3,375,840
"	PHP	6.68%~7.76%	2020	488,224
"	AUD	2.65%	2020	231,054
"	KHR	6.50%~7.00%	2020	165,775
Notes payable from securitization	TWD	1.30%~2.45%	2022~2026	<u>6,508,569</u>
Total				\$ <u>252,161,434</u>
Current				\$ 182,951,030
Non-current				<u>69,210,404</u>
Total				\$ <u>252,161,434</u>

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2018.12.31				
	Currency	Interest Rate	Years of Maturity	Amount
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				\$ 196,674,346
Current				\$ 154,245,526
Non-current				42,428,820
Total				\$ 196,674,346

For information on the Group's interest risk, currency risk, and liquidity risk, please refer 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, 2019 and 2018, the Group was in compliance with the financial covenants mentioned above.

(l) Bonds payable

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2019.12.31		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	"
2017.09.26~ 2020.09.26	1.05%	3,500,000	"	3,500,000	-	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2018.09.26~ 2023.09.26	0.980%	1,600,000	"	-	1,600,000	"
2018.09.26~ 2025.09.26	1.260%	700,000	"	-	700,000	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2019.12.31		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	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	201,960	-	"
2019.07.26~ 2022.07.26	3.150%	THB	500,000	"	-	504,900	"
2019.08.16~ 2022.08.16	3.150%	THB	200,000	"	-	201,960	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	100,980	-	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	151,470	-	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	111,078	-	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	1,514,700	-	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	1,009,800	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	504,900	"
2018.09.13~ 2020.09.13	2.980%	THB	500,000	"	504,900	-	"
2019.01.30~ 2021.02.05	3.000%	THB	290,000	"	-	292,842	"
2019.02.28~ 2022.01.31	3.200%	THB	100,000	"	-	100,980	"
2019.05.17~ 2022.05.17	3.150%	THB	200,000	"	-	201,960	"
2019.06.19~ 2022.06.30	3.150%	THB	270,000	"	-	272,646	"
2019.07.12~ 2021.07.23	2.950%	THB	200,000	"	-	201,960	"
2019.08.08~ 2022.08.08	3.150%	THB	800,000	"	-	807,840	"
Bonds payable (Gross)					9,835,088	17,299,788	
Discounts on bonds payable					(559)	(2,464)	
					<u>\$ 9,834,529</u>	<u>17,297,324</u>	

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				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>	

(m) Lease liabilities

The Group's lease liability were as follows:

Current	<u>\$ 928,133</u>
Non-current	<u>\$ 2,668,312</u>

For the maturity analysis, please refer to Note (6)(v).

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The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2019
Interest on lease liabilities	\$ <u>48,543</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>104,698</u>
Expenses relating to short-term leases	\$ <u>346,079</u>

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

	For the year ended December 31, 2019
Total cash outflow for leases	\$ <u>1,048,189</u>

1. Real estate leases

As of December 31, 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 lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

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, 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>2018.12.31</u>
Less than one year	\$ 475,164
Between one year and five years	480,805
Beyond five years	<u>794,737</u>
	\$ <u>1,750,706</u>

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(o) Employee benefits

1. Defined benefit plans

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

	2019.12.31	2018.12.31
Present value of benefit obligations	\$ 1,909,829	1,643,079
Fair value of plan assets	<u>(905,713)</u>	<u>(824,265)</u>
Net defined benefit liabilities	<u>\$ 1,004,116</u>	<u>818,814</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$881,016 as of December 31, 2019. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31,	
	2019	2018
Defined benefit obligations at January 1	\$ 1,643,079	1,523,055
Current service costs and interest	74,442	74,949
Remeasurement on the net defined benefit liability		
— Actuarial losses arising from changes in financial assumptions	178,188	105,562
Exchange differences on translation of foreign plans	43,487	7,932
Benefits paid by the plan	<u>(29,367)</u>	<u>(68,419)</u>
Defined benefit obligations at December 31	<u>\$ 1,909,829</u>	<u>1,643,079</u>

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3) Movements of defined benefit plan assets

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

	For the years ended December 31,	
	2019	2018
Fair value of plan assets at January 1	\$ 824,265	803,103
Interest income	11,250	13,236
Remeasurement on the net defined benefit liabilities		
— Actuarial losses arising from changes in financial assumptions	25,120	17,760
Contributions made	61,488	56,011
Benefits paid by the plan	(16,410)	(65,845)
Fair value of plan assets at December 31	<u>\$ 905,713</u>	<u>824,265</u>

4) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2019	2018
Current service costs	\$ 51,058	49,575
Net interest of net liabilities for defined benefit obligations	12,134	12,138
	<u>\$ 63,192</u>	<u>61,713</u>
Operating expenses	<u>\$ 63,192</u>	<u>61,713</u>

5) Actuarial assumptions

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

	For the years ended December 31,	
	2019	2018
Discount rate at December 31	1.00%~3.10%	1.13%~3.10%
Future salary increases	2.00%~5.50%	2.00%~5.00%

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The Group is expected allocation payment of \$50,218 to the defined plans for the one year period after the reporting date.

The weighted average duration of the defined benefit obligation is 13.82~20.68 years.

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	(51,640)	53,640
Future salary increases	50,582	(49,015)
December 31, 2018		
Discount rate	(47,531)	49,445
Future salary increases	47,170	(45,083)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the years ended December 31, 2019 and 2018.

2. Defined contribution plans

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

The Group's pension costs under the defined contribution method were \$284,057 and \$213,883 for the years ended December 31, 2019 and 2018, respectively. Payment was made to the Bureau of the Labor Insurance and designated account.

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(p) Income taxes

1. Income Tax Expense

The components of income tax expense for the years ended December 31, 2019 and 2018 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current tax expense		
Current period	\$ 5,544,251	4,131,083
Adjustment for prior periods	<u>29,873</u>	<u>(132,668)</u>
	<u>5,574,124</u>	<u>3,998,415</u>
Deferred tax expense	<u>75,646</u>	<u>959,153</u>
Income tax expense from continuing operations	<u>\$ 5,649,770</u>	<u>4,957,568</u>

The components amount of income tax expense (profit) recognized in other comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement actuarial gains from defined benefit plans	\$ <u>(30,613)</u>	<u>(17,560)</u>
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	\$ <u>(13,034)</u>	<u>44,777</u>

The income tax calculated on pre-tax financial income was reconciled to income tax expense (profit) for the years ended December 31, 2019 and 2018 as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Profit before income tax	\$ <u>21,747,329</u>	<u>18,850,061</u>
Income tax calculated on pre-tax financial income at a statutory tax rate applied by subsidiaries	\$ 6,573,274	5,376,887
Tax-exempt income	(382)	5,934
Non-deductible expenses	74,874	(221,859)
Income tax on unappropriated earnings	-	1
Tax incentives	(556,725)	-
Change in temporary differences	(471,144)	(70,727)
Under provision in prior periods	<u>29,873</u>	<u>(132,668)</u>
Income tax expense	<u>\$ 5,649,770</u>	<u>4,957,568</u>

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2. Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2019 and 2018. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>2019.12.31</u>	<u>2018.12.31</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>5,875,744</u>	<u>7,690,512</u>
Unrecognized deferred tax liabilities	\$ <u>796,618</u>	<u>932,917</u>

2) Unrecognized Deferred Tax Assets

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

	<u>2019.12.31</u>	<u>2018.12.31</u>
Tax effect of deductible temporary differences	\$ 35,655	36,855
Tax losses	<u>137,411</u>	<u>757,012</u>
	\$ <u>173,066</u>	<u>793,867</u>

As of December 31, 2019, the expiry years of those loss carry forward benefits were as follows:

<u>Year of loss</u>	<u>Unused amount</u>	<u>Year of expiry</u>
2010	\$ 1,262,644	2030
2011	436,821	2021&2031
2012	240,150	2022&2032
2013	54,762	2023&2033
2014	17,513	2024&2034
2015	1,555	2025
2016	125	2026
2017	134	2022&2027
2018	93	2023&2028
2019	175	2029

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3) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

	<u>Defined Benefit Plans</u>	<u>Loss on uncollectible account</u>	<u>Unrealized gain on investment income</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Liabilities:					
Balance at January 1, 2019	\$ 956	-	2,431,380	710	2,433,046
Adjustment on initial application of IFRS16	-	-	-	81,945	81,945
Balance at January 1, 2019 after adjustments	956	-	2,431,380	82,655	2,514,991
Recognized in profit or loss	304	-	26,277	63,535	90,116
Recognized in other comprehensive income	478	-	-	-	478
Effect in exchange rate	-	-	(26,979)	(1)	(26,980)
Balance at December 31, 2019	<u>\$ 1,738</u>	<u>-</u>	<u>2,430,678</u>	<u>146,189</u>	<u>2,578,605</u>
Balance at January 1, 2018	\$ 956	-	1,835,918	28	1,836,902
Recognized in profit or loss	-	-	596,293	493	596,786
Recognized in other comprehensive income	-	-	-	183	183
Effect in exchange rate	-	-	(831)	6	(825)
Balance at December 31, 2018	<u>\$ 956</u>	<u>-</u>	<u>2,431,380</u>	<u>710</u>	<u>2,433,046</u>
Deferred Tax Assets:					
Balance at January 1, 2019	\$ 167,580	2,957,927	-	235,039	3,360,546
Adjustment on initial application of IFRS16	-	-	-	75,184	75,184
Balance at January 1, 2019 after adjustments	167,580	2,957,927	-	310,223	3,435,730
Recognized in profit or loss	4,563	(218,808)	-	228,715	14,470
Recognized in other comprehensive income	31,091	-	-	13,034	44,125
Effect in exchange rate	1,248	(56,865)	-	(9,763)	(65,380)
Balance at December 31, 2019	<u>\$ 204,482</u>	<u>2,682,254</u>	<u>-</u>	<u>542,209</u>	<u>3,428,945</u>

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	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Balance at January 1, 2018	\$ 130,380	3,334,739	-	232,668	3,697,787
Effects of retrospective application	-	96,195	-	-	96,195
Recognized in profit or loss	21,804	(431,995)	-	47,824	(362,367)
Recognized in other comprehensive income	17,560	-	-	(44,594)	(27,034)
Effect in exchange rate	(2,164)	(41,012)	-	(859)	(44,035)
Balance at December 31, 2018	<u>\$ 167,580</u>	<u>2,957,927</u>	<u>-</u>	<u>235,039</u>	<u>3,360,546</u>

(q) Share capital and other equity accounts

1. Share capital

As of December 31, 2019 and 2018, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth \$13,282,000 and \$12,895,146, 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.

Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US\$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of December 31, 2019 and 2018, the Company has listed, 835,692 and 812,485 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

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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>2019.12.31</u>	<u>2018.12.31</u>
Share capital	\$ 17,363,784	17,363,784
Changes in equity of associates and joint ventures accounted for using equity method	<u>15,683</u>	<u>4,012</u>
	<u>\$ 17,379,467</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.

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.

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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:

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

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

On March 25, 2020, the Group's Board of Directors resolved to appropriate the 2019 earnings as follows:

	<u>2019</u>	
	<u>Amount per share (\$)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ 4.60	6,109,720
Shares	0.40	<u>531,280</u>
Total		<u>\$ 6,641,000</u>

As of March 25, 2020, the abovementioned 2019 earnings appropriation has yet to be approved by the stockholders.

(r) Earnings per share

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Profit attributable to common stockholders of the Company	<u>\$ 15,468,812</u>	<u>13,369,370</u>
Weighted average number of ordinary shares	<u>1,328,200</u>	<u>1,328,200</u>
Weighted average number of ordinary shares (Diluted)	<u>1,328,222</u>	<u>1,328,225</u>

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 years ended December 31, 2019 and 2018, the Company estimated its employees' remuneration amounting to \$2,320 and \$2,010, and directors' remuneration amounting to \$15,389 and \$12,562, 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. 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:

	For the years ended December 31,	
	2019	2018
Net losses on disposal of foreclosed assets	\$ (159,054)	(143,693)
Net gains (losses) on reversal of impairment loss	19,532	(27,634)
Gain on doubtful debt recoveries	588,179	327,880
Others	5,747	1,641
	\$ 454,404	158,194

(u) Other gains and losses

The components of other gains and losses were as follows:

	For the years ended December 31,	
	2019	2018
Interest on lease liabilities	(48,543)	-
Net foreign exchange (losses) gains	(109,859)	85,844
Net (losses) gains on disposal of property, plant and equipment	(1,874)	7,979
Net gains (losses) on valuation of financial assets measured at fair value through profit or loss	38,643	(54,367)
Effect of changes in lease contract	862	-
Others	732,119	663,739
	\$ 611,348	703,195

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(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 December 31, 2019 and 2018, the maximum exposure to credit risks amounted to \$455,998,780 and \$387,834,767, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$107,118 and \$103,735 as of December 31, 2019 and 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:

<u>December 31, 2019</u>	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
Gross loans and receivables:					
Neither past due nor impaired					
12-month ECL	\$ 194,185,146	143,306,415	37,977,656	1,817,345	377,286,562
Lifetime ECL	-	255,496	19,282,470	2,507,144	22,045,110
Past due or monitored					
Lifetime ECL	472,366	32,478	3,494,509	204,588	4,203,941
Impaired					
Lifetime ECL	<u>5,366,842</u>	<u>2,756,480</u>	<u>2,639,570</u>	<u>-</u>	<u>10,762,892</u>
Gross carrying amounts	<u>\$ 200,024,354</u>	<u>146,350,869</u>	<u>63,394,205</u>	<u>4,529,077</u>	<u>414,298,505</u>
Allowance for losses	<u>4,066,667</u>	<u>3,731,879</u>	<u>2,253,308</u>	<u>141,263</u>	<u>10,193,117</u>
Carrying amount	<u>\$ 195,957,687</u>	<u>142,618,990</u>	<u>61,140,897</u>	<u>4,387,814</u>	<u>404,105,388</u>

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Taiwan

	For the year ended December 31, 2019			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Balance at January 1, 2019	\$ 1,520,799	46,825	2,207,602	3,775,226
Impairment loss (profit) recognized	235,759	(3,976)	1,995,005	2,226,788
Bad debts written-off	-	-	(1,924,256)	(1,924,256)
Others	(3,828)	(20)	(7,243)	(11,091)
Balance at December 31, 2019	<u>\$ 1,752,730</u>	<u>42,829</u>	<u>2,271,108</u>	<u>4,066,667</u>

China

	For the year ended December 31, 2019			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Balance at January 1, 2019	\$ 2,366,636	10,518	1,794,930	4,172,084
Impairment loss (profit) recognized	4,288,409	244,157	(3,307,935)	1,224,631
Transfer to lifetime ECL-not credit impaired	(164,317)	164,317	-	-
Transfer to lifetime ECL- credit impaired	(4,006,368)	(411,285)	4,417,653	-
Bad debts written-off	-	-	(1,519,844)	(1,519,844)
Others	(92,689)	(289)	(52,014)	(144,992)
Balance at December 31, 2019	<u>\$ 2,391,671</u>	<u>7,418</u>	<u>1,332,790</u>	<u>3,731,879</u>

ASEAN

	For the year ended December 31, 2019			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Balance at January 1, 2019	\$ 188,884	378,709	1,060,757	1,628,350
Impairment loss recognized	343,861	78,697	441,923	864,481
Transfer to lifetime ECL-not credit impaired	(140,801)	140,801	-	-
Transfer to lifetime ECL- credit impaired	(178,440)	(56,923)	235,363	-
Bad debts written-off	-	(7,866)	(303,272)	(311,138)
Others	11,407	5,503	54,705	71,615
Balance at December 31, 2019	<u>\$ 224,911</u>	<u>538,921</u>	<u>1,489,476</u>	<u>2,253,308</u>

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Others

	<u>For the year ended December 31, 2019</u>			<u>Total</u>
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	
Balance at January 1, 2019	\$ -	218,295	183	218,478
Impairment profit recognized	-	(74,217)	(339)	(74,556)
Others	-	(2,815)	156	(2,659)
Balance at December 31, 2019	<u>\$ -</u>	<u>141,263</u>	<u>-</u>	<u>141,263</u>

	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Total</u>
<u>December 31, 2018</u>					
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 or monitored					
Lifetime ECL	498,284	27,452	2,397,480	-	2,923,216
Impaired					
Lifetime ECL	<u>5,131,131</u>	<u>2,405,380</u>	<u>1,944,134</u>	<u>73,480</u>	<u>9,554,125</u>
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	<u>3,775,226</u>	<u>4,172,084</u>	<u>1,628,350</u>	<u>218,478</u>	<u>9,794,138</u>
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

	<u>For the year ended December 31, 2018</u>			<u>Total</u>
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit- impaired</u>	<u>Lifetime ECL- credit-impaired</u>	
Balance at January 1, 2018 (Under IAS 39)	\$ 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	<u>(31,382)</u>	<u>(435)</u>	<u>44,377</u>	<u>12,560</u>
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			
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	Total
Balance at January 1, 2018 (Under IAS 39)	\$ 1,809,504	-	2,141,375	3,950,879
Adjustment on initial application of IFRS 9	<u>199,765</u>	<u>11,823</u>	<u>-</u>	<u>211,588</u>
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	<u>(48,478)</u>	<u>(221)</u>	<u>(37,889)</u>	<u>(86,588)</u>
Balance at December 31, 2018	\$ <u><u>2,366,636</u></u>	<u><u>10,518</u></u>	<u><u>1,794,930</u></u>	<u><u>4,172,084</u></u>

ASEAN

	For the year ended December 31, 2018			
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	Total
Balance at January 1, 2018 (Under IAS 39)	\$ -	77,349	1,200,675	1,278,024
Adjustment on initial application of IFRS 9	<u>208,811</u>	<u>248,941</u>	<u>(247,540)</u>	<u>210,212</u>
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	<u>7,642</u>	<u>7,497</u>	<u>36,650</u>	<u>51,789</u>
Balance at December 31, 2018	\$ <u><u>188,884</u></u>	<u><u>378,709</u></u>	<u><u>1,060,757</u></u>	<u><u>1,628,350</u></u>

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Others

	For the year ended December 31, 2018			
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	Total
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>

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:

	2019.12.31	2018.12.31
Past due up to 30 days	\$ 511,478	403,535
Past due from 31 to 90 days	3,494,301	2,320,591
Past due from 91 to 180 days	43,852	23,048
Past due over 180 days	154,310	176,042
	<u>\$ 4,203,941</u>	<u>2,923,216</u>

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4) Impaired loans and receivables

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

2. Liquidity risks

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 months to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>On demand</u>
December 31, 2019								
Non-derivative financial liabilities								
Secured bank loans	\$ 53,619,669	56,895,628	3,433,788	3,818,738	24,878,537	24,533,939	230,626	-
Unsecured bank loans	192,033,196	197,682,870	36,541,365	20,142,859	43,338,708	97,415,547	244,391	-
Notes payable from securitization	6,508,569	6,755,229	9,546	16,937	76,215	6,652,531	-	-
Short-term notes and bills payable	72,672,364	72,950,000	9,330,000	15,350,000	48,270,000	-	-	-
Bonds payables	27,131,853	28,287,530	11,745	143,841	7,854,925	19,056,699	1,220,320	-
Other payables	15,944,274	16,028,277	10,213,736	1,387,720	1,238,144	823,304	-	2,365,373
Deposits relating to collateral of customers	46,256,803	46,304,547	267,795	700,136	7,718,158	36,506,776	120,867	990,815
Lease liabilities	3,596,445	4,091,394	56,258	111,075	458,838	1,191,171	2,274,052	-
Derivative financial liabilities								
Current financial liabilities for hedging	42,730	42,730	-	-	42,730	-	-	-
	<u>\$ 417,805,903</u>	<u>429,038,205</u>	<u>59,864,233</u>	<u>41,671,306</u>	<u>133,876,255</u>	<u>186,179,967</u>	<u>4,090,256</u>	<u>3,356,188</u>
December 31, 2018								
Non-derivative financial liabilities								
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
Derivative financial liabilities								
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>

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

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3.Currency risks

1) Exposure to currency risks

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

		2019.12.31		
		Foreign currency (In thousands)	Exchange rate	Functional currency
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	149,319.02	USD : TWD 29.9800	4,476,584
		61,944.36	USD : GBP 0.7617	1,857,092
		4,909.59	USD : VND 25,624	147,189
JPY		921,153.18	JPY : USD 0.0092	254,238
EUR		93,501.35	EUR : USD 1.1204	3,140,710
HKD		54,726.64	HKD : USD 0.1284	210,643
AUD		11,672.04	AUD : USD 0.7006	245,171
SGD		7,457.69	SGD : USD 0.7432	166,157
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		456.94	USD : TWD 29.9800	13,699
		4,126.55	USD : VND 25,624	123,714
		61,944.36	USD : GBP 0.7617	1,857,092
JPY		700,000.00	JPY : USD 0.0092	193,281
EUR		79,000.00	EUR : USD 1.1204	2,653,601
HKD		28,000.00	HKD : USD 0.1284	107,776
AUD		11,000.00	AUD : USD 0.7006	231,054
SGD		7,000.00	SGD : USD 0.7432	155,960

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		2018.12.31			
		Foreign currency (In thousands)	Exchange rate	Functional currency	
<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

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 \$317,628 and \$33,370, for the years ended December 31, 2019 and 2018, respectively. The analysis is performed on the same basis for both years.

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3) The foreign currency gain or loss on monetary items

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the years ended December 31, 2019 and 2018, the foreign currency (loss) gain, including realized and unrealized, amounted to \$(109,859) and \$85,844, respectively.

4. Interest analysis

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

Ending balance as of December 31, 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	0.73 %	\$ 18,660,546	14,277,910	2,997,086	-	-	1,385,550
Debt securities	5.49 %	13,637,554	-	4,413,483	9,224,071	-	-
Total accounts receivables	9.85 %	414,450,852	42,569,947	186,303,211	176,278,615	2,610,878	6,688,201
Current financial assets for hedging	1.64 %	<u>465,101</u>	-	<u>465,101</u>	-	-	-
		<u>447,214,053</u>	<u>56,847,857</u>	<u>194,178,881</u>	<u>185,502,686</u>	<u>2,610,878</u>	<u>8,073,751</u>
Financial liabilities							
Secured bank loans	4.79 %	53,619,669	46,583,202	4,746,060	2,290,407	-	-
Unsecured bank loans	2.90 %	192,033,196	122,767,781	36,940,768	32,092,564	232,083	-
Short-term notes and bills payable	0.90 %	72,672,364	13,504,169	59,168,195	-	-	-
Bonds payables	1.67 %	27,131,853	-	7,584,529	18,347,324	1,200,000	-
Current financial liabilities for hedging	1.62 %	<u>42,730</u>	-	<u>42,730</u>	-	-	-
Notes payable from securitization	1.92 %	6,508,569	-	2,589,401	3,828,165	91,003	-
Deposits relating to collateral of customers	0.12 %	46,256,803	-	4,976,114	7,299,084	1,813	33,979,792
Lease liabilities	1.69 %	<u>3,596,445</u>	-	<u>550,122</u>	<u>1,075,126</u>	<u>1,971,197</u>	-
		<u>401,861,629</u>	<u>182,855,152</u>	<u>116,597,919</u>	<u>64,932,670</u>	<u>3,496,096</u>	<u>33,979,792</u>
Net exposure		\$ <u>45,352,424</u>	<u>(126,007,295)</u>	<u>77,580,962</u>	<u>120,570,016</u>	<u>(885,218)</u>	<u>(25,906,041)</u>

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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	-	-	-
		<u>382,810,314</u>	<u>53,667,095</u>	<u>162,214,190</u>	<u>158,128,780</u>	<u>2,510,554</u>	<u>6,289,695</u>
Financial liabilities							
Secured bank loans	4.60 %	46,471,192	38,411,341	3,040,708	4,999,163	-	19,980
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
		<u>321,067,002</u>	<u>158,383,146</u>	<u>77,817,957</u>	<u>53,632,534</u>	<u>2,565,015</u>	<u>28,668,350</u>
Net exposure		<u>\$ 61,743,312</u>	<u>(104,716,051)</u>	<u>84,396,233</u>	<u>104,496,246</u>	<u>(54,461)</u>	<u>(22,378,655)</u>

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

If the interest rate increases or decreases by 0.25%, the Group's profit will decrease or increase by \$190,969 and \$189,888 for the years ended December 31, 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 years ended December 31,			
	2019		2018	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	\$ <u>62,998</u>	<u>16,286</u>	<u>66,365</u>	<u>17,905</u>
Decrease 7%	\$ <u>(62,998)</u>	<u>(16,286)</u>	<u>(66,365)</u>	<u>(17,905)</u>

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6. Fair value information

1) The Categories and Fair Values of Financial Instruments

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and financial assets at fair value through other comprehensive income 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 lease liabilities cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2019				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 320,577	251,412	-	69,165	320,577
Financial assets for hedging	465,101	-	465,101	-	465,101
Financial assets at fair value through other comprehensive income					
Domestic and foreign market (OTC) equity securities	778,006	774,491	3,515	-	778,006
Measure the fair value of unquoted equity instruments	121,029	-	-	121,029	121,029
Sub-total	899,035	774,491	3,515	121,029	899,035
Financial assets at amortized cost	13,568,869	-	-	-	-
Loans and receivable					
Cash and cash equivalents	18,660,546	-	-	-	-
Accounts receivable	404,212,506	-	-	-	-
Other financial assets	2,360,913	-	-	-	-
Refundable deposits	341,246	-	-	-	-
Restricted bank deposits	6,488,008	-	-	-	-
Sub-total	432,063,219	-	-	-	-
Total	\$ 447,316,801	1,025,903	468,616	190,194	1,684,713

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

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December 31, 2019					
Fair value					
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities for hedging	\$ 42,730	-	42,730	-	42,730
Measurement of financial liabilities at amortized cost					
Secured bank loans	53,619,669	-	-	-	-
Unsecured bank loans	192,033,196	-	-	-	-
Notes payable from securitization	6,508,569	-	-	-	-
Short-term notes and bills payable	72,672,364	-	-	-	-
Bonds payables	27,131,853	-	-	-	-
Other payables	15,944,274	-	-	-	-
Deposits relating to collateral of customers	46,256,803	-	-	-	-
Lease liabilities	3,596,445	-	-	-	-
Sub-total	417,763,173	-	-	-	-
Total	\$ 417,805,903	-	42,730	-	42,730
December 31, 2018					
Fair value					
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,005,642	255,306	-	750,336	1,005,642
Financial assets for hedging	94,684	-	94,684	-	94,684
Financial assets at fair value through other comprehensive income					
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
Financial assets at amortized cost	12,270,581	-	-	-	-
Loans and receivable					
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	-	-	-	-
Total	\$ 379,970,225	1,093,654	98,050	855,802	2,047,506

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	December 31, 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities for hedging	\$ 6,022	-	6,022	-	6,022
Measurement of financial liabilities at amortized cost					
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	-	-	-	-
Total	\$ 331,216,877	-	6,022	-	6,022

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.

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B. Derivative Financial Instruments

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

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

	<u>At fair value through profit or loss</u>	<u>At fair value through others comprehensive income</u>	<u>Total</u>
	<u>Non-derivative financial assets</u>	<u>Unquoted equity instruments</u>	
Opening balance, January 1, 2019	\$ 750,336	105,466	855,802
Total gains and losses recognized:			
In profit or loss	8,996	-	8,996
In other comprehensive income	-	(23,909)	(23,909)
Purchase	61,818	40,000	101,818
Disposal / Liquidate	(754,592)	(636)	(755,228)
Effect of movements in exchange rate	2,607	108	2,715
Ending balance, December 31, 2019	\$ <u>69,165</u>	<u>121,029</u>	<u>190,194</u>
Opening balance, January 1, 2018	\$ 595	94,577	95,172
Total gains and losses recognized:			
In profit or loss	(603)	-	(603)
In other comprehensive income	-	766	766
Reclassification	736,648	(350)	736,298
Purchase	480	9,554	10,034
Effect of movements in exchange rate	13,216	919	14,135
Ending balance, December 31, 2018	\$ <u>750,336</u>	<u>105,466</u>	<u>855,802</u>

For the years ended December 31, 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:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Total gains and losses recognized :		
In profit or loss, and presented in "other gains and losses"	\$ 8,996	(603)
In other comprehensive income, and presented in "unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income"	(23,909)	766

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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.

Quantified information of significant unobservable inputs as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
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 (3.05%~3.28% on December 31, 2019)	The higher stock return volatility, the higher the fair value
"	Discounted Cash Flow Method	Discount Rate (1.05%~2.32% on December 31, 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:

	<u>Input</u>	<u>Variation</u>	<u>Impact or Fair Value Change on Net income or loss</u>	
			<u>Favorable Change</u>	<u>Unfavorable Change</u>
December 31, 2019				
Financial asset at fair value through profit or loss				
Financial instruments without active market	Discount Rate	10%	\$ 234	(234)
"	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.

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(w) Financial risk management

1. Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

2. Risk management framework

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

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

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

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3. Credit risk

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

- 1) non-payment or delay in payment of customers' downstream accounts
- 2) poor operating and financial performance due to macroeconomic factors
- 3) poor investment decisions made by customers
- 4) poor business management
- 5) higher default rate of private loans to small and medium enterprises
- 6) to a lesser extent, other factors, such as misappropriation by employees, malicious bankruptcies, sudden tightening of credit lines from banks, debt burden resulting from guarantee obligations, litigation and major exchange rate losses.

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

4. Liquidity risk

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

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

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

The Group's liquidity and funding management process includes:

- 1) projecting cash flows under various stress scenarios and considering the level of liquid assets comprising mainly cash and cash equivalents
- 2) maintaining a diverse range of funding sources with back-up facilities
- 3) managing the concentration and profile of debt maturities
- 4) maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises, while minimizing adverse long-term implications for the business.

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

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

5. Market risk

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

1) Management of market risk

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

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2) Currency risk

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

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

3) Interest rate risk

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

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

4) Other market price risks

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

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(x) Capital Management

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

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

	2019.12.31	2018.12.31
Total Liabilities	\$ 423,399,839	336,314,610
Less: cash and cash equivalents	(18,660,546)	(17,579,967)
Net debt	404,739,293	318,734,643
Total Equity	73,938,020	64,063,099
Amounts accumulated in equity relating to cash flow hedges	175,996	(296,426)
Adjusted capital	\$ 478,853,309	382,501,316
Debt to equity ratio	84.52 %	83.33 %

As of December 31, 2019, according to the Company's management, there were no changes in the Group's approach to capital management.

(7) Related Party Transactions

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

(b) Names and relationship of related parties

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

Name of related parties	Relationship with the Group
Chung Hung Corp.	Affiliate
DMC Energy Management Services (Shenzhen) Co., Ltd.	"
C&E Engine Leasing Limited	"
CL Investment Partners Company Limited	"
Grand Pacific Investment & Development Co., Ltd.	Other related party
Chailease Construction & Development Corp.	"
Chaico Investment Corporation	"
Yellowstone Security Co., Ltd.	"
Yellowstone Service Co., Ltd.	"

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<u>Name of related parties</u>	<u>Relationship with the Group</u>
Chailease Resources Technology Co., Ltd.	Other related party
CITC Enterprise (Thai) Co., Ltd.	"
Chailease Business Co., Ltd.	"
Yellowstone Interior Design Company Limited (Former name: Bosser Design Engineering Co., Ltd.)	"
Global Hospitality Group Inc.	"
Global Property Management Co., Ltd.	"
Chailease Youngster Foundation	"
Advance Rental Care Co., Ltd.	"
Qin An Investment Consulting (Shanghai) Co., Ltd.	"
Shanghai Jiasheng Decoration Engineering Co., Ltd.	"
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.	"
Chailease Biofund Company Limited	"
Chun An Investment Co., Ltd.	"
Chun An Technology Co., Ltd.	"
Li Cheng Investment Co., Ltd.	"
Jen Chung Co., Ltd.	"
Ezfund Securities Investment Consulting Enterprise Ltd.	"

(c) Related-party transactions

1. Operating revenue

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Affiliates	\$ 34	34
Other related parties	34,045	26,938
	<u>\$ 34,079</u>	<u>26,972</u>

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2.Receivables from related parties

Receivables of the Group from related parties were as follows :

<u>Account</u>	<u>Categories of related parties</u>	<u>2019.12.31</u>	<u>2018.12.31</u>
Capital leases receivable	Other related parties	\$ 43,883	71,519
Other receivables	Other related parties	19,288	1,277
Other current financial assets	Other related parties	<u>2,020</u>	<u>-</u>
		<u>\$ 65,191</u>	<u>72,796</u>

3.Payable to related parties

Payable to related parties were as follows :

<u>Account</u>	<u>Categories of related parties</u>	<u>2019.12.31</u>	<u>2018.12.31</u>
Account payable	Other related parties	\$ 865	-
Other current financial liabilities	Other related parties	<u>2,153</u>	<u>158</u>
		<u>\$ 3,018</u>	<u>158</u>

4.Asset transactions

The Group purchased leasehold improvements from other related parties amounting to \$66,283 and \$23,869 for the years ended December 31, 2019 and 2018, respectively.

5.Related-Party Financing

Financing to affiliates and related parties was as follows :

	<u>2019.12.31</u>	<u>2018.12.31</u>
Affiliates	\$ 1,817,346	1,318,483
Other related parties	<u>30,426</u>	<u>11,825</u>
	<u>\$ 1,847,772</u>	<u>1,330,308</u>

The loans receivable from affiliates bear interest at rates ranging from 3.69% to 5.65%. As of December 31, 2019 and 2018, interest receivable from the loans receivable from affiliates amounted to \$14,654 and \$10,230, respectively. For the years ended December 31, 2019 and 2018, interest revenue from the loans receivable from affiliates amounted to \$69,496 and \$52,138, respectively.

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The loans receivable from other related parties bear interest at rates ranging from 3.66% to 10.00%. As of December 31, 2019 and 2018, interest receivable from the loans receivable from other related parties amounted to \$124 and \$104, respectively. For the years ended December 31, 2019 and 2018, interest revenue from the loans receivable from other related parties amounted to \$1,331 and \$1,982, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	<u>2019.12.31</u>	<u>2018.12.31</u>
Other related parties	\$ <u>4,402,728</u>	<u>4,603,976</u>

The borrowings from other related parties bear interest at rates ranging from 2.03% to 3.25%. As of December 31, 2019 and 2018, interest payable from the interest bearing borrowings from other related parties amounted to \$404 and \$2,255, respectively. For the years ended December 31, 2019 and 2018, interest expense from the interest bearing borrowing from other related parties amounted to \$124,414 and \$126,761, respectively.

7. Guarantee

As of December 31, 2019 and 2018, the Group had provided a guarantee for loans taken out by affiliates and the credit limit of the guarantee was \$96,863 and \$100,620, and the actual drawn amount was \$9,682 and \$14,128, 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 year ended December 31, 2018 amounted to \$28,606. 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 year ended December 31, 2019, the Group recognized the amount of \$1,320 as interest expense. As of December 31, 2019, the balance of lease liabilities amounted to \$55,246.

2) For the years ended December 31, 2019 and 2018, rent expense is not included in rent liabilities that from other related parties amounted to \$6,000 and \$4,026, respectively.

9. Others

1) As of December 31, 2019 and 2018 bank deposits in financial institutions which are other related parties of the Group amounted to \$477,266 and \$196,087, respectively. For the years ended December 31, 2019 and 2018, interest revenue from the deposits in other related parties amounted to \$350 and \$342, respectively.

2) Other expense with related parties :

	<u>For the years ended December 31,</u>	
<u>Other related parties</u>	<u>2019</u>	<u>2018</u>
Other operating costs and expenses	\$ <u>161,878</u>	<u>120,317</u>

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(d) Key management personnel compensation

	For the years ended December 31,	
	2019	2018
Short-term employee benefits	\$ 307,287	277,953
Post-employment benefits	2,409	2,536
	\$ 309,696	280,489

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2019.12.31	2018.12.31
Restricted cash in banks			
Restricted account for loans repayment	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings(Note)	\$ 2,216,241	2,938,269
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,150,785	2,240,524
Equity securities	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	-	1,255
Refundable deposits	Provincial court seizure etc.	63,401	98,730
Accounts receivable and notes receivable	Issuance of short-term notes and bills and as guarantee for short-term and long-term borrowings	112,324,266	110,791,429
Total		\$ 116,754,693	116,070,207

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

(9) Commitments and Contingencies

- (a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of December 31, 2019 and 2018, the balance of unexpired payments from these alliance transactions amounted to \$8,101,667 and \$7,898,635, 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 :

	2019.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 18,660,546	-	18,660,546
Current financial assets at fair value through profit or loss	232,658	-	232,658
Current financial assets at amortized cost	4,413,483	6,385,636	10,799,119
Current financial assets for hedging	465,101	-	465,101
Accounts receivable, net	209,091,600	113,094,688	322,186,288
Other current financial assets	8,443,841	70,752	8,514,593
Other current assets	<u>6,258,911</u>	<u>-</u>	<u>6,258,911</u>
	<u>\$ 247,566,140</u>	<u>119,551,076</u>	<u>367,117,216</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 60,184,562	-	60,184,562
Short-term notes and bills payable	72,672,364	-	72,672,364
Current financial liabilities for hedging	42,730	-	42,730
Accounts and notes payable	6,586,231	76	6,586,307
Current tax liabilities	2,011,215	-	2,011,215
Current lease liabilities	550,122	378,011	928,133
Other current financial liabilities	17,721,503	28,046,486	45,767,989
Long-term liabilities, current portion	73,509,810	59,091,187	132,600,997
Other current liabilities	<u>3,581,389</u>	<u>-</u>	<u>3,581,389</u>
	<u>\$ 236,859,926</u>	<u>87,515,760</u>	<u>324,375,686</u>

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	2018.12.31		Total
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	
<u>Current assets</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	10,211,997
Current financial assets for hedging	94,684	-	94,684
Accounts receivable, net	161,502,654	102,730,923	264,233,577
Other current financial assets	4,287,961	66,955	4,354,916
Other current assets	<u>5,062,848</u>	<u>-</u>	<u>5,062,848</u>
	<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	4,313,564
Current tax liabilities	1,845,873	-	1,845,873
Other current financial liabilities	13,476,577	24,026,245	37,502,822
Long-term liabilities, current portion	53,184,182	55,240,337	108,424,519
Other current liabilities	<u>1,369,584</u>	<u>20,464</u>	<u>1,390,048</u>
	<u>\$ 193,524,695</u>	<u>79,288,446</u>	<u>272,813,141</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 year ended December 31, 2019			For the year ended December 31, 2018		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		54,294	6,246,589	6,300,883	63,135	5,238,821	
Labor and health insurance		3,971	384,330	388,301	4,375	323,262	
Pension		1,883	345,366	347,249	2,065	273,531	
Others		-	442,724	442,724	-	374,629	
Depreciation		3,094,979	577,417	3,672,396	2,116,488	121,237	
Amortization		-	176,623	176,623	-	157,861	

(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 year ended December 31, 2019 was as follows :

1. Fund loaning to other parties:

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
1	Chalease Finance Co., Ltd	A	Other receivables	No	486,000	486,000	488,000	0.01%-19.95%	2	-	Working Capital	5,817	None	-	3,587,558	57,400,926
-	-	B	-	No	400,000	379,057	379,057	0.01%-19.95%	2	-	Working Capital	4,814	None	-	3,587,558	57,400,926
-	-	C	-	No	50,139	-	-	0.01%-19.95%	1	30,139	-	-	None	-	3,587,558	57,400,926
-	-	C-1	-	No	400,260	236,323	186,523	0.01%-19.95%	2	-	Working Capital	2,366	None	-	3,587,558	57,400,926
-	-	D	-	No	211,370	211,370	211,370	0.01%-19.95%	2	-	Working Capital	2,684	None	-	3,587,558	57,400,926
-	-	E	-	No	207,700	207,700	207,700	0.01%-19.95%	2	-	Working Capital	2,638	None	-	3,587,558	57,400,926
-	-	F	-	No	1,459	-	-	0.01%-19.95%	3	6,052	-	-	None	-	3,587,558	57,400,926
-	-	F-1	-	No	193,000	195,000	71,250	0.01%-19.95%	2	-	Working Capital	905	None	-	3,587,558	57,400,926
-	-	G	-	No	200,000	168,481	168,481	0.01%-19.95%	1	206,300	-	2,140	None	-	3,587,558	57,400,926
-	-	H	-	No	165,300	165,300	150,100	0.01%-19.95%	2	-	Working Capital	1,906	None	-	3,587,558	57,400,926
-	-	I	-	No	163,800	165,800	163,800	0.01%-19.95%	2	-	Working Capital	2,080	None	-	3,587,558	57,400,926
-	-	J	-	No	285,408	147,010	147,010	0.01%-19.95%	2	-	Working Capital	1,867	None	-	3,587,558	57,400,926
-	-	K	-	No	118,700	118,700	118,700	0.01%-19.95%	2	-	Working Capital	1,507	None	-	3,587,558	57,400,926
-	-	L	-	No	150,000	118,069	118,069	0.01%-19.95%	2	-	Working Capital	1,499	None	-	3,587,558	57,400,926
-	-	M	-	No	159,504	114,269	72,269	0.01%-19.95%	2	-	Working Capital	918	None	-	3,587,558	57,400,926
-	-	N	-	No	133,065	111,668	111,668	0.01%-19.95%	1	255,212	-	1,418	None	-	3,587,558	57,400,926
-	-	O	-	No	140,000	108,450	108,450	0.01%-19.95%	1	410,000	-	1,377	None	-	3,587,558	57,400,926
-	-	P	-	No	103,700	103,700	103,700	0.01%-19.95%	2	-	Working Capital	1,317	None	-	3,587,558	57,400,926
-	-	Q	-	No	20,000	-	-	0.01%-19.95%	1	30,000	-	-	Property	9,267	3,587,558	57,400,926
-	-	Q-1	-	No	311,499	101,398	101,398	0.01%-19.95%	2	-	Working Capital	1,288	None	-	3,587,558	57,400,926
-	-	R	-	No	136,226	93,126	93,126	0.01%-19.95%	2	-	Working Capital	1,183	None	-	3,587,558	57,400,926
-	-	S	-	No	125,000	92,000	80,800	0.01%-19.95%	2	-	Working Capital	1,026	None	-	3,587,558	57,400,926
-	-	T	-	No	90,000	90,000	90,000	0.01%-19.95%	2	-	Working Capital	1,143	None	-	3,587,558	57,400,926

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No.	Financing company	Counterparty (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.	Summary of other clients	Other receivables	No	13,159,550	6,031,666	5,924,466	0.01%-19.95%	1	39,919,175	-	75,241	Bank Deposits/ Stocks/ Properties	521,360	3,587,558	57,400,926
-	-	-	-	No	31,142,269	17,337,950	15,907,026	0.01%-19.95%	2	-	Working Capital	537,060	Bank Deposits/ Stocks/ Fund/ Beneficiary certificate/ Equipment/ Properties	2,681,945	3,587,558	57,400,926
2	Fina Finance & Trading Co., Ltd.	A	-	No	230,000	226,979	226,979	1.6037%-19.7800%	2	-	Working Capital	2,270	Properties	195,049	1,396,864	22,349,830
-	-	B	-	No	150,000	149,942	149,942	1.6037%-19.7800%	2	-	Working Capital	1,499	None	-	1,396,864	22,349,830
-	-	C	-	No	165,448	121,186	121,186	1.6037%-19.7800%	2	-	Working Capital	1,212	None	-	1,396,864	22,349,830
-	-	D	-	No	172,002	97,478	97,478	1.6037%-19.7800%	2	-	Working Capital	975	None	-	1,396,864	22,349,830
-	-	E	-	No	93,707	66,670	66,670	1.6037%-19.7800%	2	-	Working Capital	667	None	-	1,396,864	22,349,830
-	-	E-I	-	No	26,792	13,382	13,382	1.6037%-19.7800%	1	19,400	-	124	None	-	1,396,864	22,349,830
-	-	F	-	No	84,520	62,875	62,875	1.6037%-19.7800%	2	-	Working Capital	629	Properties	54,170	1,396,864	22,349,830
-	-	G	-	No	62,000	59,259	59,259	1.6037%-19.7800%	2	-	Working Capital	595	Properties	51,908	1,396,864	22,349,830
-	-	H	-	No	86,400	54,974	54,974	1.6037%-19.7800%	2	-	Working Capital	550	Properties	17,971	1,396,864	22,349,830
-	-	I	-	No	53,708	51,701	51,701	1.6037%-19.7800%	2	-	Working Capital	517	Properties	50,000	1,396,864	22,349,830
-	-	J	-	No	71,500	50,783	50,783	1.6037%-19.7800%	1	57,028	-	508	None	-	1,396,864	22,349,830
-	-	Summary of other clients	-	No	8,654,682	4,708,749	4,575,749	1.6037%-19.7800%	2	-	Working Capital	76,177	Bank Deposits/ Stocks/ Properties/ Vehicles/ Ships	1,378,161	1,396,864	22,349,830
-	-	-	-	No	2,495,675	1,290,301	1,238,301	1.6037%-19.7800%	1	2,346,234	-	28,521	Properties/ Vehicles/ Ships	593,587	1,396,864	22,349,830
-	-	Chuang Ju Limited Partnership	-	Yes	1,200,000	1,200,000	500,000	1.6037%-19.7800%	2	-	Working Capital	-	None	-	1,396,864	22,349,830
3	Chailease Consumer Finance Co., Ltd.	A	-	No	9,000	5,000	5,000	2%-19%	2	-	Working Capital	18	None	-	409,308	4,093,080
-	-	B	-	No	5,000	5,000	5,000	2%-19%	2	-	Working Capital	18	None	-	409,308	4,093,080
-	-	C	-	No	1,000	1,000	1,000	2%-19%	1	21,515	-	4	None	-	409,308	4,093,080
-	-	D	-	No	1,000	1,000	1,000	2%-19%	2	-	Working Capital	4	None	-	409,308	4,093,080
-	-	E	-	No	1,200	614	614	2%-19%	2	-	Working Capital	2	None	-	409,308	4,093,080
-	-	F	-	No	600	512	512	2%-19%	2	-	Working Capital	2	None	-	409,308	4,093,080
-	-	G	-	No	631	462	462	2%-19%	2	-	Working Capital	2	None	-	409,308	4,093,080
-	-	H	-	No	1,000	431	431	2%-19%	1	1,400	-	2	None	-	409,308	4,093,080
-	-	I	-	No	500	330	330	2%-19%	2	-	Working Capital	1	None	-	409,308	4,093,080
-	-	J	-	No	528	299	299	2%-19%	2	-	Working Capital	1	None	-	409,308	4,093,080
-	-	Summary of other clients	-	No	944	226	226	2%-19%	1	15,103	-	-	None	-	409,308	4,093,080
-	-	Chuang Ju Limited Partnership	-	Yes	300,000	300,000	300,000	2%-19%	2	-	Working Capital	-	None	-	409,308	4,093,080
-	-	-	-	No	4,820	795	795	2%-19%	2	-	Working Capital	95	None	-	409,308	4,093,080
4	Chailease International Finance Corporation	A	Receivable-short term financing	No	43,050	38,745	38,745	4.35%-17%	2	-	Working Capital	252	None	-	1,331,738	10,653,906
-	-	B	-	No	38,745	38,745	-	4.35%-17%	2	-	Working Capital	-	None	-	1,331,738	10,653,906
-	-	C	-	No	52,288	32,288	-	4.35%-17%	2	-	Working Capital	-	None	-	1,331,738	10,653,906
-	-	D	-	No	25,830	22,601	22,601	4.35%-17%	2	-	Working Capital	159	None	-	1,331,738	10,653,906
-	-	E	-	No	22,817	20,915	20,915	4.35%-17%	2	-	Working Capital	185	None	-	1,331,738	10,653,906
-	-	F	Receivables-business relationship	No	22,588	19,731	19,731	4.35%-17%	1	38,745	-	-	None	-	1,331,738	10,653,906
-	-	G	Receivable-short term financing	No	21,525	19,731	19,731	4.35%-17%	2	-	Working Capital	-	None	-	1,331,738	10,653,906
-	-	H	-	No	25,830	19,373	19,373	4.35%-17%	2	-	Working Capital	228	None	-	1,331,738	10,653,906
-	-	I	-	No	19,375	19,373	19,373	4.35%-17%	2	-	Working Capital	-	None	-	1,331,738	10,653,906
-	-	J	-	No	19,373	19,373	19,373	4.35%-17%	2	-	Working Capital	-	None	-	1,331,738	10,653,906

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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	Chalease International Finance Corporation	Summary of other clients	Receivable-short term financing	No	1,411,029	1,049,834	857,831	4.35%-17%	2	-	Working Capital	25,807	Vehicles/ Real estate/ Equipment/ Properties/ Inventory	70,284	1,331,738	10,653,906
"	"	"	Receivables-business relationship	No	68,305	62,829	62,829	4.35%-17%	1	92,988	-	149	Vehicles/ Real estate	18,214	1,331,738	10,653,906
"	"	Chalease International Corp.	Receivables from related party	Yes	2,583,000	2,583,000	-	4.35%-17%	2	-	Working Capital	-	None	-	6,658,691	10,653,906
"	"	Chalease International Corp.	"	Yes	1,291,500	1,291,500	215,250	4.35%-17%	2	-	Working Capital	-	None	-	6,658,691	10,653,906
5	Chalease Specialty Finance Co., Ltd.	A	Other receivables	No	150,000	150,000	150,000	0.10%-14.88%	2	-	Working Capital	2,355	None	-	3,587,558	5,392,353
"	"	B	"	No	144,164	80,000	80,000	0.10%-14.88%	2	-	Working Capital	1,256	None	-	3,587,558	5,392,353
"	"	C	"	No	65,000	61,469	61,469	0.10%-14.88%	2	-	Working Capital	965	None	-	3,587,558	5,392,353
"	"	D	"	No	100,000	60,000	60,000	0.10%-14.88%	2	-	Working Capital	942	None	-	3,587,558	5,392,353
"	"	E	"	No	60,000	60,000	60,000	0.10%-14.88%	2	-	Working Capital	942	None	-	3,587,558	5,392,353
"	"	F	"	No	70,600	57,000	17,000	0.10%-14.88%	2	-	Working Capital	207	None	-	3,587,558	5,392,353
"	"	G	"	No	53,255	53,255	53,255	0.10%-14.88%	2	-	Working Capital	836	None	-	3,587,558	5,392,353
"	"	H	"	No	70,000	52,500	52,500	0.10%-14.88%	2	-	Working Capital	824	None	-	3,587,558	5,392,353
"	"	I	"	No	94,500	52,000	52,000	0.10%-14.88%	2	-	Working Capital	816	None	-	3,587,558	5,392,353
"	"	J	"	No	50,000	50,000	50,000	0.10%-14.88%	2	-	Working Capital	785	None	-	3,587,558	5,392,353
"	"	Summary of other clients	"	No	2,322,469	636,588	594,088	0.10%-14.88%	2	-	Working Capital	9,547	Properties	42,874	3,587,558	5,392,353
6	Chalease Finance Securitization Trust 2016	A	"	No	37,957	10,056	10,056	4.40%-13.63%	2	-	Working Capital	80	Bank Deposits	4,900	49,738	880,589
"	"	B	"	No	20,000	8,395	8,395	4.40%-13.63%	1	20,729	-	67	Bank Deposits	16,000	49,738	880,589
"	"	C	"	No	10,387	6,520	6,520	4.40%-13.63%	2	-	Working Capital	52	None	-	49,738	880,589
"	"	D	"	No	15,154	6,250	6,250	4.40%-13.63%	2	-	Working Capital	50	None	-	49,738	880,589
"	"	E	"	No	15,345	5,781	5,781	4.40%-13.63%	2	-	Working Capital	46	Bank Deposits	4,500	49,738	880,589
"	"	F	"	No	18,212	5,775	5,775	4.40%-13.63%	2	-	Working Capital	46	Bank Deposits	6,900	49,738	880,589
"	"	G	"	No	16,504	5,573	5,573	4.40%-13.63%	2	-	Working Capital	45	Bank Deposits	2,000	49,738	880,589
"	"	H	"	No	14,477	4,503	4,503	4.40%-13.63%	2	-	Working Capital	56	Bank Deposits	3,000	49,738	880,589
"	"	I	"	No	10,416	4,243	4,243	4.40%-13.63%	2	-	Working Capital	54	Bank Deposits	2,400	49,738	880,589
"	"	J	"	No	7,269	4,198	4,198	4.40%-13.63%	1	8,000	-	34	Bank Deposits	1,600	49,738	880,589
"	"	Summary of other clients	"	No	452,308	108,524	108,524	4.40%-13.63%	2	-	Working Capital	6,056	Bank Deposits	71,900	49,738	880,589
"	"	"	"	No	23,878	10,317	10,317	4.40%-13.63%	1	148,536	-	83	Bank Deposits	1,400	49,738	880,589
7	Chalease International Corp.	Chalease Finance Corporation	Receivables from related party	Yes	861,000	861,000	861,000	4.35%	2	-	Working Capital	-	None	-	1,097,234	1,755,574
"	"	Chalease Finance International Corp.	"	Yes	430,500	430,500	430,500	4.35%	2	-	Working Capital	-	None	-	1,097,234	1,755,574
8	Chalease Finance International Corp.	Chalease Finance Corporation	"	Yes	861,000	861,000	-	4.35%	2	-	Working Capital	-	None	-	1,080,567	1,728,907
"	"	Chalease International Corp.	"	Yes	430,500	430,500	-	4.35%	2	-	Working Capital	-	None	-	1,080,567	1,728,907
9	Chalease Finance Securitization Trust 2019	A	Other receivables	No	50,000	22,428	22,428	4.09%-12.65%	1	70,000	-	179	Bank Deposits	12,000	53,301	1,045,149
"	"	B	"	No	33,898	20,349	20,349	4.09%-12.65%	1	70,000	-	163	None	-	53,301	1,045,149

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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		
9	Chalease Finance Securitization Trust 2019	C	Other receivables	No	25,500	16,110	16,110	4.09%-12.65%	1	39,600	-	129	Bank Deposits	2,550	53,301	1,045,149
-	-	D	-	No	17,525	15,555	15,555	4.09%-12.65%	2	-	Working Capital	124	None	-	53,301	1,045,149
-	-	E	-	No	19,108	13,067	13,067	4.09%-12.65%	1	30,000	-	105	Bank Deposits	4,009	53,301	1,045,149
-	-	F	-	No	18,000	13,015	13,015	4.09%-12.65%	2	-	Working Capital	104	None	-	53,301	1,045,149
-	-	G	-	No	20,000	13,009	13,009	4.09%-12.65%	1	20,000	-	104	None	-	53,301	1,045,149
-	-	H	-	No	15,000	9,989	9,989	4.09%-12.65%	2	-	Working Capital	80	None	-	53,301	1,045,149
-	-	I	-	No	15,000	9,786	9,786	4.09%-12.65%	1	29,210	-	78	None	-	53,301	1,045,149
-	-	J	-	No	19,962	9,553	9,553	4.09%-12.65%	2	-	Working Capital	76	Bank Deposits	2,800	53,301	1,045,149
-	-	Summary of other clients	-	No	228,864	137,234	137,234	4.09%-12.65%	2	-	Working Capital	2,521	Bank Deposits	91,950	53,301	1,045,149
-	-	-	-	No	422,362	392,954	392,954	4.09%-12.65%	1	680,891	-	121	Bank Deposits	3,000	53,301	1,045,149

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 Chalease Finance Co., Ltd. for individual entity cannot exceed \$3,587,558, which is 10% of the net worth.

(2) Subsidiary— The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed \$1,396,864, which is 10% of the net worth.

(3) Subsidiary— The maximum fund loaning provided by Chalease Consumer Finance Co., Ltd. for individual entity cannot exceed \$409,308, which is 10% of the net worth.

(4) Subsidiary— The maximum fund loaning provided by Chalease International Finance Corporation for individual entity cannot exceed \$1,331,738, which is 5% of the net worth. The maximum fund loaning cannot exceed \$6,658,691, which is 25% of the net worth to individual affiliate.

(5) Subsidiary— The maximum fund loaning provided by Chalease Specialty Finance Co., Ltd. for individual entity cannot exceed \$3,587,558, which is 10% of the net worth of parent company (Chalease Finance Co., Ltd.).

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

(7) Special purpose entities— The maximum fund loaning provided by Chalease Finance Securitization Trust 2019 for an individual entity cannot exceed \$53,301, which is 1% of the securitized financial assets approved by the competent authority.

(8) Subsidiary— The maximum fund loaning provided by Chalease International Corp. for individual entity cannot exceed \$219,447, which is 5% of the net worth. The maximum fund loaning cannot exceed \$1,097,234, which is 25% of the net worth to individual affiliate.

(9) Subsidiary— The maximum fund loaning provided by Chalease Finance International Corp. for individual entity cannot exceed \$216,113, which is 5% of the net worth. The maximum fund loaning cannot exceed \$1,080,567, which is 25% of the net worth to individual affiliate.

Note 3: Limit on the amount for loaning fund

(1) Subsidiary— The total amount of fund loaning provided by Chalease Finance Co., Ltd. cannot exceed \$57,400,926, which is 160% of the net worth; the total amount of fund loaning for short-term financing cannot exceed \$35,875,579, which is the net worth of the most recent financial statement.

(2) Subsidiary— The total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed \$22,349,830, which is 160% of the net worth; the total amount of fund loaning for short-term financing cannot exceed \$13,968,644, which is the net worth of the most recent financial statement.

(3) Subsidiary— The total amount of fund loaning provided by Chalease Consumer Finance Co., Ltd. cannot exceed \$4,093,080, which is the net worth; the total amount of fund loaning for short-term financing cannot exceed \$1,637,232, which is 40% of the net worth of the most recent financial statement.

(4) Subsidiary— The total amount of fund loaning provided by Chalease International Finance Corporation cannot exceed \$10,653,906, which is 40% of the net worth of the most recent financial statement.

(5) Subsidiary— The total amount of fund loaning provided by Chalease Specialty Finance Co., Ltd. cannot exceed \$5,392,353, which is the net worth; the total amount of fund loaning for short-term financing cannot exceed \$2,156,941, which is 40% of the net worth of the most recent financial statement.

(6) Special purpose entities— The total amount of fund loaning provided by Chalease Finance Securitization Trust 2016 cannot exceed \$880,589, which is the book value of the subordinated debt securities; the total amount of fund loaning for short-term financing cannot exceed \$497,379, which is 10% of the securitized financial assets approved by the competent authority.

(7) Special purpose entities— The total amount of fund loaning provided by Chalease Finance Securitization Trust 2019 cannot exceed \$1,045,149, which is the book value of the subordinated debt securities; the total amount of fund loaning for short-term financing cannot exceed \$533,015, which is 10% of the securitized financial assets approved by the competent authority.

(8) Subsidiary— The total amount of fund loaning provided by Chalease International Corp. cannot exceed \$1,755,574, which is 40% of the net worth of the most recent financial statement.

(9) Subsidiary— The total amount of fund loaning provided by Chalease Finance International Corp. cannot exceed \$1,728,907, which is 40% of the net worth of the most recent financial statement.

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

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Note 4: Counter parties

- (1) Subsidiary— Chailease Finance Co., Ltd.: There are 5,451 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 890 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 29 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 137 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 126 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 90 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (7) Special purpose entities— Chailease Finance Securitization Trust 2019: There are 79 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (8) Subsidiary— Chailease International Corp.: There is 2 counter party during the period.
- (9) Subsidiary— Chailease Finance International Corp.: There is 2 counter party during the period.

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

2. Guarantees and endorsements for other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party (Note1)	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note1)										
0	The Company	Chailease International Finance Corporation	2	139,523,924	55,496,194	55,496,194	24,519,419	-	79.55 %	348,809,810	Y		Y
		Chailease International Leasing Company Limited	2	139,523,924	2,296,960	2,218,520	1,303,113	-	3.18 %	348,809,810	Y		
		Golden Bridge (B.V.) Corp	2	139,523,924	158,000	-	-	-	%	348,809,810	Y		
		Chailease International Company (Malaysia) Limited	2	139,523,924	610,000	599,600	-	-	0.86 %	348,809,810	Y		
		Chailease Bejaya Credit Sdn. Bhd	2	34,880,981	9,955,250	9,955,250	7,034,760	-	14.27 %	348,809,810	Y		
		Chailease Royal Leasing Pte.	2	34,880,981	2,518,320	2,518,320	956,149	-	3.61 %	348,809,810	Y		
		Chailease Royal Finance Pte.	2	34,880,981	1,311,500	1,289,140	553,131	-	1.85 %	348,809,810	Y		
		Chailease Bejaya Finance Corporation	2	34,880,981	2,046,450	2,046,450	488,225	-	2.95 %	348,809,810	Y		
1	Chailease Finance Co., Ltd.	Chailease Finance (B.V.) Company, Ltd	2	71,751,158	737,160	149,000	149,900	-	0.42 %	179,377,895	Y		
		Chailease Auto Rental Co., Ltd.	2	71,751,158	5,222,000	4,739,600	2,920,000	-	13.21 %	179,377,895	Y		
		Chailease Consumer Finance Co., Ltd.	2	71,751,158	4,865,000	4,565,000	1,325,000	-	12.72 %	179,377,895	Y		
		Chailease Specialty Finance Co., Ltd.	2	71,751,158	600,000	300,000	-	-	0.84 %	179,377,895	Y		
		Apex Credit Solutions Inc.	2	71,751,158	240,000	160,000	-	-	0.45 %	179,377,895	Y		
		Chailease International Leasing Company Limited	2	71,751,158	9,118,456	8,523,669	5,658,832	-	23.76 %	179,377,895	Y		
		Chailease International Trading Company Limited	2	71,751,158	1,318,375	1,258,800	268,114	-	3.51 %	179,377,895	Y		
		Yun Tang Inc.	2	71,751,158	1,184,500	1,017,500	817,500	-	2.84 %	179,377,895	Y		

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES
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(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note1)										
1	Chailease Finance Co., Ltd.	Chailease Credit Services Co., Ltd.	2	71,751,158	36,000	36,000	8	-	0.10 %	179,377,895	Y		
		Chailease Energy Integration Co., Ltd.	2	71,751,158	1,330,000	730,000	-	-	2.03 %	179,377,895	Y		
		Chailease Power Technology Co., Ltd.	2	71,751,158	400,000	400,000	151,000	-	1.11 %	179,377,895	Y		
		Grand Pacific Financing Corp.	2	69,761,962	3,390,120	3,237,840	799,717	-	4.64 %	179,377,895			
		Chailease International Financial Services Co., Ltd.	2	69,761,962	39,329,894	33,226,781	22,216,774	-	47.63 %	179,377,895			
		Chailease International Financial Services (Liberia) Co., Ltd.	2	69,761,962	107,503	-	-	-	%	179,377,895			
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	10,954,226	360,535	252,450	191,862	-	4.61 %	27,385,565	Y		
3	Chailease International Finance Corporation	Chailease International Corp.	2	53,269,528	9,827,042	8,595,703	4,321,804	-	32.26 %	133,173,819	Y		Y
		Chailease Finance International Corp.	2	53,269,528	6,907,875	5,937,499	3,373,948	-	22.29 %	133,173,819	Y		Y
		DMC Energy Management Services (Shenzhen) Co., Ltd.	4	13,317,382	102,568	96,863	9,682	-	0.36 %	133,173,819			Y
4	Grand Pacific Holding Corp.	Grand Pacific Financing Corp.	2	1,154,320	156,950	149,900	-	-	6.76 %	1,154,320	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 Chailease Finance Co., Ltd.(CFC) cannot exceed five times of its net worth, and guarantees for a individual entity cannot exceed 50% of its net worth. The amount of guarantees and endorsements for subsidiaries in which be hold more than 80% of its outstanding common shares cannot exceed double of its net worth; and if the guarantees and endorsements are for business purpose, the amount cannot exceed the transaction amount during last year. The total amount of guarantees and endorsements for the Company holds directly or indirectly 100% of the investee cannot exceed the net worth of the Company, the maximum guarantees and endorsements cannot exceed five times of net worth of CFC.

Note 5: Subsidiary— The total amount of guarantees and endorsements provided by Chailease Finance Co., Ltd. for Chailease International Financial Services Co., Ltd., Chailease Finance (B.V.I.) Company, Ltd., Chailease Specialty Finance Co., Ltd. and Chailease Auto Rental Co., Ltd. is \$4,847,400. The total amount has been adjusted.

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

Note 7: Subsidiary— The maximum 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 Chailease 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.

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

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

Note 9: The total amount of guarantees and endorsements provided by the Company for Chailease International Finance Corporation and Chailease International Corp. is CNY110,000 thousand (\$473,550). The total amount has been disclosed in the balance of guarantees and endorsements for Chailease International Corp.

Note 10: The total amount of guarantees and endorsements provided by the Company for Chailease International Finance Corporation and Chailease Finance International Corp. is CNY100,000 thousand (\$430,500). The total amount has been disclosed in the balance of guarantees and endorsements for Chailease Finance International Corp.

Note 11: The total amount of guarantees and endorsements provided by the Company for Golden Bridge (B.V.I.) Corp. and Chailease International Company (Malaysia) Limited is USD10,000 thousand (\$299,800). The total amount has been adjusted.

Note 12: The total amount of guarantees and endorsements provided by the Company for Chailease Royal Finance Plc. and Chailease Royal Leasing Plc. is USD28,000 thousand (\$839,440). The total amount has been adjusted.

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				Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note 1)		
Chailease Finance Co., Ltd.	Fubon Financial Holding 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	450	20,880	- %	20,880	- %	
"	Fubon SSE 180 ETF	"	"	220	6,950	- %	6,950	- %	
"	Cathay Financial Holdings Co., Ltd.	"	"	170	7,233	- %	7,233	- %	
"	Hon Hai Precision Industry Co., Ltd.	"	"	150	13,620	- %	13,620	- %	
"	GIGABYTE Technology Co., Ltd.	"	"	125	6,212	- %	6,212	- %	
"	GSD Technologies Co., Ltd.	"	"	115	7,877	- %	7,877	- %	
"	China Life Insurance Co., Ltd.	"	"	300	7,680	- %	7,680	- %	
"	Sinyi Realty Inc.	"	"	100	3,130	- %	3,130	- %	
"	Far Eastern New Century Co.	"	"	70	2,090	- %	2,090	- %	
"	Posiflex Technology, Inc.	"	"	45	4,748	- %	4,748	- %	
"	Primax Electronics Ltd.	"	"	100	6,340	- %	6,340	- %	
"	Vanguard International Semiconductor Co.	"	"	35	2,776	- %	2,776	- %	
"	Elite Material Co., Ltd.	"	"	20	2,740	- %	2,740	- %	
"	China Development Financial Holding Corp.	"	"	500	4,865	- %	4,865	- %	
"	Forcera Materials Co., Ltd.(Former name : SIC Electronics Co., Ltd.)	"	"	130	480	- %	480	- %	
"	ASE Technology Holding Co., Ltd.	"	"	220	18,304	- %	18,304	- %	
"	Wistron NeWeb Corporation	"	"	140	10,570	- %	10,570	- %	
"	Mega Financial Holding Company Ltd.	"	"	500	15,300	- %	15,300	- %	
"	Novatek Microelectronics Corp.	"	"	40	8,760	- %	8,760	- %	
"	Sigurd Microelectronics Corp.	"	"	410	15,211	- %	15,211	- %	
"	Chunghwa Precision Test Tech. Co., Ltd.	"	"	10	10,300	- %	10,300	- %	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Highest percentage of ownership during the year	Note		
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)				
Chalease Finance Co., Ltd.	Taisol Electronics 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	230	21,781	-	%	21,781	-	%
"	Longchen Paper & Packaging Co., Ltd.	"	"	1,000	15,050	-	%	15,050	-	%
"	King Yuan Electronics Co., Ltd.	"	"	295	11,077	-	%	11,077	-	%
"	Webi & Net Internet Services Inc.	"	"	250	-	10.53	%	-	10.53	%(Note 2)
"	Skanhex Technology Inc.	"	"	5,273	-	4.53	%	-	4.53	%(Note 2)
"	Rosun Technologies Inc.	"	"	182	-	-	%	-	-	%(Note 2) percentage of ownership less than 0.01%
"	EastWest Pharmaceuticals	"	"	242	-	5.84	%	-	5.84	%(Note 2)
"	Azanda Network Devices	"	"	714	-	-	%	-	-	%(Note 2) percentage of ownership less than 0.01%
"	Sampotech Co., Ltd.	"	"	369	-	0.10	%	-	0.10	%(Note 2)
"	TECO Nanotech Co., Ltd.	"	"	95	-	0.38	%	-	0.38	%(Note 2)
"	Deerport Aviation Corp.	"	"	-	-	10.48	%	-	10.48	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	48,500	-	%	48,500	-	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	137,400	-	%	137,400	-	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	37,882	-	%	37,882	-	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	20,010	-	%	20,010	-	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	302,172	-	%	302,172	-	%
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	180,000	-	%	180,000	-	%
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	240,000	-	%	240,000	-	%
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	18,000	-	%	18,000	-	%
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	-	"	-	90,000	-	%	90,000	-	%

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				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chailase Finance Co., Ltd.	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	330,000	-	330,000	-	%
"	United Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	239,920	-	239,920	-	%
"	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	—	"	-	33,552	-	33,552	-	%
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	24,635	-	24,635	-	%
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	33,540	-	33,540	-	%
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	87,552	-	87,552	-	%
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	60,085	-	60,085	-	%
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	—	"	-	24,022	-	24,022	-	%
"	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	—	"	-	123,500	-	123,500	-	%
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	150,800	-	150,800	-	%
"	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	—	"	-	12,500	-	12,500	-	%
"	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	—	"	-	53,000	-	53,000	-	%

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chalease Finance Co., Ltd.	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	300,600	-	300,600	-	
"	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	—	"	-	230,660	-	230,660	-	
"	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	—	"	-	774,066	-	774,066	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	52,000	-	52,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	356,000	-	356,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	12,396	-	12,396	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	51,500	-	51,500	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	24,296	-	24,296	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	535,928	-	535,928	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	23,000	-	23,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	64,000	-	64,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	29,600	-	29,600	-	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chalease Finance Co., Ltd.	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	28,710	-	28,710	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	208,000	-	208,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	21,280	-	21,280	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	26,000	-	26,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	117,550	-	117,550	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	69,000	-	69,000	-	
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	450,000	-	450,000	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	67,000	-	67,000	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	56,500	-	56,500	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	83,754	-	83,754	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	276,800	-	276,800	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	32,624	-	32,624	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	48,500	-	48,500	-	
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	180,880	-	180,880	-	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chailease Finance Co., Ltd.	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	47,000	-	47,000	-	%
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	82,504	-	82,504	-	%
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	270,900	-	270,900	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	194,750	-	194,750	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	100,060	-	100,060	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	205,254	-	205,254	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	67,280	-	67,280	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	188,810	-	188,810	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	28,870	-	28,870	-	%
"	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	—	"	-	38,300	-	38,300	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	43,349	-	43,349	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	174,300	-	174,300	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	16,450	-	16,450	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	82,000	-	82,000	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	120,600	-	120,600	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	147,198	-	147,198	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	92,560	-	92,560	-	%
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	119,440	-	119,440	-	%

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)		
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	74,000	-	74,000	-
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	573,000	-	573,000	-
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	29,000	-	29,000	-
"	Bank of FEI's Beneficial Right of the Real Estate Trust	—	"	-	79,780	-	79,780	-
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	3,400	-	3,400	-
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	55,000	-	55,000	-
"	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	—	"	-	22,620	-	22,620	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	50,000	-	50,000	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	127,200	-	127,200	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	53,710	-	53,710	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	18,000	-	18,000	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	62,000	-	62,000	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	23,800	-	23,800	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	"	-	122,200	-	122,200	-

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chailease Finance Co., Ltd.	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	355,000	- %	355,000	- %	
"	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	—	"	-	10,400	- %	10,400	- %	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	4,620	- %	4,620	- %	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	429,000	- %	429,000	- %	
"	O-Bank Co., Ltd	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	92,694	723,941	3.42 %	723,941	- %	
"	Subton Technology Co., Ltd.	"	"	288	3,515	0.10 %	3,515	- %	
"	Kingmax Technology Inc.	"	"	2,081	21,043	4.73 %	21,043	- %	
"	Spring House Entertainment Tech Inc.	"	"	688	7,890	4.67 %	7,890	- %	
"	Everterminal Co., Ltd.	"	"	490	5,645	0.50 %	5,645	- %	
"	Tekcon Electronics Corp.	"	"	137	2,108	0.52 %	2,108	- %	
"	Ecomsoftware Inc.	"	"	130	2,428	2.60 %	2,428	- %	
"	Crownpo Technology Inc.	"	"	57	887	0.51 %	887	- %	
"	Book4u Co., Ltd.	"	"	9	88	0.19 %	88	- %	
"	U-Ming Marine Transport Corp.	"	"	270	9,072	0.03 %	9,072	- %	
"	Chin Poon	"	"	380	12,141	0.10 %	12,141	- %	
"	CTCI Corp.	"	"	770	29,337	0.01 %	29,337	- %	
Chailease Specialty Finance Co., Ltd.	Linkou amusement Co., Ltd.(Stock)	"	"	-	36,708	- %	36,708	- %	(Note 2) shareholding less than 1,000 shares
"	TECO Nanotech Co., Ltd	"	"	9	-	- %	-	- %	(Note 2)
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	—	Current financial assets at amortized cost	-	155,000	- %	155,000	- %	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	"	-	37,000	- %	37,000	- %	
"	Agora Garden Taipei—Private placement of corporate bond	—	"	-	90,000	- %	90,000	- %	

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Held company Name	Marketable securities type and name	Relationship with the company	Financial statement account	Ending balance			Fair value (Note 1)	Highest percentage of ownership during the year	Note
				Shares/Units in (thousands)	Carrying value	Percentage of ownership (%)			
Chailease Specialty Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	—	Non-current financial assets at amortized cost	-	2,800	-	2,800	-	%
"	Agora Garden Taipei— Private placement of corporate bond	—	"	-	910,000	-	910,000	-	%
Chailease Energy Integration Co., Ltd	International Ocean Vessel Technical Consultant Co., Ltd.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	642	16,438	11.25 %	16,438	11.25 %	
Bangkok Grand Pacific Lease Public Company Limited	Bangkok Club Co., Ltd.(Stock)	"	"	64	213	0.14 %	213	0.14 %	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	10	9,593	19.00 %	9,593	19.00 %	
Asia Sermkij Leasing Public Co., Ltd.	Bumrungrad Hospital (Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	59	8,684	0.10 %	8,684	0.10 %	
Grand Pacific Holding Corp.	Mobleshift, Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	359	7,495	3.45 %	7,495	3.45 %	
"	Stemcyte Inc.	"	"	38	1,499	0.15 %	1,499	0.15 %	
Grand Pacific Financing Corp.	Swabplus Inc.	"	"	10	-	-	-	-	%
"	Mobleshift, Inc.	"	"	358	7,495	3.45 %	7,495	3.45 %	
"	Stemcyte Inc.	"	"	38	1,499	0.15 %	1,499	0.15 %	
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	-	68,685	-	68,685	-	%
"	The Future Commerce Sdn. Bhd	"	"	-	19,234	-	19,234	-	%

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)
The Company	Chailease International Financial Services Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-
"	Chailease International Company (Malaysia) Limited	"	-	-	-	-	-	-	-	-	-	-	-
Chailease International Company (Malaysia) Limited	Chailease International Company (UK) Limited	"	-	-	-	-	-	-	-	-	-	-	-
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	"	-	-	-	-	-	-	-	-	-	-	-
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	Financial assets at amortized cost	-	-	-	860,000	-	-	-	860,000	-	-	-
"	"	"	-	-	-	-	-	544,750	-	350,000	-	-	194,750
"	"	"	-	-	-	492,000	-	18,000	-	510,000	-	-	-
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	"	-	-	-	420,100	-	73,260	-	493,360	-	-	-
"	"	"	-	-	-	651,000	-	-	-	651,000	-	-	-
"	"	"	-	-	-	460,000	-	40,000	-	500,000	-	-	-
"	Chaofu real estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	"	-	-	-	-	-	808,341	-	34,275	-	-	774,066
"	"	"	-	-	-	-	-	356,000	-	-	-	-	356,000
"	"	"	-	-	-	-	-	535,928	-	-	-	-	535,928
"	Global Glory Real Estate Management Co., Ltd.'s Beneficial Right of the Real Estate Trust	"	-	-	-	-	-	330,000	-	-	-	-	330,000
"	Taiyi Real-Estate management Co., Ltd.'s Beneficial Right of the Real Estate Trust	"	-	-	-	-	-	355,000	-	-	-	-	355,000
"	"	"	-	-	-	-	-	295,270	-	18,470	-	-	276,800
"	"	"	-	-	-	-	-	500,000	-	-	-	-	500,000
Chailease Specialty Finance Co., Ltd.	Agora Garden Taipei	"	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000

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.

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Chailease Finance Co., Ltd.	Chailease International Finance Corporation	Associates	154,980	-	-	-	-	-
Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	Subsidiaries	323,865	-	-	-	-	-
Fina Finance & Trading Co., Ltd	Chuang Ju Limited Partnership	Associates	502,247	-	-	-	-	-
Chailease International Financial Services Co., Ltd.	Chailease International Company (Malaysia) Limited	Associates	1,830,063	-	-	-	-	-
"	Chailease International Financial Services (Labuan) Co., Ltd.	Associates	622,160	-	-	-	-	-
"	Chailease International Financial Services (Singapore) Pte. Ltd.	Associates	900,483	-	-	-	-	-
Chailease Finance (B.V.I.) Company, Ltd.	Chailease International Financial Services Co., Ltd.	Associates	1,119,122	-	-	-	-	-
"	Chailease International Financial Services (Liberia) Corp.	Associates	360,576	-	-	-	-	-
Chailease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	150,412	-	-	-	-	-
"	Chailease International Company (UK) Limited	Subsidiaries	1,831,451	-	-	-	-	-
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public company Limited.	Subsidiaries	4,559,247	-	-	-	-	-
Chailease Consumer Finance Co.,Ltd.	Chuang Ju Limited Partnership	Subsidiaries	302,309	-	-	-	-	-

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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 International Finance Corporation	Chailease International Corp.	Subsidiaries	215,822	-	-		-	-
Chailease International Corp.	Chailease International Finance Corporation	Subsidiaries	862,873	-	-		-	-
"	Chailease International Corp.	Associates	431,103	-	-		-	-

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

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

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

No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Financial statements item	Amount	Terms	
0	Chailease Holding Co., Ltd	Chailease Berjaya Credit Sdn. Bhd.	1	Other current financial assets	74,968	Same as normal transactions	0.02 %
0	"	"	1	Non-operating income	76,500	"	0.13 %
1	Chailease Finance Co., Ltd	Golden Bridge (B.V.I.) Corp. 、 Chailease International Finance Corporation	3	Other current financial assets	205,590	"	0.04 %
1	"	Chailease Specialty Finance Co., Ltd.	3	Payables and notes	323,865	"	0.07 %
1	"	Fina Finance & Trading Co., Ltd. 、 Apex Credit Solution Inc. 、 Chailease Auto Rental Co., Ltd	3	Operating cost and expenses	185,659	"	0.31 %
1	"	Chailease Consumer Finance Co., Ltd. 、 Chailease International Finance Corporation 、 Chailease International Financial Services Co., Ltd. 、 Chailease International Leasing Company Limited (Vietnam) 、 Fina Finance & Trading Co., Ltd. 、 Golden Bridge (B.V.I.) Corp. 、 Chailease Auto Rental Co., Ltd	3	Operating revenues and non-operating income	669,753	"	1.13 %
2	Chailease Finance (B.V.I.) Company, Ltd.	Chailease International Financial Services Co., Ltd. 、 Chailease International Financial Services (Liberia) Corp.	3	Financing and interest receivable	1,475,022	"	0.30 %
2	"	Chailease International Financial Services Co., Ltd.	3	Operating revenues	199,821	"	0.34 %
3	Chailease International Finance Corporation	Chailease Finance Co., Ltd.	3	Other current financial liabilities	154,980	"	0.03 %
3	"	Chailease Finance Co., Ltd. 、 Jirong Real Estate Co., Ltd	3	Operating expense	230,620	"	0.39 %
3	"	Chailease Finance International Corp.	3	Financing and interest receivable	215,822	"	0.04 %
3	"	Chailease International Corp.	3	Borrowings and interest payable	862,873	"	0.17 %
4	Golden Bridge (B.V.I.) Corp.	Chailease Finance Co., Ltd.	3	Other current financial liabilities	50,610	"	0.01 %
4	"	Chailease International Company (Malaysia) Limited. 、 My Leasing (B.V.I.) Corp. 、 My Leasing (Mauritius) Corp.	3	Borrowings and interest payable	240,683	"	0.05 %
4	"	My Leasing (B.V.I.) Corp. 、 Chailease Finance Co., Ltd.	3	Operating cost and expenses	103,281	"	0.17 %

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No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Financial statements item	Amount	Terms	
5	My leasing (Mauritius) Corp.	Golden Bridge (B.V.I.) Corp.	3	Financing and interest receivable	90,270	Same as normal transactions	0.02 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	3	Other current financial assets	4,559,247	"	0.92 %
6	"	Bangkok Grand Pacific Lease Public Company Limited - SK Insurance Broker Co., Ltd.	3	Operating revenues and non-operating income	187,335	"	0.32 %
7	Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Labuan) Co., Ltd. - Chailease International Company (Malaysia) Limited - Chailease International Financial Services (Singapore) Pte. Ltd.	3	Financing and interest receivable	2,860,638	"	0.58 %
7	"	Chailease International Financial Services (Labuan) Co., Ltd. - Chailease International Company (Malaysia) Limited	3	Operating revenues	109,594	"	0.19 %
7	"	Chailease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	492,068	"	0.10 %
7	"	Chailease Finance (B.V.I.) Company, Ltd.	3	Borrowings and interest payable	1,114,446	"	0.22 %
7	"	Chailease Finance Co., Ltd. - Chailease Finance (B.V.I.) Company, Ltd.	3	Operating cost and expenses	268,143	"	0.45 %
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	2,049,084	"	0.41 %
8	"	Chailease International Company (UK) Limited	3	Operating revenues	67,899	"	0.11 %
8	"	Chailease International Financial Services Co., Ltd.	3	Borrowings and interest payable	1,830,063	"	0.37 %
8	"	"	3	Operating cost	63,926	"	0.11 %
8	"	PT Chailease Indosurya Finance	3	Other current financial assets	30,121	"	0.01 %
9	Chailease International Company (UK) Limited	Chailease International Company (Malaysia) Limited	3	Borrowings and interest payable	1,831,451	"	0.37 %
9	"	"	3	Operating cost	67,899	"	0.11 %
10	Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	3	Capital leases receivable	323,865	"	0.07 %
11	Fina Finance & Trading Co., Ltd.	Chuang Ju Limited Partnership Ltd.	3	Financing and interest receivable	502,247	"	0.10 %
11	"	Chailease Finance Co., Ltd.	3	Operating cost and expenses	235,310	"	0.40 %
11	Fina Finance & Trading Co., Ltd.	Chailease Finance Co., Ltd.	3	Operating revenues	70,954	"	0.12 %
12	My leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	3	Operating revenues	51,103	"	0.09 %
13	Chailease Royal Finance Plc.	Chailease International Company (Malaysia) Limited	3	Borrowings and interest payable	67,220	"	0.01 %
14	Chailease International Financial Services (Liberia) Corp.	Chailease Finance (B.V.I.) Company, Ltd.	3	Borrowings and interest payable	360,576	"	0.07 %
15	Chailease International Financial Service (Labuan) Co., Ltd.	Chailease International Financial Services Co., Ltd.	3	Borrowings and interest payable	622,160	"	0.13 %
15	"	"	3	Operating cost	45,668	"	0.08 %
16	Bangkok Grand Pacific Lease Public Company Limited	Asia Sermkij Leasing Public Co., Ltd.	3	Borrowings and interest payable	4,559,247	"	0.92 %
16	"	"	3	Operating cost and expenses	104,975	"	0.18 %
17	SK Insurance Broker Co., Ltd.	"	3	Operating expense	82,381	"	0.14 %

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No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Financial statements item	Amount	Terms	
18	Apex Credit Solution Inc.	Chalease Finance Co., Ltd.	3	Operating revenues	76,897	Same as normal transactions	0.13 %
19	Chalease International Leasing Company Limited (Vietnam)	"	3	Operating expense	50,063	"	0.08 %
20	Chalease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	3	Financing and interest receivable	302,309	"	0.06 %
20	"	Chalease Finance Co., Ltd.	3	Operating cost and expenses	66,797	"	0.11 %
21	Chuang Ju Limited Partnership	Chalease Consumer Finance Co., Ltd. - Fina Finance & Trading Co., Ltd.	3	Borrowings and interest payable	804,556	"	0.16 %
22	Chalease Finance International Corp.	Chalease International Finance Corporation - Chalease International Corp.	3	Borrowings and interest payable	646,925	"	0.13 %
23	Chalease International Corp.	Chalease International Finance Corporation - Chalease Finance International Corp.	3	Financing and interest receivable	1,293,976	"	0.26 %
24	Jirong Real Estate Co., Ltd.	Chalease International Finance Corporation	3	Operating revenues	75,457	"	0.13 %
25	Chalease Auto Rental Co., Ltd.	Chalease Finance Co., Ltd.	3	Operating revenues and non-operating income	37,809	"	0.06 %
25	"	"	3	Operating cost and expenses	41,919	"	0.07 %
26	Chalease International Financial Services (Singapore) Pte. Ltd.	Chalease International Financial Services Co., Ltd.	3	Borrowings and interest payable	900,483	"	0.18 %
27	PT Chalease Indosurya Finance	Chalease International Company (Malaysia) Limited	3	Other current financial liabilities	30,121	"	0.01 %

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 year ended December 31, 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 December 31, 2019			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares/Units (in thousands)	Percentage of ownership	Carrying value				
The Company	Chalease International Company (Malaysia) Limited	Malaysia	Investment	20,039,085	18,839,885	1,147,247	100.00 %	39,071,521	100.00 %	7,813,498	7,813,498	
"	Chalease International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	2,908,060	2,458,360	97,000	100.00 %	4,966,722	100.00 %	990,139	990,139	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Leasing and real estate financing	146,641	146,641	3,927	51.00 %	1,131,689	51.00 %	494,635	252,264	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
The Company	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	12,903,678	12,633,858	386,150	100.00 %	31,586,462	100.00 %	6,706,648	6,706,648	
"	Chalease International Company (Hong Kong) Limited	Hong Kong	Investment	257,828	8,994	8,600	100.00 %	263,587	100.00 %	378	378	
"	Chalease International Financial Services (Liberia) Corp.	Liberia	Leasing	177,611	-	-	100.00 %	188,501	100.00 %	41,308	11,227	share holding less than 1,000 shares
"	Chalease International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	7,055	-	30	100.00 %	3,487	100.00 %	(4,554)	(3,679)	
Chalease International Company (Malaysia) Limited	Chalease International (B.V.I.) Corp.	British Virgin Islands	Investment	300	676,049	10	100.00 %	53	100.00 %	198,228	198,228	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	448,153	448,153	40,698	11.57 %	632,065	11.57 %	839,155	97,090	
"	Chalease International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	23,729,202	22,829,802	422,287	100.00 %	35,905,843	100.00 %	7,463,558	7,463,558	
"	Chalease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	492,310	369,233	70,000	70.00 %	724,848	70.00 %	210,483	147,338	
"	Chalease Royal Leasing Plc.	Cambodia	Leasing	89,940	89,940	3,000	60.00 %	170,312	60.00 %	111,846	67,108	
"	Chalease Royal Finance Plc.	Cambodia	Financing	107,689	17,749	3,912	60.00 %	96,890	60.00 %	5,937	3,562	
"	Yellowstone Holding AG	Swiss	Investment	162,356	162,356	525,000	35.00 %	133,127	35.00 %	(27,371)	(9,580)	
"	Chalease Berjaya Finance Corporation	Philippines	Leasing and financing	157,869	87,705	270,000	60.00 %	123,926	60.00 %	(4,386)	(2,632)	
"	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	48.00 %	1,863	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	4,211	-	-	48.00 %	4,199	48.00 %	(80)	(12)	
"	Chalease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	405,902	-	-	48.00 %	411,918	48.00 %	2,228	6,203	
"	Diamond Rain Group Limited	British Virgin Islands	Investment	504,287	-	12,920	35.28 %	495,579	35.28 %	526,386	(18,034)	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Chailease Berjaya Credits Sdn. Bhd.	Chailease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	703	703	100	100.00 %	14,973	100.00 %	6,929	6,929	
"	Chailease Services Sdn. Bhd.	Malaysia	Insurance Brokers	703	-	100	100.00 %	1,010	100.00 %	313	313	
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	20,273,201	19,461,086	1,717,700	100.00 %	35,875,579	100.00 %	7,978,224	7,978,224	
"	C&E Engine Leasing Limited	Ireland	Leasing	675,105	467,543	22,519	50.00 %	720,170	50.00 %	92,956	46,478	
Chailease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	- %	-	48.00 %	1,863	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	- %	-	48.00 %	(80)	(26)	
"	Chailease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	-	398,101	-	- %	-	48.00 %	2,228	(5,133)	
"	Diamond Rain Group Limited	British Virgin Islands	Investment	-	260,406	-	- %	-	35.28 %	526,386	203,743	
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	6,891,242	6,891,242	633,500	100.00 %	14,002,935	100.00 %	2,317,024	2,317,024	
"	Chailease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,392,353	100.00 %	287,766	287,766	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	509,660	509,660	17,000	100.00 %	639,033	100.00 %	43,122	43,122	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	849,346	849,346	128,837	36.61 %	1,999,990	36.61 %	839,155	307,215	
"	Chailease Finance (B.V.I.) Company, Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	1,226,482	1,226,482	40,910	100.00 %	1,452,211	100.00 %	176,429	176,429	
"	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	185,803	100.00 %	56,189	56,189	
"	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,165	28.57 %	(171)	(49)	
"	Chailease International Leasing Company Limited (Vietnam)	Vietnam	Leasing	737,838	737,838	-	100.00 %	1,330,709	100.00 %	163,523	163,523	

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Chailease Finance Co., Ltd.	Chailease Auto Rental Co., Ltd.	Taiwan	Leasing	1,352,227	1,352,227	135,650	100.00 %	1,427,656	100.00 %	60,174	60,174	
"	Chailease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	62,249	100.00 %	45,998	45,998	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Leasing and real estate financing	123,179	123,179	3,773	49.00 %	1,087,309	49.00 %	494,635	242,371	
"	Chailease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,650	100.00 %	(30)	(30)	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	477,423	100.00 %	16,239	16,239	
"	Chailease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	636,282	100.00 %	547,014	547,014	
"	Chailease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	100.00 %	691,615	100.00 %	245,629	245,629	
"	Chailease Power Technology Co., Ltd.	Taiwan	Solar power business	250,000	250,000	25,000	100.00 %	255,908	100.00 %	5,971	5,971	
"	Chailease International Trading Company Limited (Vietnam)	Vietnam	Trading	149,900	149,900	-	100.00 %	164,013	100.00 %	18,203	18,203	
"	Chung Cheng Energy Integration Co., Ltd.	Taiwan	Solar power business	1,000	-	100	100.00 %	927	100.00 %	(73)	(73)	
"	Ho Lien Energy Integration Co., Ltd.	Taiwan	Solar power business	1,000	-	100	100.00 %	927	100.00 %	(73)	(73)	
"	Chailease Finance Securitization Trust 2019	Taiwan	Special purpose entity	1,045,149	-	-	100.00 %	1,028,460	100.00 %	(16,689)	(16,689)	
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd.	Taiwan	Installment sales and factoring	2,652,436	2,652,436	234,434	100.00 %	4,093,080	100.00 %	441,212	441,212	
"	Chailease Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	10,101	10,101	1,000	100.00 %	10,596	100.00 %	733	733	
Chailease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	1,800,000	1,800,000	-	- %	1,981,465	- %	181,465	181,465	(Note 2)
Chailease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	1,500,000	-	- %	1,650,398	- %	150,398	150,398	(Note 3)
Chailease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	- %	-	-	(Note 2)
Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	10	-	- %	10	- %	-	-	(Note 3)

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Chalease International Financial Services Co., Ltd.	Chalease International Financial Services (Liberia) Corp.	Liberia	Leasing	-	300	-	-	%	-	100.00 %	41,308	30,081
	Chalease International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	-	900	-	-	%	-	100.00 %	(4,554)	(875)
Chalease International Company (Hong Kong) Limited	PT Chalease Indosurya Finance	Indonesia	Financing	245,250	-	1,125,000	75.00	%	246,657	75.00 %	1,902	1,426

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 December 31, 2019	Net Income (Losses) of the Investee	Percentage of Ownership	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow							
Chalease International Finance Corporation	Leasing	10,570,363	(2)	-	-	-	-	7,593,664	97.85 %	100.00 %	7,308,746	31,472,682	3,087,940
Chalease Finance International Corp.	Leasing	1,798,800	(2)	-	-	-	-	686,942	98.39 %	100.00 %	681,066	4,252,677	-
Chalease International Corp.	Trading	861,000	(2)	-	-	-	-	861,596	97.85 %	100.00 %	852,802	4,294,571	-
Jirong Real Estate Co., Ltd.	House property leasing and management	731,850	(2)	-	-	-	-	10,622	97.85 %	100.00 %	10,495	767,345	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	107,625	(2)	-	-	-	-	10,611	19.57 %	20.00 %	1,653	19,932	-

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

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

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

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

Note 3: The limit 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.

3. Significant transactions:

The aforementioned inter company transaction have been eliminated upon consolidation for the year ended December 31, 2019, please refer to Note (13) (a).

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(14) Segment Information

- (a) The Group's reportable segments include operations in Taiwan, China, ASEAN and other areas. These segments engage mainly in installment sales and leasing. The Group uses operating profit as the measurement for segment profit and the basis of performance assessment.
- (b) Information about profit or loss and assets and liabilities the report amount is similar to that in the report used by the chief operating decision maker.

Operating segments financial information:

For the year ended December 31, 2019	Taiwan	China	ASEAN	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 25,661,179	26,409,077	6,645,451	416,525	-	59,132,232
Intersegment revenues	1,358,519	103,259	374,325	85,649	(1,921,752)	-
Interest revenue	10,637	102,181	17,764	1,103	-	131,685
Total revenue	\$ 27,030,335	26,614,517	7,037,540	503,277	(1,921,752)	59,263,917
Interest expenses	\$ 2,545,270	3,632,262	1,522,207	320,490	-	8,020,229
Depreciation and amortization	\$ 3,376,141	328,084	130,815	13,979	-	3,849,019
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ (49)	1,653	-	223,639	-	225,243
Reportable segment profit or loss	\$ 8,247,755	6,842,898	1,346,662	(339,756)	-	16,097,559
Reportable segment assets	\$ 274,040,298	158,100,562	64,458,843	10,882,529	(10,144,373)	497,337,859
Reportable segment liabilities	\$ 237,318,431	126,132,340	55,484,906	14,608,535	(10,144,373)	423,399,839
For the year ended December 31, 2018						
Revenue						
Revenue from external customers	\$ 21,991,640	23,342,737	4,651,868	486,345	-	50,472,590
Intersegment revenues	1,190,828	80,275	212,942	67,197	(1,551,242)	-
Interest revenue	5,324	91,677	5,506	2,508	-	105,015
Total revenue	\$ 23,187,792	23,514,689	4,870,316	556,050	(1,551,242)	50,577,605
Interest expenses	\$ 1,998,277	2,766,950	1,060,135	274,822	-	6,100,184
Depreciation and amortization	\$ 2,171,821	179,168	40,489	4,108	-	2,395,586
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ 44	(1,155)	-	(76,006)	-	(77,117)
Reportable segment profit or loss	\$ 7,120,947	6,262,587	1,203,243	(694,284)	-	13,892,493
Reportable segment assets	\$ 231,358,489	123,706,669	48,801,939	8,040,707	(11,530,095)	400,377,709
Reportable segment liabilities	\$ 200,036,898	96,344,586	41,608,081	9,855,140	(11,530,095)	336,314,610

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

(c) Information about the products and services

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

<u>Products and services</u>	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Sales revenue	\$ 12,916,446	9,975,354
Interest revenue - installment sales	9,542,085	8,446,600
Interest revenue - capital lease	17,392,662	13,423,761
Rental revenue - operating leases	3,383,399	3,197,591
Interest revenue - loans	4,657,584	3,903,170
Other interest revenue	4,984,254	3,836,634
Other operating revenue	<u>6,255,802</u>	<u>7,689,480</u>
Total	<u>\$ 59,132,232</u>	<u>50,472,590</u>

(d) Geographical information

Please refer to Note (14)(b) for the related information on the Group's reportable segments by geographical location.