

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

**CHALEASE HOLDING COMPANY LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**SEPTEMBER 30, 2017 AND 2016
(With Independent Accountants' Review Report Thereon)**

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The accountant's review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's report and consolidated financial statements, the Chinese version shall prevail.

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Independent Accountants' Review Report

To the Board of Directors of Chailease Holding Company Limited:

We have reviewed the accompanying condensed consolidated balance sheets of Chailease Holding Company Limited (the "Company") and its subsidiaries (the "Group") as of September 30, 2017 and 2016, the related condensed consolidated statements of profit or loss and other comprehensive income for the three months and the nine months then ended, and changes in equity and cash flows for the nine months periods then ended. These condensed consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

Except as described in paragraphs 3 and 4, we conducted our reviews in accordance with Statement on Auditing Standard 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Included in the accompanying condensed consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of NT\$109,660,545 thousand and NT\$110,104,887 thousand constituting 35% and 39% of the Group's consolidated total assets as of September 30, 2017 and 2016, respectively; total liabilities of NT\$84,142,256 thousand and NT\$79,951,911 thousand constituting 31% and 33% of the Group's consolidated total liabilities as of September 30, 2017 and 2016, respectively; comprehensive income of NT\$1,084,353 thousand, NT\$773,249 thousand, NT\$3,140,121 thousand and NT\$1,816,663 thousand constituting 37%, 76%, 48% and 49% of the Group's consolidated comprehensive income for the three months and the nine months ended September 30, 2017 and 2016, respectively.

Furthermore, long term investments accounted under equity method of NT\$1,157,516 thousand and NT\$477,071 thousand as of September 30, 2017 and 2016, respectively, and related investment income (loss) thereof amounting to NT\$(14,214) thousand, NT\$2,330 thousand, NT\$(4,521) thousand and NT\$(2,759) thousand for the three months and the nine months ended September 30, 2017 and 2016, respectively, were recognized based upon financial statements prepared by the investee companies.



Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity method investees as described in paragraphs 3 and 4 above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

We have previously audited the consolidated statements of financial position of the Group as of December 31, 2016, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and auditing standards generally accepted in the Republic of China and we expressed an unqualified opinion on those audited financial statements in our report dated March 16, 2017. In our opinion, the information set forth in the accompanying condensed consolidated statements of financial position as of December 31, 2016, is fairly stated, in all material respects, in relation to the consolidated statement of financial position from which it has been derived.

KPMG

Taipei, Taiwan (Republic of China)
November 9, 2017

Notes to Readers

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2017, December 31, 2016, and September 30, 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

		2017.9.30		2016.12.31		2016.9.30	
		Amount	%	Amount	%	Amount	%
Assets							
Current assets :							
1100	Cash and cash equivalents (Notes (6)(a) and (7))	\$ 16,234,033	5	12,936,615	5	15,645,810	5
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	204,212	-	113,057	-	296,920	-
1130	Current held-to-maturity financial assets (Note (6)(b))	5,594,767	2	5,824,814	2	7,363,807	3
1170	Accounts receivable, net (Notes (6)(d), (7) and (8))	208,356,361	67	194,395,682	68	188,345,101	67
1476	Other current financial assets (Notes (7) and (8))	4,429,620	1	3,315,724	1	4,230,384	2
1479	Other current assets-others (Notes (6)(c) and (7))	3,472,274	1	3,654,131	1	2,699,546	1
		<u>238,291,267</u>	<u>76</u>	<u>220,240,023</u>	<u>77</u>	<u>218,581,568</u>	<u>78</u>
Non-current assets :							
1523	Non-current available-for-sale financial assets (Note (6)(b))	1,141,380	-	1,815,310	1	1,817,671	1
1528	Non-current held-to-maturity financial assets (Note (6)(b))	1,436,950	1	997,270	-	720,839	-
1550	Investments accounted under equity method (Notes (6)(f) and (8))	1,157,516	1	889,608	-	477,071	-
1600	Property, plant and equipment (Notes (6)(g) and (8))	10,056,726	3	10,336,214	4	10,322,312	4
1780	Intangible assets (Note (6)(h))	64,742	-	77,901	-	76,859	-
1840	Deferred tax assets	3,607,486	1	3,755,363	1	2,961,885	1
1930	Long-term accounts receivable, net (Notes (6)(d), (7) and (8))	55,059,091	18	46,786,877	16	43,873,699	16
1995	Other non-current assets-others (Notes (7) and (8))	922,879	-	1,184,892	1	1,354,906	-
		<u>73,446,770</u>	<u>24</u>	<u>65,843,435</u>	<u>23</u>	<u>61,605,242</u>	<u>22</u>
LIABILITIES AND EQUITY							
Current Liabilities :							
	Short-term borrowings (Notes (6)(i), (7) and (8))	\$ 92,889,060	30	79,283,044	28	80,889,019	29
	Current derivative financial liabilities for hedging (Note (6)(b))	3,388	-	-	-	-	-
	Accounts and notes payable	2,997,673	1	3,205,667	1	2,499,447	1
	Current tax liabilities	1,416,128	1	1,860,322	1	782,531	-
	Other current financial liabilities (Note (7))	28,600,337	9	26,620,973	9	27,018,549	10
	Long-term liabilities, current portion (Notes (6)(i), (6)(j), (7) and (8))	87,582,329	28	77,542,923	27	71,988,638	26
	Other current liabilities-others	1,056,157	-	1,299,666	-	1,314,729	-
		<u>214,545,072</u>	<u>69</u>	<u>189,812,595</u>	<u>66</u>	<u>184,492,913</u>	<u>66</u>
Non-current Liabilities :							
	Bonds payable (Notes (6)(i) and (7))	14,174,747	5	9,701,649	3	10,284,903	4
	Long-term borrowings (Notes (6)(i), (7) and (8))	32,638,879	10	39,363,927	14	41,093,996	15
	Deferred tax liabilities	1,707,221	1	1,632,086	1	1,644,771	-
	Other non-current liabilities (Note (6)(i))	4,581,688	1	4,064,973	1	2,740,635	1
		<u>53,102,535</u>	<u>17</u>	<u>54,762,635</u>	<u>19</u>	<u>55,764,305</u>	<u>20</u>
	Total Liabilities	<u>267,647,607</u>	<u>86</u>	<u>244,575,230</u>	<u>85</u>	<u>240,257,218</u>	<u>86</u>
Equity attributable to owners of parent : (Note (6)(n))							
	Share capital	11,392,300	4	11,392,300	4	11,392,300	4
	Capital surplus	9,391,481	3	9,391,481	3	9,348,811	3
	Special reserve	674,779	-	-	-	-	-
	Unappropriated retained earnings	21,683,773	7	19,201,441	7	17,416,021	6
	Other equity items	(1,392,093)	(1)	(674,779)	-	(354,037)	-
	Total equity attributable to owners of the Company	<u>41,750,240</u>	<u>13</u>	<u>39,310,443</u>	<u>14</u>	<u>37,803,095</u>	<u>13</u>
	Non-controlling interests	2,340,190	1	2,197,785	1	2,126,497	1
	Total equity	<u>44,090,430</u>	<u>14</u>	<u>41,508,228</u>	<u>15</u>	<u>39,929,592</u>	<u>14</u>
TOTAL ASSETS		\$ 311,738,037	100	286,083,458	100	280,186,810	100
TOTAL LIABILITIES AND EQUITY		\$ 311,738,037	100	286,083,458	100	280,186,810	100

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and the nine months ended September 30, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

		For the three months ended September 30,				For the nine months ended September 30,			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues: (Note (7))									
4111	Sales revenue	\$ 2,110,831	20	1,978,277	20	5,668,289	19	5,562,932	20
4810	Interest revenue - installment sales	1,925,669	18	1,844,977	19	5,635,810	19	5,414,866	19
4820	Interest revenue - capital leases	2,496,695	23	2,193,238	23	7,105,830	24	6,674,587	24
4300	Rental revenue - operating leases	774,304	7	745,339	8	2,309,312	7	2,120,712	8
4230	Interest revenue - loans	801,906	8	736,964	8	2,314,337	8	2,206,819	8
4240	Other interest revenue	826,844	8	738,594	8	2,338,763	8	2,099,388	7
4881	Other operating revenue	1,649,264	16	1,405,298	14	4,440,357	15	3,893,895	14
		<u>10,585,513</u>	<u>100</u>	<u>9,642,687</u>	<u>100</u>	<u>29,812,698</u>	<u>100</u>	<u>27,973,199</u>	<u>100</u>
Operating costs: (Note (7))									
5111	Cost of sales	1,863,136	17	1,757,782	18	5,009,684	17	4,940,980	18
5240	Interest expense	1,284,096	12	1,135,820	12	3,612,490	12	3,493,082	13
5300	Cost of rental revenue	594,281	6	536,202	6	1,813,503	6	1,501,204	5
5800	Other operating costs	281,415	3	238,106	2	819,581	3	692,340	2
		<u>4,022,928</u>	<u>38</u>	<u>3,667,910</u>	<u>38</u>	<u>11,255,258</u>	<u>38</u>	<u>10,627,606</u>	<u>38</u>
	Gross profit from operation	6,562,585	62	5,974,777	62	18,557,440	62	17,345,593	62
6000	Operating expenses (Note (7))	3,049,008	29	3,714,763	38	9,546,806	32	10,974,852	39
6500	Net other income and expenses (Note (6)(q))	33,746	-	30,217	-	132,746	-	97,052	-
	Operating profit	3,547,323	33	2,290,231	24	9,143,380	30	6,467,793	23
Non-operating income and expenses:									
7100	Interest income	21,947	-	14,929	-	52,345	-	51,700	-
7130	Dividend revenue	60,267	1	71,689	1	81,495	-	90,113	-
7020	Other gains and losses (Note (6)(r))	127,039	1	205,799	2	516,627	2	1,007,042	4
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method (Note (6)(f))	(14,214)	-	2,330	-	(4,521)	-	(2,759)	-
		<u>195,039</u>	<u>2</u>	<u>294,747</u>	<u>3</u>	<u>645,946</u>	<u>2</u>	<u>1,146,096</u>	<u>4</u>
7900	Profit before income tax	3,742,362	35	2,584,978	27	9,789,326	32	7,613,889	27
7950	Less: Income tax expense (Note (6)(m))	965,646	9	572,626	6	2,496,974	8	1,903,838	7
	Profit for the period	2,776,716	26	2,012,352	21	7,292,352	24	5,710,051	20
Other comprehensive income (loss):									
8310	Items that will not be reclassified subsequently to profit or loss								
8311	Remeasurement of defined benefit liabilities	-	-	-	-	-	-	(620)	-
8349	Related tax	-	-	-	-	-	-	123	-
	Total	-	-	-	-	-	-	(497)	-
8360	Items that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	317,615	3	(1,167,688)	(12)	(777,662)	(2)	(2,150,491)	(8)
8362	Unrealized gains (losses) on available-for-sale financial assets	(167,697)	(1)	(2,260)	-	(278,749)	(1)	44,577	-
8363	Losses of effective portion of cash flow hedges	(3,388)	-	-	-	(3,388)	-	(163,416)	(1)
8364	Gains (losses) of effective portion of hedges of net investment in foreign operations	23,766	-	131,391	1	352,256	1	196,447	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	706	-	1,932	-	8,328	-	3,325	-
8399	Related tax (Note (6)(m))	4,283	-	47,429	-	86,361	-	77,776	-
	Total other items that may be reclassified subsequently to profit or loss	175,285	2	(989,196)	(11)	(612,854)	(2)	(1,991,782)	(8)
8300	Other comprehensive income (loss) for the period, net of tax	175,285	2	(989,196)	(11)	(612,854)	(2)	(1,992,279)	(8)
8500	Total comprehensive income for the period	\$ 2,952,001	28	1,023,156	10	6,679,498	22	3,717,772	12
Profit attributable to:									
8610	Owners of the Company	\$ 2,681,851	25	1,922,433	20	7,030,493	23	5,450,791	19
8620	Non-controlling interests	94,865	1	89,919	1	261,859	1	259,260	1
		<u>\$ 2,776,716</u>	<u>26</u>	<u>2,012,352</u>	<u>21</u>	<u>7,292,352</u>	<u>24</u>	<u>5,710,051</u>	<u>20</u>
Comprehensive income attributable to:									
8710	Owners of the Company	\$ 2,812,402	27	999,291	10	6,313,179	21	3,506,251	12
8720	Non-controlling interests	139,599	1	23,865	-	366,319	1	211,521	-
		<u>\$ 2,952,001</u>	<u>28</u>	<u>1,023,156</u>	<u>10</u>	<u>6,679,498</u>	<u>22</u>	<u>3,717,772</u>	<u>12</u>
9750	Basic earnings per share (NT dollars) (Note (6)(o))	\$ 2.35		1.68		6.17		4.78	

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

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Equity Attributable to Owners of the Company							
	Retained Earnings			Other Equity Items				Total equity
	Stock	Capital surplus	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	
							Gains (losses) of effective portion of hedge of net investment in foreign operations	to owners of the Company
Share capital								
\$ 11,392,300		9,407,395	-	15,497,081	1,545,063	120,270	163,416	37,887,041
Balance as of January 1, 2016	-	-	-	5,450,791	-	-	-	5,450,791
Profit for the period	-	-	-	(238)	(2,021,910)	44,577	(163,416)	(1,944,540)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	196,447	(47,739)
Total comprehensive income (loss) for the period	-	-	-	5,450,553	(2,021,910)	44,577	196,447	3,506,251
Earnings distribution and appropriation:								
Cash dividends to ordinary shareholders	-	-	-	(3,531,613)	-	-	-	(3,531,613)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(58,584)	-	-	-	-	-	(58,584)
Changes in non-controlling interests	-	-	-	-	-	-	-	(228,522)
Balance as of September 30, 2016	\$ 11,392,300	9,348,811	-	17,416,021	(476,847)	164,847	(42,037)	37,803,095
Balance as of January 1, 2017	\$ 11,392,300	9,391,481	-	19,201,441	(627,808)	163,390	(210,361)	39,310,443
Profit for the period	-	-	-	7,030,493	-	-	-	7,030,493
Other comprehensive income (loss) for the period	-	-	-	-	(788,449)	(278,749)	(2,372)	(717,314)
Total comprehensive income (loss) for the period	-	-	-	7,030,493	(788,449)	(278,749)	(2,372)	6,313,179
Earnings distribution and appropriation:								
Special reserve appropriated	-	-	674,779	(674,779)	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	(3,873,382)	-	-	-	(3,873,382)
Changes in non-controlling interests	-	-	-	-	-	-	-	(223,914)
Balance as of September 30, 2017	\$ 11,392,300	9,391,481	674,779	21,683,773	(1,416,257)	(115,359)	141,895	41,750,240
								2,340,190
								44,090,430

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

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

For the nine months ended September 30, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the nine months ended September 30,	
	2017	2016
Cash flows from operating activities:		
Profit before income tax	\$ 9,789,326	7,613,889
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities:		
Depreciation expense	1,547,767	1,369,504
Amortization expense	110,855	132,138
Gain on financial assets and liabilities at fair value through profit or loss	(10,380)	(43,928)
Interest expense	3,612,490	3,493,066
Interest income	(17,447,085)	(16,447,360)
Dividend income	(81,495)	(90,113)
Share of (profit) loss of associates and joint ventures accounted for using equity method	4,521	2,759
Gain on disposal of property, plant and equipment	(6,378)	(7,159)
Loss on disposal of foreclosed assets	59,734	49,365
Gain on disposal of investments	(177,257)	(6,036)
Impairment loss on financial assets	3,096,588	4,444,650
Impairment loss on non-financial assets	381,673	254,254
Total adjustments to reconcile profit	(8,908,967)	(6,848,860)
Change in operating assets and liabilities:		
Change in operating assets:		
Increase in financial assets held for trading	(80,660)	(67,698)
Decrease in non-current financial assets at fair value through profit or loss	-	721,807
Increase in accounts receivable	(27,872,564)	(19,914,905)
Increase in other current financial assets	(1,076,013)	(855,587)
Decrease (increase) in other current assets	44,358	(62,942)
Proceeds from sales of operating lease assets	901,163	749,970
Purchase of operating lease assets	(2,731,882)	(2,867,478)
Decrease (increase) in other non-current assets – others	147,988	(56,563)
Total changes in operating assets	(30,667,610)	(22,353,396)
Changes in operating liabilities:		
Decrease in accounts and notes payable	(176,077)	(640,832)
Increase in long-term and short-term debts	208,079,258	136,163,341
Repayment of long-term and short-term debts	(184,850,733)	(119,597,296)
Increase in other current financial liabilities	2,276,229	1,946,634
(Decrease) increase in accrued pension liabilities	(1,808)	9,714
(Decrease) increase in other current liabilities-others	(223,945)	321,304
Increase in other non-current liabilities	554,890	432,398
Total changes in operating liabilities	25,657,814	18,635,263
Total changes in operating assets and liabilities	(5,009,796)	(3,718,133)
Total adjustments	(13,918,763)	(10,566,993)
Cash outflow from operation	(4,129,437)	(2,953,104)
Interest received	17,405,724	16,472,390
Dividend received	81,494	90,113
Interest paid	(3,501,284)	(3,492,490)
Income taxes paid	(2,720,314)	(2,594,145)
Net cash provided by operating activities	7,136,183	7,522,764
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(27,611)	(111,617)
Proceeds from disposal of available-for-sale financial assets	574,586	40,935
Proceeds from capital reduction of available-for-sale financial assets	18,380	3,233
Acquisition of held-to-maturity financial assets	(3,819,365)	(3,980,374)
Disposal of held-to-maturity financial assets	3,604,930	5,865,319
Acquisition of investments accounted for using equity method	(407,079)	(169,575)
Proceeds from capital reduction of investments accounted for using equity method	82,147	37,488
Acquisition of property, plant and equipment	(48,982)	(68,088)
Disposal of property, plant and equipment	169,446	1,263
Acquisition of intangible assets	(787)	(1,908)
Net cash provided by investing activities	145,665	1,616,676
Cash flows from financing activities:		
Change in non-controlling interests	(223,914)	(228,522)
Distribution of cash dividend	(3,873,382)	(3,531,613)
Net cash used in financing activities	(4,097,296)	(3,760,135)
Effect of exchange rate changes on cash and cash equivalents	92,271	(844,403)
Net increase in cash and cash equivalents	3,276,823	4,534,902
Cash and cash equivalents, net of bank overdraft, beginning of period	12,935,342	11,093,264
Cash and cash equivalents, net of bank overdraft, end of period (Note (6)(a))	\$ 16,212,165	15,628,166

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

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

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

(1) Overview

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

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

As of September 30, 2017 and 2016, the Company had outstanding common shares of stock of both \$11,392,300 divided into 1,139,229,994 shares.

(2) Financial Statements Authorisation Date and Authorisation Process

The accompanying condensed interim consolidated financial statements were approved by chairman, reported to Board of Directors and issued on November 9, 2017.

(3) New Accounting Standards and Interpretations

- (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, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets-Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group's assessment disclosed that the initial application of the above IFRSs did not have any material impact on the consolidated interim financial statements.

(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, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

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

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on the consolidated financial statements, but will disclose the relevant impact thereof when the assessment is completed.

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1. IFRS 9 “Financial Instruments”

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

2) Impairment-Financial assets and contract assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Lifetime ECL measurement is adopted if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition, otherwise, the 12-month ECL measurement is applied.

3) Hedge accounting

IFRS 9 will require the Group to ensure that hedge accounting relationships are aligned with the Group’s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component of a non-financial item, will likely qualify for hedge accounting. Currently, the Group does not have hedges with such risk components.

4) Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed if IFRS 9 becomes effective and is adopted. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in retained earnings and reserves as at January 1, 2018, and restatement of prior periods is not required.

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Condensed Interim Consolidated Financial Statements

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2. IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 replaces existing revenue recognition guidance, including IAS 18 “Revenue”, IAS 11 “Construction Contracts. Under IFRS 15, revenue is recognized under the following conditions:

- 1) The contract with the customer is identified;
- 2) The performance obligations in the contract is identified;
- 3) The transaction price is determined;
- 4) The transaction price is allocated to the performance obligations in the contract; and
- 5) Revenue is recognized if when the Group satisfies a performance obligation.

When IFRS 15 becomes effective, the Group may elect to apply this Standard either retrospectively to each period presented or to recognize the accumulated adjustment at the date of initial application.

3. Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Loss”

The amendments clarify the accounting for deferred tax assets concerning unrealized losses on debt instruments measured at fair value.

The Group is assessing the potential impact of adopting the amendments to IAS 12 on its consolidated financial statements and is expecting to disclose the additional quantitative information before the adoption thereof.

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

The IFRSs that have been issued by the IASB, but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
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 28 “Long-term interests in associates and joint ventures”	January 1, 2019

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Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	<p>The new standard of accounting for lease is amended as follows:</p> <ul style="list-style-type: none">• For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the statements of financial position. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term.• A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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

(4) Significant Accounting Policies

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

(a) Statement of compliance

The accompanying condensed interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and guidelines of IAS 34 "Interim Financial Reporting," endorsed by FSC. Such condensed interim consolidated financial statements, however, do not include all of the information required for full annual financial statements by International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS as endorsed by the FSC").

Except as described in the following paragraphs, the significant accounting policies adopted in the preparation of the accompanying condensed interim consolidated financial statements are applied consistently with those of the consolidated financial statements for the year ended December 31, 2016. For other related information, please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2016.

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****(b) Basis of consolidation**

The accounting principles applied in the preparation of the consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2016. For full disclosure of the accounting principles, please refer to note (4)(c) of the consolidated financial statements for the year ended December 31, 2016.

1. Subsidiaries included in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2017.9.30	2016.12.31	2016.9.30	
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	100.00 %	
"	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailease International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	100.00 %	
"	Chailease Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	70.00 %	
"	Chailease Royal Leasing Plc.	Leasing	60.00 %	- %	- %	This subsidiary was established on May 10, 2016. Chailease International Company (Malaysia) Limited invested it on March 6, 2017.

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2017.9.30	2016.12.31	2016.9.30	
Chailcase International Company (Malaysia) Limited	Chailcase Berjaya Finance Corporation	Leasing and financing	60.00 %	- %	- %	This subsidiary was established on September 29, 2017.
Chailcase International Company (UK) Limited	Chailcase Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
Chailcase International Financial Services Co., Ltd.	Chailcase International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailcase International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	
Chailcase Berjaya Credit Sdn. Bhd.	Chailcase Agency Sdn. Bhd.	Insurance brokers	100.00 %	- %	- %	Founded on April 19, 2017.
Chailcase Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	100.00 %	
"	Chailcase Specialty Finance Co., Ltd.	Installment sales	100.00 %	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
Chailcase International Company (Malaysia) Limited and Chailcase Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding control of Asia Sermkij Leasing Public Co., Ltd.
Chailcase Finance Co., Ltd.	Chailcase Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	
"	Chailcase International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailcase International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	100.00 %	Founded on July 18, 2016.
"	Chailcase Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	
"	Chailcase Credit Services Co., Ltd.	Installment sales and leasing	- %	100.00 %	100.00 %	Chailcase Finance Co., Ltd. sold all shares of Chailcase Credit Services Co., Ltd. to Fina Finance & Trading Co., Ltd. on July 21, 2017.

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2017.9.30	2016.12.31	2016.9.30	
Chailease Finance Co., Ltd.	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	
"	Chailease Finance Securitization Trust 2014	Special purpose entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note a)
"	Chailease Finance Securitization Trust 2016	Special purpose entity	- %	- %	- %	The subsidiary was established on August 24, 2016. (Note a)
"	Yun Tang Inc.	Solar power business	100.00 %	100.00 %	100.00 %	
"	Chailease Energy Integration Co., Ltd.	Solar power business	100.00 %	100.00 %	100.00 %	
"	Innovation Energy Integration Co., Ltd.	Solar power business	100.00 %	100.00 %	100.00 %	
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd.	Factoring and installment sales	100.00 %	100.00 %	100.00 %	
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	- %	- %	Fina Finance & Trading Co., Ltd. bought all shares of Chailease Credit Service Co., Ltd. from Chailease Finance Co., Ltd. on July 21, 2017.
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing, leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	
Chailease Consumer Finance Co., Ltd. and Chailease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	- %	- %	% Founded on June 28, 2017.
Chailease Specialty Finance Co., Ltd. and Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	- %	- %	% Founded on June 28, 2017.

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2017.9.30	2016.12.31	2016.9.30	
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Warehouse Funding Corp.	Real estate development	100.00 %	100.00 %	100.00 %	
"	Grand Pacific Business Loan LLC. 2005-1	Special purpose entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note a)
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special purpose entity	100.00 %	100.00 %	100.00 %	
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special purpose entity	- %	- %	- %	The subsidiary was established on June 27, 2005. (Note a)
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	
"	SK Insurance Broker Co., Ltd.	Insurance brokers	100.00 %	- %	- %	Founded on April 12, 2017.

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

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

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

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

(c) Income taxes

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

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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

(d) Employee benefits

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

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

The accompanying condensed interim consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by FSC, which requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principles for the preparation of consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with those disclosed in Note (5) of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>
Cash and demand deposits	\$ 16,041,829	11,549,315	14,539,770
Time deposits	182,203	368,400	93,048
Cash equivalents-repurchase bills	<u>10,001</u>	<u>1,018,900</u>	<u>1,012,992</u>
Cash and cash equivalents	16,234,033	12,936,615	15,645,810
Bank overdraft	<u>(21,868)</u>	<u>(1,273)</u>	<u>(17,644)</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 16,212,165</u>	<u>12,935,342</u>	<u>15,628,166</u>

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

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(b) Financial instruments

1. The components of financial assets were as follows :

	2017.9.30	2016.12.31	2016.9.30
Financial assets at fair value through profit or loss			
Held for trading			
Securities of listed companies	\$ 204,212	113,057	296,920
Available-for-sale financial assets			
Securities of listed companies	964,313	244,321	256,475
Emerging stock	2,593	1,070,238	1,063,635
Private equity	174,474	500,751	497,561
Sub-total	1,141,380	1,815,310	1,817,671
Held-to-maturity financial assets			
Investment in debt securities	7,031,717	6,822,084	8,084,646
Total	\$ 8,377,309	8,750,451	10,199,237

2. Sensitivity analysis — equity price risk :

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

	For the nine months ended September 30,			
	2017		2016	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Equity price at reporting date				
Increase of 7%	\$ 79,956	14,295	127,293	20,784
Decrease of 7%	\$ (79,956)	(14,295)	(127,293)	(20,784)

The Group purchased debt securities issued by real estate trust. These debt securities have maturity dates between 2017 and 2020, and bear effective annual interest rate ranging from 3.56%~8.62%.

3. Derivative instruments used for hedging

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

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****1) Cash flow hedge**

A subsidiary named, Chailease Berjaya Credit Sdn. Bhd. entered into interest swap contract and cross currency swap contract with a bank to hedge future cash flow out of USD loans.

<u>Hedged item</u>	<u>Hedge Instrument</u>	<u>Fair Value</u>			<u>Expected Cash flow Period</u>	<u>Hedge Period</u>
		<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>		
USD loans	Cross Currency Swap	\$ (3,388)	-	-	2017~2020	2017~2020

A subsidiary named, Golden Bridge (B.V.I.) Corp., entered into cross currency swap contract with a bank to hedge future cash flow out of CNY loans receivable. All related contracts were due as of June 30, 2016.

<u>Item</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
The fair value adjustment to other comprehensive income	\$ <u>(3,388)</u>	<u>-</u>	<u>(3,388)</u>	<u>(163,416)</u>

2) Hedge of net investment in foreign operation

The fair value of the equity investment in a foreign investee, Golden Bridge (B.V.I.) Corp., may be influenced by the fluctuation of USD exchange rate. The Company designated its USD borrowings to hedge the exchange rate fluctuation risk from this investment. The details of net investment hedge in foreign operation and designated derivatives as of September 30, 2017 and December 31, 2016, and September 30, 2016 were as follows:

<u>Hedged Item</u>	<u>Hedge Instrument</u>	<u>Designated Hedging Instrument</u>		
		<u>Fair Value</u>		
		<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>
		<u>\$</u>	<u></u>	<u></u>
Equity investment measured in USD	Foreign currency borrowings	<u>7,867,600</u>	<u>5,724,375</u>	<u>6,823,936</u>

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I.) Corp., for the nine months ended September 30, 2017 and 2016.

(c) Financial assets securitization**1. 2011 Securitization**

On January 27, 2016, the special purpose trust has fully redeemed beneficiary certificates twAAA and twA. As the process of its liquidation was completed on February 26, 2016, the Group received \$721,807 from the return of subordinated certificates.

On February 23, 2016, the Group entered into an agreement with the said Special Purpose Entity to repurchase its receivable of \$529,514.

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(d) Accounts receivable, net

	<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>
Current			
Accounts receivable	\$ 20,385,413	18,520,273	17,478,417
Less: Allowance for impairment	<u>(573,530)</u>	<u>(613,897)</u>	<u>(552,576)</u>
	<u>19,811,883</u>	<u>17,906,376</u>	<u>16,925,841</u>
Installment sales receivable	78,480,718	75,982,760	74,827,914
Less: Unearned interests	<u>(7,299,183)</u>	<u>(7,221,132)</u>	<u>(6,930,726)</u>
Allowance for impairment	<u>(2,856,977)</u>	<u>(2,597,888)</u>	<u>(2,344,269)</u>
	<u>68,324,558</u>	<u>66,163,740</u>	<u>65,552,919</u>
Leases receivable (included operating leases)	93,757,313	84,812,430	82,506,160
Less: Unearned revenue	<u>(11,419,823)</u>	<u>(9,705,952)</u>	<u>(9,502,193)</u>
Allowance for impairment	<u>(3,424,381)</u>	<u>(3,434,935)</u>	<u>(3,316,565)</u>
	<u>78,913,109</u>	<u>71,671,543</u>	<u>69,687,402</u>
Loans receivable	42,260,737	39,578,177	37,230,224
Less: Allowance for impairment	<u>(953,926)</u>	<u>(924,154)</u>	<u>(1,051,285)</u>
	<u>41,306,811</u>	<u>38,654,023</u>	<u>36,178,939</u>
Sub-total of current accounts	<u>208,356,361</u>	<u>194,395,682</u>	<u>188,345,101</u>
Non Current			
Accounts receivable	6,964,603	5,436,361	4,593,130
Less: Allowance for impairment	<u>(103,090)</u>	<u>(91,684)</u>	<u>(81,073)</u>
	<u>6,861,513</u>	<u>5,344,677</u>	<u>4,512,057</u>
Installment sales receivable	32,476,934	28,171,965	28,003,091
Less: Unearned interests	<u>(3,401,751)</u>	<u>(2,519,292)</u>	<u>(2,565,581)</u>
Allowance for impairment	<u>(418,454)</u>	<u>(393,209)</u>	<u>(396,181)</u>
	<u>28,656,729</u>	<u>25,259,464</u>	<u>25,041,329</u>
Leases receivable	19,963,993	13,901,163	12,653,723
Less: Unearned revenue	<u>(6,589,312)</u>	<u>(3,914,667)</u>	<u>(3,750,399)</u>
Allowance for impairment	<u>(121,092)</u>	<u>(109,668)</u>	<u>(101,039)</u>
	<u>13,253,589</u>	<u>9,876,828</u>	<u>8,802,285</u>
Loans receivable	6,609,711	6,642,702	5,587,121
Less: Allowance for impairment	<u>(322,451)</u>	<u>(336,794)</u>	<u>(69,093)</u>
	<u>6,287,260</u>	<u>6,305,908</u>	<u>5,518,028</u>
Sub-total of non current accounts	<u>55,059,091</u>	<u>46,786,877</u>	<u>43,873,699</u>
Total accounts receivable	<u>\$ 263,415,452</u>	<u>241,182,559</u>	<u>232,218,800</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 nine months ended September 30,	
	2017	2016
Opening balance	\$ 8,502,229	7,360,096
Impairment loss recognized	3,096,166	4,444,629
Amounts written off	(2,739,044)	(3,635,335)
Foreign exchange gains	(85,450)	(257,309)
Ending balance	<u>\$ 8,773,901</u>	<u>7,912,081</u>

2. Receivables arising from installment sales and capital leases transactions, which were partially pledged for the repayment or collaterals of bank loans, were discussed further in Note (8).

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

	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
September 30, 2017			
Within operating cycle	\$ 93,626,809	(11,419,823)	82,206,986
Beyond one operating cycle to 5 years	7,834,238	(969,174)	6,865,064
Beyond 5 years	<u>12,129,755</u>	<u>(5,620,138)</u>	<u>6,509,617</u>
	<u>\$ 113,590,802</u>	<u>(18,009,135)</u>	<u>95,581,667</u>
December 31, 2016			
Within operating cycle	\$ 84,693,447	(9,705,952)	74,987,495
Beyond one operating cycle to 5 years	7,775,539	(1,048,230)	6,727,309
Beyond 5 years	<u>6,125,624</u>	<u>(2,866,437)</u>	<u>3,259,187</u>
	<u>\$ 98,594,610</u>	<u>(13,620,619)</u>	<u>84,973,991</u>
September 30, 2016			
Within operating cycle	\$ 82,344,481	(9,502,193)	72,842,288
Beyond one operating cycle to 5 years	6,418,690	(804,203)	5,614,487
Beyond 5 years	<u>6,235,033</u>	<u>(2,946,196)</u>	<u>3,288,837</u>
	<u>\$ 94,998,204</u>	<u>(13,252,592)</u>	<u>81,745,612</u>

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The Group entered into several electricity procurement agreements with Taiwan Power Company(Refer to Note(9) for details of these agreements). Under these agreements, the production of electric power will be sold only to Taiwan Power Company from the day the power plants are put into commercial operation. The average lease term is approximately twenty years.

The electricity procurement agreements mentioned above were accounted for as finance leases under IFRIC 4 "Determining whether an Agreement contains a lease" and IAS 17 "Lease".

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

	<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>
Within operating cycle	\$ 2,315,642	2,309,192	2,280,087
Beyond one operating cycle to 5 years	2,194,164	2,282,138	2,345,021
Beyond 5 years	9,317	8,433	8,433
	<u>\$ 4,519,123</u>	<u>4,599,763</u>	<u>4,633,541</u>

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

	<u>Gross investment in the installment sales</u>	<u>Unearned interests</u>	<u>Present value of installment sales receivable</u>
September 30, 2017			
Within operating cycle	\$ 78,480,718	(7,299,183)	71,181,535
Beyond one operating cycle to 5 years	31,893,969	(3,338,438)	28,555,531
Beyond 5 years	582,965	(63,313)	519,652
	<u>\$ 110,957,652</u>	<u>(10,700,934)</u>	<u>100,256,718</u>
December 31, 2016			
Within operating cycle	\$ 75,982,760	(7,221,132)	68,761,628
Beyond one operating cycle to 5 years	28,139,074	(2,518,433)	25,620,641
Beyond 5 years	32,891	(859)	32,032
	<u>\$ 104,154,725</u>	<u>(9,740,424)</u>	<u>94,414,301</u>

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	Gross investment in the installment sales	Unearned interest	Present value of minimum leases receivable
September 30, 2016			
Within operating cycle	\$ 74,827,914	(6,930,726)	67,897,188
Beyond one operating cycle to 5 years	27,959,139	(2,564,231)	25,394,908
Beyond 5 years	43,952	(1,350)	42,602
	<u>\$ 102,831,005</u>	<u>(9,496,307)</u>	<u>93,334,698</u>

6. 2014 Securitization

In 2014, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of \$6,499,797. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received \$5,465,000 in cash from issuing these beneficiary certificates. Because the Group acquired all of the subordinated beneficiary certificates, the Group had control over the SPEs. The SPEs are classified as "Investments accounted under equity method". The downstream transactions are eliminated by the difference between the following two amounts.

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

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

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

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

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

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

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

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

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

(e) Other current assets - others

	2017.9.30	2016.12.31	2016.9.30
Prepayments	\$ 2,231,414	2,385,297	1,382,383
Prepaid expenses	1,164,575	1,215,901	1,266,304
Foreclosed assets	66,380	39,653	36,454
Others	9,905	13,280	14,405
	\$ 3,472,274	3,654,131	2,699,546

As of September 30, 2017 and December 31, 2016, and September 30, 2016, foreclosed assets held by the Group were as follows:

	2017.9.30	2016.12.31	2016.9.30
Foreclosed assets	\$ 99,530	56,525	60,429
Less: Accumulated impairment	(33,150)	(16,872)	(23,975)
	\$ 66,380	39,653	36,454

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For the three months and the nine months ended September 30, 2017 and 2016, the Group recognized an impairment loss of \$10,612, \$678, \$15,844 and \$7,173, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$22,022, \$15,498, \$59,734 and \$49,365 was recognized thereon for the three months and the nine months ended September 30, 2017 and 2016, 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:

	<u>2017.9.30</u>		<u>2016.12.31</u>		<u>2016.9.30</u>	
Investments in affiliates	<u>\$ 1,157,516</u>		<u>889,608</u>		<u>477,071</u>	
	<u>For the nine months ended September 30,</u>		<u>For the nine months ended September 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>		
Comprehensive income						
attributable to the Group						
Gain (loss) for the period	\$ (14,214)	2,330	(4,521)	(2,759)		
Other comprehensive income	<u>706</u>	<u>1,932</u>	<u>8,328</u>	<u>3,325</u>		
Total comprehensive income	<u>\$ (13,508)</u>	<u>4,262</u>	<u>3,807</u>	<u>566</u>		

Portion of the investments in associates was provided as collaterals for the issuance of short-term bills payable, as well as long and short-term debts, which were discussed further in Note (8).

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the nine months ended September 30, 2017 and 2016, were as follows:

	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:					
Balance at January 1, 2017	\$ 2,950,164	10,256,226	1,657,474	160,530	15,024,394
Additions	-	2,345,173	427,334	8,357	2,780,864
Reclassification	-	381	2,313	(2,313)	381
Disposals	-	(1,577,780)	(557,002)	-	(2,134,782)
Effect of movements in exchange rate	(20,513)	(81,839)	(5,348)	(1,617)	(109,317)
Balance at September 30, 2017	<u>\$ 2,929,651</u>	<u>10,942,161</u>	<u>1,524,771</u>	<u>164,957</u>	<u>15,561,540</u>

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	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Balance at January 1, 2016	\$ 3,063,847	9,363,546	1,233,559	143,760	13,804,712
Additions	-	2,214,159	703,725	17,682	2,935,566
Reclassification	-	-	(38,683)	-	(38,683)
Disposals	-	(1,483,291)	(209,865)	-	(1,693,156)
Effect of movements in exchange rate	(97,950)	(70,909)	(22,564)	(1,570)	(192,993)
Balance at September 30, 2016	<u>\$ 2,965,897</u>	<u>10,023,505</u>	<u>1,666,172</u>	<u>159,872</u>	<u>14,815,446</u>
Depreciation and impairment losses:					
Balance at January 1, 2017	\$ 535,773	3,260,871	771,666	119,870	4,688,180
Depreciation for the period	38,741	1,353,899	144,536	10,591	1,547,767
Impairment loss	-	227,054	138,775	-	365,829
Disposals	-	(1,013,440)	(57,111)	-	(1,070,551)
Effect of movements in exchange rate	(1,323)	(21,049)	(3,495)	(544)	(26,411)
Balance at September 30, 2017	<u>\$ 573,191</u>	<u>3,807,335</u>	<u>994,371</u>	<u>129,917</u>	<u>5,504,814</u>
Balance at January 1, 2016	\$ 491,118	2,607,269	668,413	105,254	3,872,054
Depreciation for the period	40,918	1,175,533	142,116	10,937	1,369,504
Impairment loss	-	228,518	18,563	-	247,081
Reclassification	-	-	(5,265)	-	(5,265)
Disposals	-	(907,305)	(41,777)	-	(949,082)
Effect of movements in exchange rate	(7,358)	(17,127)	(16,121)	(552)	(41,158)
Balance at September 30, 2016	<u>\$ 524,678</u>	<u>3,086,888</u>	<u>765,929</u>	<u>115,639</u>	<u>4,493,134</u>
Carrying amounts:					
Balance at January 1, 2017	<u>\$ 2,414,391</u>	<u>6,995,355</u>	<u>885,808</u>	<u>40,660</u>	<u>10,336,214</u>
Balance at September 30, 2017	<u>\$ 2,356,460</u>	<u>7,134,826</u>	<u>530,400</u>	<u>35,040</u>	<u>10,056,726</u>
Balance at January 1, 2016	<u>\$ 2,572,729</u>	<u>6,756,277</u>	<u>565,146</u>	<u>38,506</u>	<u>9,932,658</u>
Balance at September 30, 2016	<u>\$ 2,441,219</u>	<u>6,936,617</u>	<u>900,243</u>	<u>44,233</u>	<u>10,322,312</u>

1. Recognition and reversal of impairment losses were charged to the cost of rental revenue.
2. 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 capital cost rate of 1.34%~5.76% and 1.39%~5.86% for the nine months ended September 30, 2017 and 2016, respectively, to reflect the specific risk associated with its cash generating units.
3. 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).

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	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2017	\$ <u>46,508</u>	<u>31,393</u>	<u>77,901</u>
Balance at September 30, 2017	\$ <u>46,448</u>	<u>18,294</u>	<u>64,742</u>
Balance at January 1, 2016	\$ <u>12,680</u>	<u>32,827</u>	<u>45,507</u>
Balance at September 30, 2016	\$ <u>46,508</u>	<u>30,351</u>	<u>76,859</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2017 and 2016. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(h) of the 2016 annual consolidated financial statements for other related information.

(i) Long-term and short-term borrowings

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

2017.9.30				
	<u>Currency</u>	<u>Annual Interest Rate</u>	<u>Years of Maturity</u>	<u>Amount</u>
Secured bank loans	TWD	2.11%	2021	\$ 946,956
"	USD	1.70%~4.75%	2017~2019	1,604,633
"	THB	2.05%~4.75%	2017~2020	9,058,167
"	CNY	4.35%~5.23%	2017~2020	20,963,538
"	VND	2.10%~5.20%	2017~2018	3,140,313
Unsecured bank loans	TWD	0.75%~2.03%	2017~2027	100,263,238
"	USD	1.93%~4.50%	2017~2020	24,133,535
"	EUR	0.96%~1.25%	2017	429,001
"	THB	2.05%~7.13%	2017~2020	11,287,404
"	JPY	1.15%	2017	72,633
"	CNY	4.35%~5.70%	2017~2020	26,825,761
"	HKD	1.65%	2017	73,587
"	MYR	4.70%~4.80%	2017~2018	1,461,104
"	GBP	1.15%	2017	162,240
Notes payable from securitization	TWD	1.85%~2.65%	2019~2023	8,240,219
Total				\$ <u>208,662,329</u>

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2017.9.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Current				\$ 176,023,450
Non-current				32,638,879
Total				<u>\$ 208,662,329</u>
2016.12.31				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.09%~2.11%	2017~2021	\$ 1,413,500
"	USD	1.25%~4.25%	2017~2019	1,902,229
"	THB	2.05%~4.75%	2017~2019	8,669,900
"	CNY	4.13%~5.49%	2017~2019	17,814,413
"	VND	2.50%~5.30%	2017	2,438,487
Unsecured bank loans	TWD	0.79%~1.97%	2017~2021	94,543,782
"	USD	1.58%~3.50%	2017~2019	21,519,748
"	EUR	1.25%	2017	230,519
"	THB	2.05%~7.38%	2017~2019	9,670,098
"	JPY	1.15%~1.20%	2017	81,342
"	CNY	4.35%~4.99%	2017~2019	21,963,355
"	HKD	1.65%	2017	54,054
"	MYR	4.40%~4.65%	2017	621,450
"	GBP	1.15%	2017	356,491
Other unsecured loans	THB	2.20%	2017	55,138
"	USD	2.75%~4.90%	2019~2021	6
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	9,558,200
"	USD	1.15%~4.82%	2030	48,123
Total				<u>\$ 190,940,835</u>
Current				\$ 151,576,908
Non-current				39,363,927
Total				<u>\$ 190,940,835</u>

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2016.9.30				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.05%~2.11%	2016~2021	\$ 1,259,000
"	USD	1.30%~4.25%	2016~2019	1,745,618
"	THB	2.05%~4.75%	2016~2019	8,766,173
"	CNY	3.91%~4.99%	2016~2019	18,442,101
"	VND	1.80%~4.50%	2016~2017	1,843,840
Unsecured bank loans	TWD	0.79%~1.97%	2016~2021	93,663,344
"	USD	1.50%~3.25%	2016~2019	21,662,955
"	EUR	1.22%~1.35%	2016	217,496
"	THB	2.10%~3.40%	2016~2019	8,850,848
"	JPY	1.15%~1.43%	2016	76,141
"	CNY	3.91%~4.99%	2016~2019	21,808,804
"	HKD	1.65%	2016	76,834
"	MYR	2.70%~2.78%	2016	325,755
Other unsecured loans	THB	2.20%	2016~2017	399,728
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	9,558,200
"	USD	1.52%~2.71%	2030	160,722
Total				<u>\$ 188,857,559</u>
Current				\$ 147,763,563
Non-current				41,093,996
Total				<u>\$ 188,857,559</u>

For information on the Group's interest risk, currency risk, and liquidity risk, please refers to Note (6)(t). For information on the debts of related parties, please refer to Note (7).

1. Securities for bank loans

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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2. Financial covenants of significant loans and borrowings

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

As of December 31, 2016, the Group was in compliance with the financial covenants mentioned above.

(j) Bonds payable

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2013.07.22~ 2018.07.22	1.600%	1,400,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	"	450,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	"

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
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	None
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	-	3,500,000	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	182,560	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	182,560	-	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	118,664	-	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	91,280	-	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	273,840	-	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	136,920	-	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	136,920	-	"
2015.12.25~ 2017.11.15	2.680%	THB 100,000	"	91,280	-	"
2016.02.02~ 2019.02.02	2.970%	THB 300,000	"	-	273,840	"
2016.02.17~ 2019.02.21	2.970%	THB 100,000	"	-	91,280	"
2016.03.29~ 2019.04.03	2.920%	THB 155,000	"	-	141,484	"
2016.04.27~ 2018.04.27	2.630%	THB 500,000	"	456,400	-	"
2016.06.16~ 2019.06.11	2.930%	THB 100,000	"	-	91,280	"
2016.06.24~ 2019.03.21	2.920%	THB 300,000	"	-	273,840	"
2016.06.28~ 2020.06.29	3.250%	THB 200,000	"	-	182,560	"
2016.07.13~ 2019.03.29	2.920%	THB 190,000	"	-	173,432	"

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Period	Annual Interest Rate	Principal Amount	Repayment Terms	2017.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2016.07.25~ 2019.08.01	2.910%	THB 205,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	-	187,124	None
2016.07.28~ 2019.07.30	2.930%	THB 235,000	"	-	214,508	"
2016.07.29~ 2018.07.30	2.630%	THB 140,000	"	127,792	-	"
2017.02.24~ 2020.02.28	2.950%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	91,280	"
2017.04.27~ 2020.05.15	2.960%	THB 150,000	"	-	136,920	"
2017.07.07~ 2020.07.07	2.980%	THB 110,000	"	-	100,408	"
2017.08.08~ 2020.08.10	2.930%	THB 1,500,000	"	-	1,369,200	"
Bonds payable (Gross)				4,448,216	14,177,156	
Discounts on bonds payable				(277)	(2,409)	
				<u>\$ 4,447,939</u>	<u>14,174,747</u>	

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2016.12.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,000,000	-	None
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	1,400,000	-	"
2014.06.16~ 2019.06.16	1.500%	450,000	"	225,000	225,000	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	-	3,000,000	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2016.12.31		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
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	None
2016.06.28~ 2023.06.28	1.250%	300,000		"	-	300,000	"
2014.04.30~ 2017.04.28	4.150%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	90,500	-	"
2014.05.15~ 2017.06.08	4.100%	THB	210,000	"	190,050	-	"
2014.05.27~ 2017.05.09	4.050%	THB	150,000	"	135,750	-	"
2014.06.27~ 2017.07.10	4.050%	THB	220,000	"	199,100	-	"
2014.07.18~ 2017.07.25	4.050%	THB	500,000	"	452,500	-	"
2014.07.25~ 2017.08.08	4.050%	THB	320,000	"	289,600	-	"
2014.09.26~ 2017.09.25	3.950%	THB	250,000	"	226,250	-	"
2014.09.26~ 2017.10.10	3.950%	THB	200,000	"	181,000	-	"
2014.09.29~ 2017.09.25	3.950%	THB	100,000	"	90,500	-	"
2014.11.10~ 2017.11.10	3.950%	THB	200,000	"	181,000	-	"
2014.11.24~ 2017.12.07	3.850%	THB	130,000	"	117,650	-	"
2015.01.28~ 2017.01.28	3.600%	THB	300,000	"	271,500	-	"
2015.03.18~ 2018.03.18	3.700%	THB	100,000	"	-	90,500	"
2015.05.14~ 2017.05.15	3.500%	THB	120,000	"	108,600	-	"
2015.06.04~ 2018.06.04	3.400%	THB	300,000	"	-	271,500	"
2015.08.13~ 2018.08.14	3.100%	THB	150,000	"	-	135,750	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2016.12.31		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2015.09.03~ 2018.08.28	3.100%	THB	150,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	135,750	None
2015.12.25~ 2017.11.15	2.680%	THB	100,000	"	90,500	-	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	-	271,500	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	-	90,500	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	-	140,275	"
2016.04.27~ 2018.04.27	2.630%	THB	500,000	"	-	452,500	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	-	90,500	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	-	271,500	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	181,000	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	-	171,950	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	185,525	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	212,675	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	-	126,700	"
Bonds payable (Gross)					5,249,500	9,703,125	
Discounts on bonds payable					(441)	(1,476)	
					<u>\$ 5,249,059</u>	<u>9,701,649</u>	

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Period	Interest Rate	Principal Amount	Repayment Terms	2016.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	\$ 1,000,000	-	None
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	1,400,000	-	"
2014.06.16~ 2019.06.16	1.500%	450,000	"	225,000	225,000	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	"	-	3,000,000	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	"	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	90,860	-	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	190,806	-	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	136,290	-	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	199,892	-	"
2014.07.18~ 2017.07.25	4.050%	THB 500,000	"	454,300	-	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	290,752	-	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	-	181,720	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	227,150	-	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	90,860	-	"

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Period	Interest Rate	Principal Amount	Repayment Terms	2016.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2014.11.07~ 2016.11.07	3.700%	THB 160,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	145,376	-	None
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	-	181,720	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	-	118,118	"
2014.11.25~ 2016.11.25	3.700%	THB 120,000	"	109,032	-	"
2014.12.03~ 2016.12.07	3.700%	THB 190,000	"	172,634	-	"
2015.01.28~ 2017.01.28	3.600%	THB 300,000	"	272,580	-	"
2015.03.18~ 2018.03.18	3.700%	THB 100,000	"	-	90,860	"
2015.05.14~ 2017.05.15	3.500%	THB 120,000	"	109,032	-	"
2015.06.04~ 2018.06.04	3.400%	THB 300,000	"	-	272,580	"
2015.08.13~ 2018.08.14	3.100%	THB 150,000	"	-	136,290	"
2015.09.03~ 2018.08.28	3.100%	THB 150,000	"	-	136,290	"
2015.12.25~ 2017.11.15	2.680%	THB 100,000	"	-	90,860	"
2016.02.02~ 2019.02.02	2.970%	THB 300,000	"	-	272,580	"
2016.02.17~ 2019.02.21	2.970%	THB 100,000	"	-	90,860	"
2016.03.29~ 2019.04.03	2.920%	THB 155,000	"	-	140,833	"
2016.04.27~ 2018.04.27	2.630%	THB 500,000	"	-	454,300	"
2016.06.16~ 2019.06.11	2.930%	THB 100,000	"	-	90,860	"
2016.06.24~ 2019.03.21	2.920%	THB 300,000	"	-	272,580	"

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Period	Interest Rate	Principal Amount	Repayment Terms	2016.9.30		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2016.06.28~ 2020.06.29	3.250%	THB 200,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	181,720	None
2016.07.13~ 2019.03.29	2.920%	THB 190,000	"	-	172,634	"
2016.07.25~ 2019.08.01	2.910%	THB 205,000	"	-	186,263	"
2016.07.28~ 2019.07.30	2.930%	THB 235,000	"	-	213,521	"
2016.07.29~ 2018.07.30	2.630%	THB 140,000	"	-	127,204	"
Bonds payable (Gross)				5,114,564	10,286,793	
Discounts on bonds payable				(470)	(1,890)	
				<u>\$ 5,114,094</u>	<u>10,284,903</u>	

(k) Operating Leases

1. Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	2017.9.30	2016.12.31	2016.9.30
Less than one year	\$ 316,447	285,442	195,575
Between one and five years	359,680	356,680	458,937
Beyond five years	95,290	122,060	110,716
	<u>\$ 771,417</u>	<u>764,182</u>	<u>765,228</u>

(l) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2016 and 2015.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Operating expenses	<u>\$ 17,002</u>	<u>18,758</u>	<u>50,912</u>	<u>56,754</u>

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2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Operating costs	\$ 514	552	1,561	1,556
Operating expenses	44,551	40,479	123,732	115,754
Total	<u>\$ 45,065</u>	<u>41,031</u>	<u>125,293</u>	<u>117,310</u>

(m) Income taxes

1. Income Tax Expense

The components of income tax for the three months and the nine months ended September 30, 2017 and 2016 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Total income tax expense from continuing operations	<u>\$ 965,646</u>	<u>572,626</u>	<u>2,496,974</u>	<u>1,903,838</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement actuarial gains from defined benefit plans	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>123</u>
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	<u>\$ 4,283</u>	<u>47,429</u>	<u>86,361</u>	<u>77,776</u>

(n) Share capital and other equity accounts

Except for the following, there were no significant changes in share capital and other equity accounts for the nine months ended September 30, 2017 and 2016. Please refer to Note (6)(n) of the 2016 annual, consolidated financial statements for other related information.

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1. Share capital

As of September 30, 2017 and 2016, the Company's authorized capital consisted of both 1,500,000 thousand shares and both issued and outstanding shares worth \$11,392,300 with par value of \$10 (NT dollars) per share.

Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US\$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of September 30, 2017 and December 31, 2016, and September 30, 2016, the Company has listed, 38,026, 38,028 and 38,028 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

1) Exercise of voting rights

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

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

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

2. Retained earnings

According to the Articles of Association, 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% are distributed out 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 Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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During their meeting on May 26, 2017 and May 27, 2016, the shareholders resolved to distribute the 2016 and 2015 earnings. These earnings were distributed to common shareholders as follows:

	2016		2015	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.40	<u>3,873,382</u>	3.10	<u>3,531,613</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.

(o) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Profit attributable to common stockholders of the Company	<u>\$ 2,681,851</u>	<u>1,922,433</u>	<u>7,030,493</u>	<u>5,450,791</u>
Weighted average number of ordinary shares	<u>\$ 1,139,230</u>	<u>1,139,230</u>	<u>1,139,230</u>	<u>1,139,230</u>
Weighted average number of ordinary shares (Diluted)	<u>\$ 1,139,249</u>	<u>1,139,250</u>	<u>1,139,249</u>	<u>1,139,250</u>

Note: Potential ordinary shares have no dilutive effects.

(p) 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:

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

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For the three months and the nine months ended September 30, 2017 and 2016, the Company estimated its employee remuneration amounting to \$403, \$289, \$1,055 and \$818, and directors' remuneration amounting to \$1,877, \$1,346, \$4,921 and \$3,816, 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 of Association. These remunerations were expensed in profit or loss under operating expenses in 2017 and 2016. The differences between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

For 2016 and 2015, the Company recognized employee remuneration amounting to \$1,087 and \$1,024, and directors' remuneration amounting to \$5,216 and \$4,214, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2016 and 2015. Related information would be available at the Market Observation Post System website.

(q) Net other income and expenses

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net losses on disposal of foreclosed assets	\$ (22,022)	(15,498)	(59,734)	(49,365)
Impairment loss of foreclosed assets	(10,612)	(678)	(15,844)	(7,173)
Gains on doubtful debt recoveries	66,380	46,394	208,226	153,502
Others	-	(1)	98	88
	<u>\$ 33,746</u>	<u>30,217</u>	<u>132,746</u>	<u>97,052</u>

(r) Other gains and losses

The components of other gains and losses were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Foreign exchange gains (losses)	\$ (43,359)	71,541	(53,587)	294,032
Net gains on disposal of properly plant, and equipment	24	126	247	145
Net gains on disposal of available-for-sale financial assets	102,149	4,043	177,257	6,036
Net gains (losses) on valuation of financial assets (liabilities) measured at fair value through profit or loss	(3,438)	20,797	10,380	43,928
Impairment losses on available-for-sale financial assets	(381)	-	(422)	(21)
Others	72,044	109,292	382,752	662,922
	<u>\$ 127,039</u>	<u>205,799</u>	<u>516,627</u>	<u>1,007,042</u>

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(s) Adjustments to other comprehensive income

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Available-for-sale financial assets				
Net change in fair value	\$ (75,898)	(2,260)	(174,671)	44,577
Net change in fair value reclassified to profit or loss	(91,799)	-	(104,078)	-
Net change in fair value recognized in other comprehensive income	<u>\$ (167,697)</u>	<u>(2,260)</u>	<u>(278,749)</u>	<u>44,577</u>

(t) Financial instruments

1. Credit risks

1) Exposure to credit risks

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group. As of September 30, 2017 and December 31, 2016, and September 30, 2016, the maximum exposure to credit risks amounted to \$299,925,988, \$274,467,021 and \$270,115,403, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$92,654, \$98,931 and \$111,829 as of September 30, 2017 and December 31, 2016, and September 30, 2016, respectively.

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

	Taiwan	Thailand	China	Others	Total
September 30, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 145,225,092	26,988,750	75,879,959	10,894,920	258,988,721
Past due	232,953	-	-	407,648	640,601
Impaired	5,335,350	3,793,069	2,948,537	339,226	12,416,182
	<u>\$150,793,395</u>	<u>30,781,819</u>	<u>78,828,496</u>	<u>11,641,794</u>	<u>272,045,504</u>
Allowance for impairment					
Collectively assessed	\$ 1,463,236	639,807	1,826,989	334,537	4,264,569
Individually assessed	1,968,314	462,883	1,907,873	119,067	4,458,137
	<u>\$ 3,431,550</u>	<u>1,102,690</u>	<u>3,734,862</u>	<u>453,604</u>	<u>8,722,706</u>

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	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
December 31, 2016					
Gross loans and receivables:					
Neither past due nor impaired	\$ 133,333,350	25,197,925	69,512,124	8,502,441	236,545,840
Past due	201,215	-	-	158,515	359,730
Impaired	<u>4,925,793</u>	<u>3,782,214</u>	<u>3,581,383</u>	<u>325,048</u>	<u>12,614,438</u>
	<u>\$138,460,358</u>	<u>28,980,139</u>	<u>73,093,507</u>	<u>8,986,004</u>	<u>249,520,008</u>
Allowance for impairment					
Collectively assessed	\$ 1,447,681	536,153	1,625,216	303,276	3,912,326
Individually assessed	<u>2,132,172</u>	<u>367,826</u>	<u>1,889,155</u>	<u>134,901</u>	<u>4,524,054</u>
	<u>\$ 3,579,853</u>	<u>903,979</u>	<u>3,514,371</u>	<u>438,177</u>	<u>8,436,380</u>
September 30, 2016					
Gross loans and receivables:					
Neither past due nor impaired	\$ 128,091,973	25,062,460	67,020,156	6,502,363	226,676,952
Past due	243,938	-	-	169,425	413,363
Impaired	<u>4,864,153</u>	<u>3,711,207</u>	<u>3,837,820</u>	<u>461,755</u>	<u>12,874,935</u>
	<u>\$133,200,064</u>	<u>28,773,667</u>	<u>70,857,976</u>	<u>7,133,543</u>	<u>239,965,250</u>
Allowance for impairment					
Collectively assessed	\$ 1,370,418	487,636	1,589,785	283,303	3,731,142
Individually assessed	<u>1,827,909</u>	<u>339,477</u>	<u>1,829,875</u>	<u>129,876</u>	<u>4,127,137</u>
	<u>\$ 3,198,327</u>	<u>827,113</u>	<u>3,419,660</u>	<u>413,179</u>	<u>7,858,279</u>

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

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired includes loans and receivables with renegotiated terms.

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Renegotiating activity is designed to manage customer relationships, maximize collection opportunities and if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, approved external debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

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

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

	2017.9.30	2016.12.31	2016.9.30
Past due for up to 30 days	\$ 617,242	286,039	363,381
Past due for 31 to 90 days	23,359	73,691	49,982
	<u>\$ 640,601</u>	<u>359,730</u>	<u>413,363</u>

4) Impaired loans and receivables

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

2. Liquidity risks

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

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
September 30, 2017								
Non-derivative financial liabilities								
Bank overdraft	\$ 21,868	21,868	-	-	-	-	-	21,868
Secured bank loans	35,713,607	36,353,814	3,747,282	2,923,260	15,315,220	14,368,052	-	-
Unsecured bank loans	164,686,635	166,622,184	37,315,258	24,729,687	52,096,637	52,151,785	328,817	-
Notes payable from securitization	8,240,219	8,836,752	12,505	25,011	112,548	8,686,688	-	-
Bonds payables	18,622,686	19,696,878	236,602	425,564	2,359,160	14,678,902	1,996,650	-
Other payables	7,289,758	7,309,195	3,605,090	632,510	976,970	602,467	-	1,492,158
Deposits relating to collateral of customers	29,151,903	29,190,711	247,410	686,083	5,214,513	22,230,323	1,000	811,382
Derivative financial liabilities								
Derivative financial liabilities for hedging	3,388	3,388	-	-	3,388	-	-	-
	<u>\$ 263,730,064</u>	<u>268,034,790</u>	<u>45,164,147</u>	<u>29,422,115</u>	<u>76,078,436</u>	<u>112,718,217</u>	<u>2,326,467</u>	<u>2,325,408</u>
December 31, 2016								
Non-derivative financial liabilities								
Bank overdraft	\$ 1,273	1,273	-	-	-	-	-	1,273
Secured bank loans	32,238,529	33,113,725	6,908,885	2,395,255	11,937,083	11,872,502	-	-
Unsecured bank loans	149,039,566	151,666,554	30,058,470	39,134,721	34,902,892	47,570,471	-	-
Other unsecured loans	55,144	55,211	55,211	-	-	-	-	-
Notes payable from securitization	9,606,323	10,117,801	15,514	31,028	139,628	9,863,172	68,459	-
Bonds payables	14,950,708	15,837,280	290,475	32,549	4,319,196	9,711,660	1,483,400	-
Other payables	7,570,936	7,580,050	4,544,004	828,664	713,787	502,002	-	991,593
Deposits relating to collateral of customers	26,825,001	26,846,650	244,470	533,624	5,991,182	19,315,900	8,806	752,668
	<u>\$ 240,287,480</u>	<u>245,218,544</u>	<u>42,117,029</u>	<u>42,955,841</u>	<u>58,003,768</u>	<u>98,835,707</u>	<u>1,560,665</u>	<u>1,745,534</u>

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	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
September 30, 2016								
Non-derivative financial liabilities								
Bank overdraft	\$ 17,644	17,644	-	-	-	-	-	17,644
Secured bank loans	32,056,732	33,347,032	4,412,067	1,954,622	10,870,169	16,110,174	-	-
Unsecured bank loans	146,664,533	148,614,539	46,794,586	18,110,487	34,769,719	48,939,747	-	-
Other unsecured loans	399,728	400,693	199,892	145,376	55,425	-	-	-
Notes payable from securitization	9,718,922	10,283,653	15,673	31,345	141,053	9,896,821	198,761	-
Bonds payables	15,398,997	16,313,729	54,250	469,913	4,001,108	9,417,860	2,370,598	-
Other payables	6,327,956	6,338,085	3,368,559	854,529	679,399	451,429	-	984,169
Deposits relating to collateral of customers	26,418,245	26,428,651	244,335	542,223	5,452,080	19,307,425	-	882,588
	<u>\$ 237,002,757</u>	<u>241,744,026</u>	<u>55,089,362</u>	<u>22,108,495</u>	<u>55,968,953</u>	<u>104,123,456</u>	<u>2,569,359</u>	<u>1,884,401</u>

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

3. Currency risks

1) Exposure to currency risks

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

2017.9.30					
		Foreign currency (In thousands)	Exchange rate		Functional currency
Financial assets					
Monetary items					
USD	\$	8,467.19	USD : TWD	30.2600	256,217
		5,204.09	USD : GBP	0.7500	157,476
		5,999.48	USD : VND	25,008	181,544
CNY		923.60	CNY : USD	0.1504	4,203
JPY		386,783.41	JPY : USD	0.0089	104,083
EUR		13,493.45	EUR : USD	1.1814	482,391
HKD		21,192.20	HKD : USD	0.1280	82,077
GBP		4,316.76	GBP : USD	1.3404	175,088

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		2017.9.30		
		Foreign currency (In thousands)	Exchange rate	Functional currency
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		260,000.00	USD : TWD 30.2600	7,867,600
		4,628.19	USD : VND 25,008	140,049
		6,739.17	USD : MYR 4.3910	203,927
JPY		269,911.10	JPY : USD 0.0089	72,633
EUR		12,000.02	EUR : USD 1.1814	429,001
HKD		18,999.89	HKD : USD 0.1280	73,587
GBP		3,999.99	GBP : USD 1.3404	162,240
		2016.12.31		
		Foreign currency (In thousands)	Exchange rate	Functional currency
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	11,492.10	USD : TWD 32.2500	370,620
		6,353.80	USD : VND 25,000	204,911
CNY		922.39	CNY : USD 0.1432	4,259
GBP		9,301.62	GBP : USD 1.2282	368,437
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		182,979.00	USD : TWD 32.2500	5,901,073
		4,883.80	USD : VND 25,000	157,504
GBP		9,000.02	GBP : USD 1.2282	356,491

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		2016.9.30			
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	15,479.58	USD : TWD	31.3600	485,440
		8,969.77	USD : VND	23,579	281,292
CNY		921.20	CNY : USD	0.1496	4,323
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		224,483.00	USD : TWD	31.3600	7,039,787
		5,365.55	USD : VND	23,579	168,264

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 \$23,429 and \$15,754, for the nine months ended September 30, 2017 and 2016, respectively. This analysis is performed on the same basis for both years.

3) The foreign currency gain or loss on monetary items

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the nine months ended September 30, 2017 and 2016, the foreign currency (loss) gain, including realized and unrealized, amounted to \$(53,587) and \$294,032, respectively.

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

Ending balance as of September 30, 2017	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	0.48 %	\$ 16,234,033	12,272,918	3,607,793	-	-	353,322
Debt securities	6.75 %	7,031,717	-	4,271,602	2,760,115	-	-
Total accounts receivables	9.40 %	272,189,353	34,112,919	121,144,949	108,538,793	1,650,632	6,742,060
		295,455,103	46,385,837	129,024,344	111,298,908	1,650,632	7,095,382
Financial liabilities							
Secured bank loans	4.25 %	35,713,607	25,982,324	5,821,094	3,910,189	-	-
Unsecured bank loans	2.09 %	164,686,635	87,258,032	65,459,311	11,669,708	299,584	-
Bonds payables	1.88 %	18,622,686	-	2,722,939	13,999,747	1,900,000	-
Derivative financial liabilities for hedging	1.71 %	3,388	-	3,388	-	-	-
Bank overdraft	7.13 %	21,868	21,868	-	-	-	-
Notes payable from securitization	1.93 %	8,240,219	-	-	8,240,219	-	-
Deposits relating to collateral of customers	0.12 %	29,151,903	-	2,156,253	5,602,130	1,000	21,392,520
		256,440,306	113,262,224	76,162,985	43,421,993	2,200,584	21,392,520
Net exposure		\$ 39,014,797	(66,876,387)	52,861,359	67,876,915	(549,952)	(14,297,138)
Ending balance as of December 31, 2016	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 %	\$ 12,936,615	10,194,669	886,401	-	-	1,855,545
Debt securities	7.56 %	6,822,084	-	3,499,755	3,322,329	-	-
Total accounts receivables	9.71 %	249,684,788	32,125,275	118,018,691	89,093,064	3,375,184	7,072,574
		269,443,487	42,319,944	122,404,847	92,415,393	3,375,184	8,928,119
Financial liabilities							
Secured bank loans	4.19 %	32,238,529	22,916,629	5,649,650	3,672,250	-	-
Unsecured bank loans	2.00 %	149,039,566	84,116,167	46,621,441	18,301,958	-	-
Bonds payables	2.27 %	14,950,708	-	4,324,059	9,226,649	1,400,000	-
Bank overdraft	7.38 %	1,273	1,273	-	-	-	-
Other unsecured loans	2.20 %	55,144	-	55,144	-	-	-
Notes payable from securitization	1.94 %	9,606,323	48,123	-	9,558,200	-	-
Deposits relating to collateral of customers	0.13 %	26,825,001	-	2,228,699	4,689,615	7,885	19,898,802
		232,716,544	107,082,192	58,878,993	45,448,672	1,407,885	19,898,802
Net exposure		\$ 36,726,943	(64,762,248)	63,525,854	46,966,721	1,967,299	(10,970,683)

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CHAILLEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Ending balance as of September 30, 2016	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	0.75 %	\$ 15,645,810	12,546,293	1,166,060	-	-	1,933,457
Debt securities	7.14 %	8,084,646	-	3,781,163	4,303,483	-	-
Total accounts receivables	9.74 %	240,130,881	29,454,318	118,106,919	88,764,244	466,920	3,338,480
		263,861,337	42,000,611	123,054,142	93,067,727	466,920	5,271,937
Financial liabilities							
Secured bank loans	4.21 %	32,056,732	21,482,915	5,954,921	4,179,896	439,000	-
Unsecured bank loans	1.95 %	146,664,533	85,622,974	43,609,827	17,431,732	-	-
Bonds payables	2.31 %	15,398,997	-	4,189,094	8,909,903	2,300,000	-
Bank overdraft	7.38 %	17,644	17,644	-	-	-	-
Other unsecured loans	2.21 %	399,728	-	399,728	-	-	-
Notes payable from securitization	1.94 %	9,718,922	160,722	-	9,558,200	-	-
Deposits relating to collateral of customers	0.14 %	26,418,245	-	2,121,974	4,671,335	4,316	19,620,620
		230,674,801	107,284,255	56,275,544	44,751,066	2,743,316	19,620,620
Net exposure		\$ 33,186,536	(65,283,644)	66,778,598	48,316,661	(2,276,396)	(14,348,683)

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 \$144,727 and \$139,378 for the nine months ended September 30, 2017 and 2016, respectively. This analysis assumes that all other variables remain constant.

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

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	September 30, 2017				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 204,212	204,212	-	-	204,212
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	966,906	964,313	2,593	-	966,906
Measured at fair value of unquoted equity instruments	174,474	-	-	174,474	174,474
Sub-total	1,141,380	964,313	2,593	174,474	1,141,380
Held-to-maturity investments	7,031,717	-	-	-	-
Loans and receivable					
Cash and cash equivalents	16,234,033	-	-	-	-
Accounts receivable	263,415,452	-	-	-	-
Other financial assets	1,471,413	-	-	-	-
Refundable deposits	474,730	-	-	-	-
Restricted bank deposits	3,067,278	-	-	-	-
Sub-total	284,662,906	-	-	-	-
Total	\$ 293,040,215	1,168,525	2,593	174,474	1,345,592
Derivative financial liabilities for hedging	\$ 3,388	-	3,388	-	3,388
Measurement of financial liabilities at amortized cost					
Bank overdraft	21,868	-	-	-	-
Secured bank loans	35,713,607	-	-	-	-
Unsecured bank loans	164,686,635	-	-	-	-
Notes payable from securitization	8,240,219	-	-	-	-
Bond payables	18,622,686	-	-	-	-
Other payables	7,289,758	-	-	-	-
Deposits relating to collateral of customers	29,151,903	-	-	-	-
Total	\$ 263,730,064	-	3,388	-	3,388

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	December 31, 2016				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 113,057	113,057	-	-	113,057
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	1,314,559	244,321	1,070,238	-	1,314,559
Measured at fair value of unquoted equity instruments	500,751	-	-	500,751	500,751
Sub-total	1,815,310	244,321	1,070,238	500,751	1,815,310
Held-to-maturity investments	6,822,084	-	-	-	-
Loans and receivable					
Cash and cash equivalents	12,936,615	-	-	-	-
Accounts receivable	241,182,559	-	-	-	-
Other financial assets	1,410,904	-	-	-	-
Refundable deposits	660,349	-	-	-	-
Restricted bank deposits	2,062,502	-	-	-	-
Sub-total	258,252,929	-	-	-	-
Total	\$ 267,003,380	357,378	1,070,238	500,751	1,928,367
Measurement of financial liabilities at amortized cost					
Bank overdraft	\$ 1,273	-	-	-	-
Secured bank loans	32,238,529	-	-	-	-
Unsecured bank loans	149,039,566	-	-	-	-
Other unsecured loans	55,144	-	-	-	-
Notes payable from securitization	9,606,323	-	-	-	-
Bond payables	14,950,708	-	-	-	-
Other payables	7,570,936	-	-	-	-
Deposits relating to collateral of customers	26,825,001	-	-	-	-
Total	\$ 240,287,480	-	-	-	-

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	September 30, 2016				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value though profit or loss					
Financial assets held for trading	\$ 296,920	296,920	-	-	296,920
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	1,320,110	256,475	1,063,635	-	1,320,110
Measured at fair value of unquoted equity instruments	497,561	-	-	497,561	497,561
Sub-total	1,817,671	256,475	1,063,635	497,561	1,817,671
Held-to-maturity investments	8,084,646	-	-	-	-
Loans and receivable					
Cash and cash equivalents	15,645,810	-	-	-	-
Accounts receivable	232,218,800	-	-	-	-
Other financial assets	1,693,418	-	-	-	-
Refundable deposits	825,359	-	-	-	-
Restricted bank deposits	2,682,543	-	-	-	-
Sub-total	253,065,930	-	-	-	-
Total	\$ 263,265,167	553,395	1,063,635	497,561	2,114,591
Measurement of financial liabilities at amortized cost					
Bank overdraft	\$ 17,644	-	-	-	-
Secured bank loans	32,056,732	-	-	-	-
Unsecured bank loans	146,664,533	-	-	-	-
Other unsecured loans	399,728	-	-	-	-
Notes payable from securitization	9,718,922	-	-	-	-
Bond payables	15,398,997	-	-	-	-
Other payables	6,327,956	-	-	-	-
Deposits relating to collateral of customers	26,418,245	-	-	-	-
Total	\$ 237,002,757	-	-	-	-

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2) Valuation Techniques for Financial Instruments not Measured at Fair Value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Held-to-Maturity Financial Assets

If the quoted prices in active markets are available, the market price is adopted as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Debt Investment that Has No Active Markets and Financial Liabilities Measured at Amortized Cost

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

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 adopted 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 value. 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 value. The main assumption for the model is to use the net asset value per share as the measuring basis.

B. Derivative Financial Instruments

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

4) Transfers between Level 1 and Level 2

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

CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****5) Change in Level 3 of the fair value's ledger**

	<u>At fair value through profit or loss</u>	<u>Available-for-sale financial assets</u>	
	<u>Designated at initial recognition</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
Opening balance, January 1, 2017	\$ -	500,751	500,751
Total gains and losses recognized:			
In other comprehensive income	-	(14,104)	(14,104)
Disposal	-	(312,173)	(312,173)
Ending balance, September 30, 2017	<u>\$ -</u>	<u>174,474</u>	<u>174,474</u>
Opening balance, January 1, 2016	\$ 693,713	506,319	1,200,032
Total gains and losses recognized:			
In profit or loss	28,094	-	28,094
In other comprehensive income	-	(5,526)	(5,526)
Disposal	(721,807)	(3,232)	(725,039)
Ending balance, September 30, 2016	<u>\$ -</u>	<u>497,561</u>	<u>497,561</u>

For the three months and the nine months ended September 30, 2017 and 2016, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierarchy that were included in "other gains and losses" and "unrealized gains and losses on available-for-sale financial assets" were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total gains and losses recognized :				
In profit or loss, under "other gains and losses" \$	-	-	-	28,094
In other comprehensive income, under "unrealized gains and losses on available-for-sale financial assets "	(97,311)	(3,271)	(14,104)	(5,526)

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

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

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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>
Available-for-sale financial assets-equity investments	Net Asset Value Method	• Net Asset Value	• Not applicable

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(u) of the consolidated financial statements for the year ended December 31, 2016.

(v) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2016. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2016. Please refer to Note (6)(v) of the consolidated financial statements for the year ended December 31, 2016 for further details.

(7) Related Parties Transactions

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

(b) Names and relationship of related parties

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

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Chung Hung Corp.	Affiliate
DMC Energy Management Services (Shenzhen) Co., Ltd.	"
C&E Engine Leasing Limited	"
CL Investment Partners Company Limited	"

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<u>Name of related parties</u>	<u>Relationship with the Group</u>
Chinatrust Commercial Bank	Other related party
Grand Pacific Investment & Development Co., Ltd.	"
Chailease Construction & Development Corp.	"
Chaico Investment Corporation	"
Yellowstone Security Co., Ltd.	"
Yellowstone Service Co., Ltd.	"
Chailease Resources Technology Co., Ltd.	"
Chailease Business Co., Ltd.	"
Bosser Design Engineering Co., Ltd.	"
Global Hospitality Group Inc.	"
Chailease Foundation	"
Bangkok Bank Public Company Limited	"
Bangkok Insurance Public Company Limited	"
Enrich Management Consultants Ltd.	"
Grand Pacific Finance Corp. (N.Y.)	"
Sathorn City Tower Property Fund	"

(c) Related party transactions

1. Operating revenue

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Affiliates	\$ 133	-	389	393
Other related parties	22,245	51,542	81,327	186,673
	<u>\$ 22,378</u>	<u>51,542</u>	<u>81,716</u>	<u>187,066</u>

CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****2. Receivables from related parties**

Receivables of the Group from related parties were as follows:

Account	Categories of related parties	2017.9.30	2016.12.31	2016.9.30
Capital leases receivable	Other related parties	\$ 104	385	182
Accounts receivable	Other related parties	1,383	1,731	1,650
Other receivables	Affiliates	399	2,774	2,697
Other receivables	Other related parties	406	18,253	13,583
Other current financial assets	Other related parties	1,000	1,000	1,000
Other non-current financial assets	Other related parties	1,800	4,000	12,000
		<u>\$ 5,092</u>	<u>28,143</u>	<u>31,112</u>

3. Payable to related parties

Payable to related parties were as follows:

Account	Categories of related parties	2017.9.30	2016.12.31	2016.9.30
Other current financial liabilities	Other related parties	\$ 120	90,761	215

4. Assets transactions

The Group's subsidiary entered into a decoration agreement with an affiliate Zhongyou Investment Management Consultants (Shanghai) Co., Ltd. (Zhongyou) for the decoration of a Shanghai office building that the subsidiary is currently leasing. Under this agreement, Zhongyou is responsible for the design, supervision and management consulting jobs for subsidiary's leasehold improvements project in Shanghai office building. The project expenditure amounted to \$0 and \$4,944 for the three months and the nine months ended September 30, 2016, respectively, including project consultant fee of \$0 and \$124 paid to Zhongyou for the three months and the nine months ended September 30, 2016, respectively.

5. Related Parties Financing

Financing to affiliates and other related parties was as follows:

	2017.9.30	2016.12.31	2016.9.30
Affiliates	\$ 1,016,616	423,078	-
Other related parties	103,606	85,931	67,985
	<u>\$ 1,120,222</u>	<u>509,009</u>	<u>67,985</u>

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The loans receivable bear interest at annual rates ranging from 2.81% to 5.65%. As of September 30, 2017 and December 31, 2016, interest receivable from the loans receivable from affiliates amounted to \$6,211 and \$1,855, respectively. For the three months and the nine months ended September 30, 2017 and 2016, interest revenue from the loans receivable from affiliates amounted to \$8,331, \$105, \$16,158 and \$105, respectively.

The loans receivable bear interest at annual rates ranging from 2.66% to 5.00%. As of September 30, 2017, December 31, 2016, and September 30, 2016, interest receivable from the loans receivable from other related parties amounted to \$453, \$325 and \$12,357, respectively. For the three months and the nine months ended September 30, 2017 and 2016, interest revenue from the loans receivable from other related parties amounted to \$1,257, \$875, \$4,004 and \$2,637, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	<u>2017.9.30</u>	<u>2016.12.31</u>	<u>2016.9.30</u>
Other related parties	\$ <u>2,577,708</u>	<u>2,535,273</u>	<u>2,561,724</u>

The borrowings from other related parties bear interest at annual rates ranging from 3.25% to 7.13%. As of September 30, 2017, December 31, 2016, and September 30, 2016, interest payable from the interest bearing borrowings from other related parties amounted to \$231, \$229 and \$230, respectively. For the three months and the nine months ended September 30, 2017 and 2016, interest expense from the interest bearing borrowing from other related parties amounted to \$21,130, \$25,456, \$61,603 and \$81,347, respectively.

7. Guarantee

As of September 30, 2017 and December 31, 2016, the Group had provided a guarantee for loans taken out by affiliates. The credit limit of the guarantee was \$91,020 and \$92,340, and the actual drawn amount was \$9,567 and \$7,740 as of September 30, 2017 and December 31, 2016, respectively. There have been no guarantee with affiliates for the nine months ended September 30, 2016.

8. Others

- 1) As of September 30, 2017 and December 31, 2016, and September 30, 2016, bank deposits in financial institutions which are related parties of the Group amounted to \$225,047, \$170,694 and \$152,851, respectively. For the three months and the nine months ended September 30, 2017 and 2016, interest revenue from the deposits in other related parties amounted to \$6, \$55, \$167 and \$340, respectively.

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2) Other expenses with related parties :

Other related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Rent expense	\$ 7,698	7,564	22,570	22,506
Commission and service costs and expenses	353	288	1,056	785
Other operating costs and expenses	22,095	6,958	54,070	32,991
	<u>\$ 30,146</u>	<u>14,810</u>	<u>77,696</u>	<u>56,282</u>

(d) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Short-term employee benefits	\$ 57,915	61,824	180,065	185,842
Post-employment benefits	536	505	1,606	1,425
	<u>\$ 58,451</u>	<u>62,329</u>	<u>181,671</u>	<u>187,267</u>

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2017.9.30	2016.12.31	2016.9.30
Restricted cash in banks				
Restricted account for loans repayment (demand deposits)	Issuance of short-term bills and as guarantee for short-term and long- term borrowings(Note)	\$ 3,067,278	2,071,302	2,883,946
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,318,329	2,370,965	2,404,127
Equity securities	Issuance of short-term bills and as guarantee for short-term and long- term borrowings	1,241	1,299	1,062,688
Refundable deposits	Provincial court seizure etc.	298,207	475,127	630,280
Accounts receivable and notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	114,554,106	97,419,915	91,936,145
Total		<u>\$120,239,161</u>	<u>102,338,608</u>	<u>98,917,186</u>

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

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(9) Commitments and Contingencies

- (a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of September 30, 2017 and December 31, 2016, and September 30, 2016, the balance of unexpired payments from these alliance transactions amounted to \$6,799,522, \$7,438,573 and \$8,081,534, respectively.
- (b) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of September 30, 2017 and December 31, 2016, and September 30, 2016, the balance of financing obtained from such facilitation amounted to \$9,613, \$12,378 and \$14,066, respectively.
- (c) The Group entered into several electricity procurement agreements with Taiwan Power Company and all of these agreements will expire on twenty years after the date the electricity generating sets are launched. Under these agreements, reselling to third parties of electric power from the renewable energy system is prohibited.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

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 MTF market of the Luxembourg Stock Exchange.

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(12) Other

(a) Liquidity analysis of assets and liabilities :

	2017.9.30		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	\$ 16,234,033	-	16,234,033
Current financial assets at fair value through profit or loss	204,212	-	204,212
Current held-to-maturity financial assets	4,271,602	1,323,165	5,594,767
Accounts receivable, net	138,311,563	70,044,798	208,356,361
Other current financial assets	4,372,361	57,259	4,429,620
Other current assets – others	3,472,274	-	3,472,274
	<u>\$ 166,866,045</u>	<u>71,425,222</u>	<u>238,291,267</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 92,889,060	-	92,889,060
Current derivative financial liabilities for hedging	3,388	-	3,388
Accounts and notes payable	2,997,673	-	2,997,673
Current tax liabilities	1,416,128	-	1,416,128
Other current financial liabilities	12,525,947	16,074,390	28,600,337
Long-term liabilities, current portion	44,897,739	42,684,590	87,582,329
Other current liabilities – others	1,056,147	10	1,056,157
	<u>\$ 155,786,082</u>	<u>58,758,990</u>	<u>214,545,072</u>

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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

	2016.12.31		
	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	\$ 12,936,615	-	12,936,615
Current financial assets at fair value through profit or loss	113,057	-	113,057
Current held-to-maturity financial assets	3,499,755	2,325,059	5,824,814
Accounts receivable, net	134,692,332	59,703,350	194,395,682
Other current financial assets	3,293,256	22,468	3,315,724
Other current assets -- others	3,654,131	-	3,654,131
	<u>\$ 158,189,146</u>	<u>62,050,877</u>	<u>220,240,023</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 79,283,044	-	79,283,044
Accounts and notes payable	3,200,105	5,562	3,205,667
Current tax liabilities	1,860,322	-	1,860,322
Other current financial liabilities	12,472,739	14,148,234	26,620,973
Long-term liabilities, current portion	47,223,926	30,318,997	77,542,923
Other current liabilities -- others	1,299,584	82	1,299,666
	<u>\$ 145,339,720</u>	<u>44,472,875</u>	<u>189,812,595</u>
	2016.9.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 15,645,810	-	15,645,810
Current financial assets at fair value through profit or loss	296,920	-	296,920
Current held-to-maturity financial assets	3,781,163	3,582,644	7,363,807
Accounts receivable, net	122,143,067	66,202,034	188,345,101
Other current financial assets	4,198,235	32,149	4,230,384
Other current assets -- others	2,699,546	-	2,699,546
	<u>\$ 148,764,741</u>	<u>69,816,827</u>	<u>218,581,568</u>

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

	2016.9.30		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current liabilities</u>			
Short-term borrowings	\$ 80,889,019	-	80,889,019
Accounts and notes payable	2,325,637	173,810	2,499,447
Current tax liabilities	782,531	-	782,531
Other current financial liabilities	11,657,417	15,361,132	27,018,549
Long-term liabilities, current portion	37,443,394	34,545,244	71,988,638
Other current liabilities – others	822,018	492,711	1,314,729
	<u>\$ 133,920,016</u>	<u>50,572,897</u>	<u>184,492,913</u>

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

By item	For the three months ended September 30, 2017			For the three months ended September 30, 2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	13,267	1,110,011	1,123,278	13,481	986,250	999,731
Labor and health insurance	1,030	69,160	70,190	1,069	62,835	63,904
Pension	514	61,553	62,067	552	59,237	59,789
Others	-	85,285	85,285	-	69,654	69,654
Depreciation	493,928	30,892	524,820	447,765	35,762	483,527
Amortization	-	36,738	36,738	-	39,337	39,337

By item	For the nine months ended September 30, 2017			For the nine months ended September 30, 2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	42,326	3,268,216	3,310,542	42,379	3,112,096	3,154,475
Labor and health insurance	3,237	210,122	213,359	3,109	195,110	198,219
Pension	1,561	174,644	176,205	1,556	172,508	174,064
Others	-	230,339	230,339	-	229,274	229,274
Depreciation	1,453,806	93,961	1,547,767	1,260,574	108,930	1,369,504
Amortization	-	110,855	110,855	-	132,138	132,138

(c) Seasonal factors:

The Group's operation is neither seasonal nor cyclical.

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****(13) Other disclosures****(a) Information on significant transactions**

The information on significant transactions of the Group, which is required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, for the nine months ended September 30, 2017 was as follows :

1. Fund loaning to other parties:

No.	Financing company	Counter-party (Note 5)	Amount	Related party	Maximum balance for the period	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	N	102,498	80,333	80,333	0.14%-19.99%	1	549,730	-	1,052	None	-	2,376,616	23,766,162
"	"	A-1	"	N	103,684	103,684	103,684	0.14%-19.99%	2	-	Working Capital	1,358	None	-	2,376,616	23,766,162
"	"	B	"	N	110,000	96,540	96,540	0.14%-19.99%	1	260,000	-	1,265	None	-	2,376,616	23,766,162
"	"	C	"	N	80,000	80,000	-	0.14%-19.99%	1	80,000	-	-	None	-	2,376,616	23,766,162
"	"	D	"	N	145,948	78,160	78,160	0.14%-19.99%	2	-	Working Capital	1,024	None	-	2,376,616	23,766,162
"	"	E	"	N	99,602	74,117	74,117	0.14%-19.99%	2	-	Working Capital	971	None	-	2,376,616	23,766,162
"	"	F	"	N	70,000	69,100	69,100	0.14%-19.99%	2	-	Working Capital	905	None	-	2,376,616	23,766,162
"	"	G	"	N	63,000	63,000	63,000	0.14%-19.99%	2	-	Working Capital	825	None	-	2,376,616	23,766,162
"	"	H	"	N	85,000	56,900	56,900	0.14%-19.99%	1	383,243	-	745	None	-	2,376,616	23,766,162
"	"	I	"	N	56,000	55,080	55,080	0.14%-19.99%	2	-	Working Capital	722	None	-	2,376,616	23,766,162
"	"	J	"	N	75,100	55,000	55,000	0.14%-19.99%	1	440,000	-	721	None	-	2,376,616	23,766,162
"	"	K	"	N	82,699	52,833	52,833	0.14%-19.99%	1	241,007	-	692	None	-	2,376,616	23,766,162
"	"	L	"	N	52,000	52,000	52,000	0.14%-19.99%	2	-	Working Capital	681	None	-	2,376,616	23,766,162
"	"	M	"	N	77,889	51,670	51,670	0.14%-19.99%	1	118,829	-	677	Properties	35,140	2,376,616	23,766,162
"	"	N	"	N	63,678	51,397	11,397	0.14%-19.99%	1	130,000	-	140	None	-	2,376,616	23,766,162
"	"	O	"	N	56,937	50,186	50,186	0.14%-19.99%	2	-	Working Capital	657	None	-	2,376,616	23,766,162
"	"	P	"	N	8,997	2,790	2,790	0.14%-19.99%	1	20,000	-	37	None	-	2,376,616	23,766,162
"	"	P-1	"	N	55,923	45,088	45,088	0.14%-19.99%	2	-	Working Capital	591	None	-	2,376,616	23,766,162
"	"	Q	"	N	50,000	47,829	47,829	0.14%-19.99%	2	-	Working Capital	627	None	-	2,376,616	23,766,162
"	"	R	"	N	55,000	45,336	45,336	0.14%-19.99%	1	1,363,076	-	594	None	-	2,376,616	23,766,162
"	"	S	"	N	45,000	45,000	45,000	0.14%-19.99%	2	-	Working Capital	590	None	-	2,376,616	23,766,162
"	"	T	"	N	45,000	45,000	45,000	0.14%-19.99%	2	-	Working Capital	590	None	-	2,376,616	23,766,162

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No.	Financing company	Counter-party (Note 5)	Account	Related party	Maximum balance for the period	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	N	8,286,853	4,767,198	4,643,920	0.14%-19.99%	1	25,037,503	-	60,835	Bank Deposits/Stocks/Properties	475,807	2,376,616	23,766,162
"	"	Summary of other clients	"	N	14,609,270	8,139,939	8,139,937	0.14%-19.99%	2	-	Working Capital	257,384	Bank Deposits/Stocks/Properties	1,487,040	2,376,616	23,766,162
2	Fina Finance & Trading Co., Ltd	A	"	N	65,000	65,000	15,000	2.1525%-18.7583%	2	-	Working Capital	150	Properties	59,331	771,487	7,714,873
"	"	B	"	N	64,000	62,104	62,104	2.1525%-18.7583%	2	-	Working Capital	621	Properties	64,407	771,487	7,714,873
"	"	C	"	N	60,000	52,969	52,969	2.1525%-18.7583%	2	-	Working Capital	530	None	-	771,487	7,714,873
"	"	C-1	"	N	10,698	4,832	4,832	2.1525%-18.7583%	1	28,050	-	48	None	-	771,487	7,714,873
"	"	D	"	N	56,892	49,960	31,960	2.1525%-18.7583%	2	-	Working Capital	320	Properties	42,608	771,487	7,714,873
"	"	E	"	N	44,979	44,878	44,878	2.1525%-18.7583%	2	-	Working Capital	449	Properties	43,000	771,487	7,714,873
"	"	F	"	N	45,000	44,865	44,865	2.1525%-18.7583%	2	-	Working Capital	449	Properties	40,581	771,487	7,714,873
"	"	G	"	N	45,000	44,841	44,841	2.1525%-18.7583%	2	-	Working Capital	448	Properties	31,754	771,487	7,714,873
"	"	H	"	N	45,000	44,509	44,509	2.1525%-18.7583%	2	-	Working Capital	445	Properties	16,191	771,487	7,714,873
"	"	I	"	N	45,000	44,193	44,193	2.1525%-18.7583%	2	-	Working Capital	442	Properties	14,751	771,487	7,714,873
"	"	J	"	N	69,257	43,223	43,223	2.1525%-18.7583%	1	29,820	-	432	None	-	771,487	7,714,873
"	"	Summary of other clients	"	N	4,282,201	2,360,398	2,253,698	2.1525%-18.7583%	2	-	Working Capital	35,266	Bank Deposits/Properties/Vehicles/Equipment/Stocks	466,650	771,487	7,714,873
"	"	Summary of other clients	"	N	3,210,734	1,803,188	1,762,688	2.1525%-18.7583%	1	2,872,257	-	40,082	Bank Deposits/Properties/Vehicles	709,331	771,487	7,714,873
3	Chailease Consumer Finance Co., Ltd	A	"	N	1,000	1,000	1,000	4.00%-19.00%	1	950	-	3	None	-	142,826	1,428,259
"	"	B	"	N	1,000	890	890	4.00%-19.00%	2	-	Working Capital	2	None	-	142,826	1,428,259
"	"	C	"	N	742	632	632	4.00%-19.00%	1	6,527	-	2	None	-	142,826	1,428,259
"	"	D	"	N	1,000	519	519	4.00%-19.00%	1	5,893	-	1	None	-	142,826	1,428,259
"	"	E	"	N	500	463	463	4.00%-19.00%	2	-	Working Capital	1	None	-	142,826	1,428,259
"	"	F	"	N	500	447	447	4.00%-19.00%	2	-	Working Capital	1	None	-	142,826	1,428,259
"	"	G	"	N	400	371	371	4.00%-19.00%	2	-	Working Capital	1	None	-	142,826	1,428,259
"	"	H	"	N	629	331	331	4.00%-19.00%	2	-	Working Capital	10	None	-	142,826	1,428,259
"	"	I	"	N	435	257	257	4.00%-19.00%	1	5,602	-	1	None	-	142,826	1,428,259
"	"	J	"	N	354	245	245	4.00%-19.00%	1	970	-	1	None	-	142,826	1,428,259
"	"	Summary of other clients	"	N	620	150	150	4.00%-19.00%	1	12,212	-	-	None	-	142,826	1,428,259
"	"	Summary of other clients	"	N	16,177	1,044	1,044	4.00%-19.00%	2	-	Working Capital	5	None	-	142,826	1,428,259

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No.	Financing company	Counter-party (Note 5)	Account	Related party	Maximum balance for the period	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	Chailease International Finance Corporation	Chailease Finance Corp.	Receivables from related party	Y	910,200	910,200	-	4.35%-20.00%	2	-	Working Capital	-	None	-	2,484,367	6,624,978
"	"	Chailease International Corp.	"	Y	910,200	910,200	-	4.35%-20.00%	2	-	Working Capital	-	None	-	2,484,367	6,624,978
"	"	A	Receivable-short-term financing	N	45,510	45,510	-	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	B	"	N	27,306	24,271	24,271	4.35%-20.00%	2	-	Working Capital	128	None	-	828,122	6,624,978
"	"	C	"	N	23,893	23,893	23,893	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	D	"	N	22,755	22,755	-	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	E	"	N	22,755	22,755	17,749	4.35%-20.00%	2	-	Working Capital	-	Inventory	2,958	828,122	6,624,978
"	"	F	"	N	22,755	22,755	-	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	G	"	N	22,755	21,807	21,807	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	H	"	N	22,755	20,839	20,839	4.35%-20.00%	2	-	Working Capital	-	None	-	828,122	6,624,978
"	"	I	"	N	20,480	20,480	-	4.35%-20.00%	2	-	Working Capital	-	Inventory	33,677	828,122	6,624,978
"	"	J	"	N	20,480	20,480	-	4.35%-20.00%	2	-	Working Capital	-	Inventory	17,408	828,122	6,624,978
"	"	Summary of other clients	Receivables-business relationship	N	33,500	21,936	21,934	4.35%-20.00%	1	98,311	-	261	None	-	828,122	6,624,978
"	"	Summary of other clients	Receivable-short-term financing	N	888,216	569,982	474,411	4.35%-20.00%	2	-	Working Capital	55,530	Vehicles/Properties/Equipment/Inventory	308,799	828,122	6,624,978
5	Chailease Specialty Finance Co., Ltd.	A	Other receivables	N	187,000	187,000	187,000	0.35%-14.97%	2	-	Working Capital	2,824	None	-	2,376,616	5,230,672
"	"	B	"	N	160,000	100,123	100,123	0.35%-14.97%	2	-	Working Capital	1,312	None	-	2,376,616	5,230,672
"	"	C	"	N	95,000	95,000	95,000	0.35%-14.97%	2	-	Working Capital	1,435	None	-	2,376,616	5,230,672
"	"	D	"	N	85,000	85,000	85,000	0.35%-14.97%	2	-	Working Capital	1,284	None	-	2,376,616	5,230,672
"	"	E	"	N	81,180	81,180	81,180	0.35%-14.97%	2	-	Working Capital	1,226	None	-	2,376,616	5,230,672
"	"	F	"	N	81,000	81,000	81,000	0.35%-14.97%	2	-	Working Capital	1,223	None	-	2,376,616	5,230,672
"	"	G	"	N	90,000	74,250	74,250	0.35%-14.97%	2	-	Working Capital	1,121	None	-	2,376,616	5,230,672
"	"	H	"	N	64,500	64,500	64,500	0.35%-14.97%	2	-	Working Capital	974	None	-	2,376,616	5,230,672
"	"	I	"	N	58,000	58,000	58,000	0.35%-14.97%	2	-	Working Capital	876	None	-	2,376,616	5,230,672
"	"	J	"	N	50,000	35,997	35,997	0.35%-14.97%	2	-	Working Capital	544	None	-	2,376,616	5,230,672
"	"	Summary of other clients	"	N	1,751,201	729,206	729,206	0.35%-14.97%	2	-	Working Capital	44,229	Properties	108,735	2,376,616	5,230,672
6	Chailease Finance Securitization Trust 2016	A	"	N	30,030	15,953	15,953	4.35%-19.09%	2	-	Working Capital	128	None	-	49,738	880,589

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No.	Financing company	Counter-party (Note 5)	Account	Related party	Maximum balance for the period	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		
6	Chailase Finance Securitization Trust 2016	B	Other Receivables	N	22,565	12,038	12,038	4.33%~19.09%	2	-	Working Capital	96	None	-	49,738	880,589
"	"	C	"	N	19,163	11,469	11,469	4.33%~19.09%	2	-	Working Capital	92	None	-	49,738	880,589
"	"	D	"	N	21,300	11,191	11,191	4.33%~19.09%	2	-	Working Capital	90	None	-	49,738	880,589
"	"	E	"	N	18,499	9,864	9,864	4.33%~19.09%	2	-	Working Capital	79	None	-	49,738	880,589
"	"	F	"	N	21,790	9,658	9,658	4.33%~19.09%	2	-	Working Capital	77	None	-	49,738	880,589
"	"	G	"	N	13,452	9,482	9,482	4.33%~19.09%	2	-	Working Capital	76	None	-	49,738	880,589
"	"	H	"	N	22,360	8,720	8,720	4.33%~19.09%	2	-	Working Capital	70	None	-	49,738	880,589
"	"	I	"	N	9,861	8,581	8,581	4.33%~19.09%	2	-	Working Capital	69	None	-	49,738	880,589
"	"	J	"	N	15,000	8,517	8,517	4.33%~19.09%	2	-	Working Capital	68	None	-	49,738	880,589
"	"	Summary of other clients	"	N	16,843	6,586	6,586	4.33%~19.09%	1	55,374	-	53	None	-	49,738	880,589
"	"	Summary of other clients	"	N	643,257	313,203	313,203	4.33%~19.09%	2	-	Working Capital	2,506	None	-	49,738	880,589

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

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

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

(1)Subsidiary— The maximum fund loaning provided by Chailase Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,376,616).

(2)Subsidiary— The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed 10% of net worth (\$771,487).

(3)Subsidiary— The maximum fund loaning provided by Chailase Consumer Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$142,826).

(4)Subsidiary— The maximum fund loaning provided by Chailase International Finance Corporation for individual entity cannot exceed 5% of net worth (\$828,122). The maximum fund loaning cannot exceed 15% of net worth (\$2,484,367) to individual affiliate.

(5)Subsidiary— The maximum fund loaning provided by Chailase Specialty Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,376,616) of parent company (Chailase Finance Co., Ltd.).

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

Note 3: Limit on the amount for loaning fund

(1)Subsidiary— Total amount of fund loaning provided by Chailase Finance Co., Ltd. cannot exceed net worth (\$23,766,162), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$9,506,465) of the most recent financial statement.

(2)Subsidiary— Total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed net worth (\$7,714,873), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$3,085,949) of the most recent financial statement.

(3)Subsidiary— Total amount of fund loaning provided by Chailase Consumer Finance Co., Ltd. cannot exceed net worth (\$1,428,259), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$571,304) of the most recent financial statement.

(4)Subsidiary— Total amount of fund loaning provided by Chailase International Finance Corporation cannot exceed 40% of net worth (\$6,624,978) of the most recent financial statement.

(5)Subsidiary— Total amount of fund loaning provided by Chailase Specialty Finance Co., Ltd. cannot exceed net worth (\$5,230,672), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$2,092,269) of the most recent financial statement.

(6)Special purpose entities— Total amount of fund loaning provided by Chailase Finance Securitization Trust 2016 cannot exceed 10% of securitized financial assets approved by the competent authority.

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Note 4: Counter parties

- (1)Subsidiary— Chalease Finance Co., Ltd.: There are 4,037 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 737 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (3)Subsidiary— Chalease Consumer Finance Co., Ltd.: There are 41 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (4)Subsidiary— Chalease International Finance Corporation: There are 105 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (5)Subsidiary— Chalease Specialty Finance Co., Ltd.: There are 135 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (6)Special purpose entities— Chalease Finance Securitization Trust 2016: There are 110 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

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

2. Guarantees and endorsements for other parties:

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	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	Golden Bridge (B.V.) Corp.	2	83,500,480	322,500	151,300	-	-	0.36 %	208,751,200	Y		
"	"	Chalease International company (Malaysia) Limited	2	83,500,480	152,100	151,300	-	-	0.36 %	208,751,200	Y		
"	"	Chalease International Leasing Company Limited (Vietnam)	2	83,500,480	741,750	665,720	652,738	-	1.59 %	208,751,200	Y		
"	"	Chalease International Finance Corporation	2	83,500,480	21,231,442	20,469,261	12,904,361	-	49.03 %	208,751,200	Y		Y
"	"	Chalease Berjaya Sdn. credit Bhd.	2	20,875,120	2,422,320	2,422,320	1,884,744	-	5.80 %	208,751,200	Y		
"	"	Chalease Royal Leasing Plc	2	20,875,120	605,200	605,200	133,144	-	1.45 %	208,751,200	Y		
1	Chalease Finance Co., Ltd.	Chalease Credit Services Co., Ltd.	2	47,532,324	36,000	36,000	10	-	0.15 %	118,830,810	Y		
"	"	Apex Credit Solutions Inc.	2	47,532,324	290,000	240,000	-	-	1.01 %	118,830,810	Y		
"	"	Chalease Specialty Finance Co., Ltd.	2	47,532,324	900,000	900,000	-	-	3.79 %	118,830,810	Y		
"	"	Chalease Consumer Finance Co., Ltd.	2	47,532,324	2,490,000	2,425,000	1,925,000	-	10.20 %	118,830,810	Y		
"	"	Chalease Auto Rental Co., Ltd.	2	47,532,324	4,290,000	4,290,000	2,225,000	-	18.05 %	118,830,810	Y		
"	"	Chalease Energy Integration Co., Ltd.	2	47,532,324	680,000	580,000	440,000	-	2.44 %	118,830,810	Y		
"	"	Chalease Finance (B.V.) Co., Ltd.	2	47,532,324	1,440,675	1,059,100	151,300	-	4.46 %	118,830,810	Y		
"	"	Yun Tang Inc.	2	47,532,324	981,000	947,000	947,000	-	3.98 %	118,830,810	Y		
"	"	Chalease International Leasing Company Limited (Vietnam)	2	47,532,324	5,204,640	5,204,640	3,054,657	-	21.90 %	118,830,810	Y		
"	"	Grand Pacific Finance Corp.	5	41,750,240	3,483,000	3,268,080	1,673,378	-	13.75 %	118,830,810			
"	"	Chalease International Financial Services (Liberia) Co., Ltd.	5	41,750,240	499,875	332,860	332,860	-	1.40 %	118,830,810			

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note)										
1	Chailase Finance Co., Ltd.	Chailase International Financial Services Co., Ltd.	5	41,730,240	30,701,054	30,701,054	15,973,370	-	129.18 %	118,830,810			
2	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	8,116,579	228,350	228,700	141,484	-	5.62 %	20,291,448	Y		
3	Chailase International Finance Corporation	Chailase International Corp.	2	33,124,892	7,688,970	6,291,352	2,990,437	-	38.00 %	82,812,229	Y		Y
"	"	Chailase Finance International Corp.	2	33,124,892	4,770,212	4,244,718	2,499,982	-	25.63 %	82,812,229	Y		Y
"	"	DNSC Energy Management Services (Shenzhen) Co., Ltd.	4	8,281,223	92,340	91,020	9,567	-	0.55 %	82,812,229			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 Lending of Funds and Making of guarantees and endorsements by Public Companies article 5, paragraph 2, guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares have no restriction on the guarantees amount.

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

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

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

Note 5: Subsidiary— The total amount of guarantees and endorsements provided by Chailase Finance Co., Ltd. for Chailase International Financial Services Co. Ltd., Chailase Finance (B.V.I) Company Ltd., Chailase Specialty Finance Co., Ltd. and Chailase Auto Rental Co., Ltd. is \$1,159,100 . The total amount has been adjusted.

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

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

Note 8: The total amount of guarantees and endorsements provided by the Company for Chailase International Finance Corp. and Chailase International Corp. is CNY170,000 thousand dollars (\$773,670). The total amount has been disclosed in the balance of guarantees and endorsements for Chailase International Corp.

Note 9: The total amount of guarantees and endorsements provided by the Company for Golden Bridge(B.V.I) Corp. and Chailase International Company (Malaysia) Limited is USD10,000 thousand dollars(\$302,600). The total amount has been adjusted.

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)****3. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) :**

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the company	Financial Statement Account	Ending balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	Fubon SSE 180 ETF	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	200	6,230	- %	6,230	
"	W.I.S.E Yuanalp-shares	"	"	100	1,815	- %	1,815	
"	CSI 300 ETF	"	"	400	28,824	- %	28,824	
"	Chicony	"	"	550	7,205	- %	7,205	
"	Yuanta Financial Holdings	"	"	1,239	35,817	- %	35,817	
"	China Life Insurance Company	"	"	400	19,280	- %	19,280	
"	Carhay Financial Holdings Co., Ltd.	"	"	200	10,980	- %	10,980	
"	Hon Chuan	"	"	350	20,405	- %	20,405	
"	Chin Poon	"	"	600	13,590	- %	13,590	
"	Inventec	"	"	350	16,520	- %	16,520	
"	Fubon Financial Holding Co., Ltd.	"	"	600	8,490	- %	8,490	
"	Innolux	"	"	1,000	13,600	- %	13,600	
"	00632R.TW-ETF	"	"	20	648	- %	648	
"	Awea	"	"	400	5,600	- %	5,600	
"	China Petrochemical Development Corporation	"	"	350	3,728	- %	3,728	
"	Bank of Panhsin's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	395,453	- %	395,453	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	113,691	- %	113,691	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	175,000	- %	175,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	74,000	- %	74,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	1,610	- %	1,610	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	438,200	- %	438,200	

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

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Name of Holding Company	Type and Name of Marketable Securities	Relationship with the company	Financial Statement Account	Ending balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chalease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	618,500	- %	618,500	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	81,040	- %	81,040	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	21,900	- %	21,900	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	40,000	- %	40,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	13,625	- %	13,625	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	21,400	- %	21,400	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	166,000	- %	166,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	176,650	- %	176,650	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	27,250	- %	27,250	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	121,600	- %	121,600	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	10,000	- %	10,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	19,400	- %	19,400	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	72,000	- %	72,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	116,000	- %	116,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	225,800	- %	225,800	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	5,400	- %	5,400	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	37,000	- %	37,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	8,800	- %	8,800	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	47,000	- %	47,000	

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Name of Holding Company	Type and Name of Marketable Securities	Relationship with the company	Financial Statement Account	Ending balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chalease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	21,540	- %	21,540	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	33,786	- %	33,786	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	43,819	- %	43,819	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	48,500	- %	48,500	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	17,333	- %	17,333	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	7,600	- %	7,600	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	70,000	- %	70,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	95,000	- %	95,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	46,500	- %	46,500	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	134,000	- %	134,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	32,000	- %	32,000	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	90,500	- %	90,500	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	800,000	- %	800,000	
"	Bank of Hwatai's Beneficial Right of the Real Estate Trust	-	"	-	159,970	- %	159,970	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	-	"	-	25,900	- %	25,900	
"	Bank of Taipei Sunny's Beneficial Right of the Real Estate Trust	-	"	-	45,000	- %	45,000	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	Non-current held-to-maturity financial assets	-	40,400	- %	40,400	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	223,630	- %	223,630	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	6,390	- %	6,390	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chalease Finance Co., Ltd.	Bank of TC's Beneficial Right of the Real Estate Trust	-	Non-current held-to-maturity financial assets	-	3,480	- %	3,480	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	172,000	- %	172,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	35,350	- %	35,350	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	370,500	- %	370,500	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	180,000	- %	180,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	28,000	- %	28,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	148,000	- %	148,000	
"	O-Bank	Investee at Fair value	Non-current available-for-sale financial assets	92,694	804,584	3.88 %	804,584	
"	Subtron Technology Co., Ltd.	"	"	288	2,593	0.10 %	2,593	
"	Spring House Entertainment Tech Inc.	"	"	857	6,465	4.67 %	6,465	
"	Tekcon Electronics Corp.	"	"	137	2,127	0.52 %	2,127	
"	Ecomsoftware Inc.	"	"	130	2,107	2.60 %	2,107	
"	Information Technology Total Services Corp.	"	"	51	650	0.25 %	650	
"	Kingmax Technology Inc.	"	"	1,698	11,489	2.90 %	11,489	
"	Inventec energy Corp.	"	"	51	-	0.05 %	-	
"	Everterminal Co., Ltd.	"	"	490	5,206	0.40 %	5,206	
"	Crownpo Technology Inc.	"	"	57	792	0.51 %	792	
"	Book4u Co., Ltd.	"	"	9	88	0.19 %	88	
"	Enova Technology Corp.	"	"	550	1,935	3.07 %	1,935	
"	Webi & Net Internet Services Inc.	"	"	250	-	10.53 %	-	(Note 2)
"	East West Pharmaceuticals	"	"	242	-	5.84 %	-	(Note 2)
"	Bexcom Pte Ltd.	"	"	197	-	- %	-	(Note 2)
"	TECO Nanotech Co., Ltd.	"	"	95	-	0.38 %	-	(Note 2)
"	Azanda Network Devices	"	"	714	-	- %	-	(Note 2)
"	Deerport Aviation Corp.	"	"	-	-	10.48 %	-	(Note 2)
"	Forcera Materials Co., Ltd.	"	"	102	-	0.56 %	-	(Note 2)
"	Rosun Technologies Inc.	"	"	182	-	- %	-	(Note 2)
"	Skanhex Technology Inc.	"	"	5,273	-	4.53 %	-	(Note 2)
"	Sampotech Co., Ltd.	"	"	369	-	0.10 %	-	(Note 2)
"	Asia Cement Corp.	"	"	750	20,138	0.02 %	20,138	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	China Steel Chemical Corp.	Investee at Fair value	Non-current available-for-sale financial assets	135	15,795	0.06 %	15,795	
"	CTCI Corp.	"	"	800	39,080	0.10 %	39,080	
"	Feng Hsin Steel Co., Ltd.	"	"	130	6,760	0.02 %	6,760	
"	U-Ming Marine Transport Corp.	"	"	270	9,234	0.03 %	9,234	
"	Chicony	"	"	647	46,568	0.09 %	46,568	
"	Chün Poon	"	"	380	22,154	0.10 %	22,154	
Chailease Specialty Finance Co., Ltd.	Linkou amusement Co., Ltd. (Stock)	"	"	-	36,708	- %	36,708	shareholding less than 1,000 shares
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	Current held-to-maturity financial assets	-	295,000	- %	295,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	4,000	- %	4,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	98,000	- %	98,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	82,000	- %	82,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	127,000	- %	127,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	75,000	- %	75,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	60,000	- %	60,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	155,000	- %	155,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	Non-current held-to-maturity financial assets	-	158,000	- %	158,000	
"	Bank of TC's Beneficial Right of the Real Estate Trust	-	"	-	71,200	- %	71,200	
Bangkok Grand Pacific Lease Public Company Limited	Bangkok Club Co., Ltd. (Stock)	Investee at Fair Value	Non-current available-for-sale financial assets	64	192	0.14 %	192	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	950	8,672	19.00 %	8,672	
"	Bumrungrad Hospital Pcl. (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	11,480	0.01 %	11,480	
Grand Pacific Holding Corp.	Mobileshift, Inc.	Investee at Fair Value	Non-current available-for-sale financial assets	359	7,565	3.45 %	7,565	
"	Stemcyte Inc.	"	"	38	1,513	0.15 %	1,513	

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CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the company	Financial Statement Account	Ending balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Grand Pacific Financing Corp.	Swabplus Inc.	Investee at Fair Value	Non-current available-for-sale financial assets	10	-	- %	-	
"	Best Elite International	"	"	1,000	33,286	- %	33,286	
"	Best Elite International	"	"	1,400	46,600	- %	46,600	
"	Mobleshift, Inc.	"	"	358	7,565	3.45 %	7,565	
"	Stemocyte Inc.	"	"	38	1,513	0.15 %	1,513	

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

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

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

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

Name of Company	Type and Name of Marketable Securities (Note 1)	Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling Price	Cost	Disposal gain or loss	Shares/Units	Amount
Chailase Finance Co., Ltd.	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	Current held-to-maturity financial assets	"	"	-	870,000	-	-	-	870,000	870,000	-	-	-
"	Bank of TC's Beneficial Right of the Real Estate Trust	"	"	"	-	-	-	510,000	-	51,300	51,300	-	-	458,700
"	"	"	"	"	-	337,000	-	-	-	337,000	337,000	-	-	-
"	"	"	"	"	-	-	-	618,500	-	-	-	-	-	618,500
Chailase Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Investments accounted for using equity method	"	"	-	-	-	-	-	-	-	-	-	-
Chailase Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	"	"	"	-	-	-	-	-	-	-	-	-	-
Fine Finance & Trading Co., Ltd.	Chailase Consumer Finance Co., Ltd.	"	"	"	-	-	-	-	-	-	-	-	-	-

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

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

5. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.

7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.

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8.Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

Name of Related Party	Counter-party	Nature of Relationships	Ending Balance of Receivables From Related Party	Turnover Rate	Past-due Receivables From Related Party		Amount of Receivables Received in Subsequent Period from Related Party	Allowance for Bad Debts
					Amount	Action Taken		
Chailease Specialty Finance Co., Ltd.	Chailease Finance Co., Ltd.	Subsidiaries	445,848	-	-		-	-
Chailease Finance (B.V.I) Co., Ltd.	Chailease International Financial Services Co. Ltd.	Associates	3,646,482	-	-		-	-
"	Chailease International Financial Services (Liberia) Corp.	Associates	454,736	-	-		-	-
My Leasing (B.V.I.) Corp.	Golden Bridge (B.V.I.) Corp.	Associates	1,642,115	-	-		-	-
Chailease International Financial Services Co., Ltd.	Chailease International Company (Malaysia) Limited	Associates	1,019,602	-	-		-	-
"	Chailease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	587,502	-	-		-	-
Chailease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	544,808	-	-		-	-
"	Chailease International Company (UK) Limited	Subsidiaries	1,020,184	-	-		-	-
Chailease International Company (UK) Limited	C&E Engine Leasing Limited	Associates	1,014,014	-	-		-	-

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

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

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

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chaillease Finance Co., Ltd.	Chaillease Berjaya Credit Sdn. Bhd. • Chaillease Finance (B.V.I.) Company Ltd. • Chaillease Auto Rental Co., Ltd. • Chaillease Credit Services Co., Ltd. • Chaillease Finance Securitization Trust 2014 • Yun Tang Inc. • Chaillease Energy Integration Co., Ltd. • Chaillease Finance Securitization Trust 2016 • Chaillease International Leasing Company Limited (Vietnam) • Chaillease Consumer Finance Co., Ltd. • Golden Bridge (B.V.I.) Corp. • Chaillease International Finance Corporation • Chaillease International Financial Services Co., Ltd. • Chaillease International Financial Services (Liberia) Corp. • Grand Pacific Holdings Corp. • Chaillease Royal Leasing Plc • Chaillease Insurance Brokers Co., Ltd. • Fina Finance & Trading Co., Ltd. • Chaillease Specialty Finance Co., Ltd. • Apex Credit Solutions Inc.	3	Other current financial assets	318,644	Same as normal transactions	0.10 %
1	"	Chaillease Specialty Finance Co., Ltd.	3	Payables and notes	445,848	"	0.14 %
1	"	Chaillease Auto Rental Co., Ltd. • Fina Finance & Trading Co., Ltd. • Chaillease International Company (UK) Limited • Chaillease International Finance Corporation • Asia Sermkij Leasing Public Co., Ltd. • Bangkok Grand Pacific Lease Public Company Limited • Yun Tang Inc.	3	Other current financial liabilities	49,804	"	0.02 %
1	"	Chaillease International Company (UK) Limited • Fina Finance & Trading Co., Ltd. • Apex Credit Solutions Inc. • Chaillease Auto Rental Co., Ltd. • Chaillease Energy Integration Co., Ltd. • Chaillease Consumer Finance Co., Ltd.	3	Operating cost and expenses	100,756	"	0.34 %

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CHALEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES**Notes to the Condensed Interim Consolidated Financial Statements****September 30, 2017 and 2016****(Amounts Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chalease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd. • Chalease Finance (B.V.I.) Co., Ltd. • Chalease Consumer Finance Co., Ltd. • Apex Credit Solutions Inc. • Chalease International Leasing Company Limited. (Vietnam) • Chalease Auto Rental Co., Ltd. • Chalease Insurance Brokers Co., Ltd. • Chalease Finance Securitization Trust 2014 • Yun Tang Inc. • Chalease Cloud Service Co., Ltd. • Chalease Credit Services Co., Ltd. • Chalease Specialty Finance Co., Ltd. • Chalease International Financial Services (Liberia) Corp. • Chalease Energy Integration Co., Ltd. • Innovation Energy Integration Co., Ltd. • Chalease Finance Securitization Trust 2016 • Asia Sermkij Leasing Public Co., Ltd. • Bangkok Grand Pacific Lease Public Company Limited • Chalease International Finance Corporation • Chalease International Financial Services Co., Ltd. • Grand Pacific Holdings Corp. • Chalease Berjaya Credit Sdn. Bhd. • Sing Chung Limited Partnership	3	Operating revenues and non-operating income	434,812	Same as normal transactions	1.46 %
2	Chalease Finance (B.V.I) Co., Ltd.	Chalease International Financial Services Co., Ltd. • Chalease International Financial Services (Liberia) Corp.	3	Financing and interest receivable	4,101,218	"	1.32 %
2	"	Chalease International Financial Services Co., Ltd. • Chalease International Financial Services (Liberia) Corp.	3	Interest revenue-loans	97,860	"	0.33 %
3	Chalease International Finance Corporation	Chalease Finance Co., Ltd. • Chalease International Financial Services Co., Ltd.	3	Other current financial assets	46,322	"	0.01 %
3	"	Chalease Finance Co., Ltd. • Chalease International Corp. • Jirong Real Estate Co., Ltd.	3	Other current financial liabilities	153,647	"	0.05 %
3	"	Chalease Finance Co., Ltd. • Jirong Real Estate Co., Ltd.	3	Operating expenses	177,942	"	0.60 %
4	Golden Bridge(B.V.I) Corp.	Chalease Finance Co., Ltd.	3	Other current financial liabilities	30,454	"	0.01 %
4	"	Chalease International Company (Malaysia) Limited. • My Leasing (B.V.I.) Corp. • My Leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,277,980	"	0.73 %
5	My leasing (Mauritius) Corp.	Golden Bridge(B.V.I) Corp.	3	Financing and interest receivable	91,057	"	0.03 %
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited • Chalease Finance Co., Ltd. • SK Insurance Broker Co., Ltd.	3	Other current financial assets	1,699,405	"	0.55 %

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No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	3	Interest revenue-loans	36,139	Same as normal transactions	0.12 %
7	Chaillease International Financial Services Co., Ltd.	Chaillease International Financial Services (Labuan) Co., Ltd. - Chaillease International Company (Malaysia) Limited	3	Financing and interest receivable	1,024,697	"	0.33 %
7	"	Chaillease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	582,407	"	0.19 %
7	"	Chaillease Finance (BVI) Company, Ltd.	3	Borrowings and interest payable	3,646,482	"	1.17 %
7	"	Chaillease Finance Co., Ltd. - Chaillease International Finance Corporation	3	Other current financial liabilities	59,061	"	0.02 %
7	"	Chaillease Finance Co., Ltd. - Chaillease Finance (B.V.I.) Co., Ltd.	3	Operating cost and Operating expense	134,601	"	0.45 %
8	Chaillease International Company (Malaysia) Limited	Chaillease International Company (UK) Limited - Golden Bridge (BVI) Corp.	3	Financing and interest receivable	1,564,991	"	0.50 %
8	"	Chaillease International Financial Services Co., Ltd.	3	Borrowings and interest payable	1,019,603	"	0.33 %

Note 1: Descriptions of numbers are as follows:

- 1.Parent company is coded "0".
- 2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is categorized as follows:

- 1.Transactions from parent company to subsidiary.
- 2.Transactions from subsidiary to parent company.
- 3.Transactions from subsidiary to subsidiary.

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

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

(b) Information on investees :

The information on investees of the Group for the nine months ended September 30, 2017 is as follows (excluding information on investment in Mainland China) :

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				September 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
The Company	Chaillease International Company (Malaysia) Limited	Malaysia	Investment	16,812,244	16,691,204	999,747	100.00 %	27,240,395	3,714,640	3,714,640	
"	Chaillease International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	1,119,620	1,119,620	37,000	100.00 %	2,662,014	697,042	697,042	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	148,002	148,002	3,927	51.00 %	741,194	193,672	98,773	
"	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	10,913,814	10,913,814	337,150	100.00 %	19,025,088	2,737,683	2,737,683	

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				September 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Chalease International Company (Malaysia) Limited	Chalease International (B.V.I.) Corp.	British Virgin Islands	Investment	687,205	687,205	22,550	100.00 %	692,640	(8,618)	(8,618)	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	461,115	461,115	40,698	11.57 %	490,201	498,197	57,641	
"	Chalease International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	19,316,979	19,102,214	346,567	100.00 %	25,171,828	3,655,634	3,655,634	
"	Chalease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	241,220	120,610	-	70.00 %	257,682	29,955	20,968	
"	Chalease Royal Leasing Plc.	Cambodia	Leasing	36,312	-	-	60.00 %	28,390	(13,280)	(7,988)	
"	Yellowstone Holding AG	Swiss	Venture capital investment	109,468	-	350,000	35.00 %	102,891	(16,940)	(3,521)	
"	Chalease Berjaya Finance Corporation	Philippines	Leasing and financing	23,149	-	3,750	60.00 %	22,954	-	-	
Chalease Berjaya Credits Sdn. Bhd.	Chalease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	689	-	100	100.00 %	1,878	1,163	1,163	
Chalease International Company (UK) Limited	Chalease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	21,606,551	21,606,551	1,136,000	100.00 %	25,152,885	4,058,116	4,058,116	
"	C&E Engine Leasing Limited	Ireland	Leasing	360,742	151,300	11,921	50.00 %	367,877	13,291	6,646	
Chalease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	780	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	4,867	-	
"	Chalease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	393,096	425,920	-	48.00 %	421,529	21,051	4,827	
"	Diamond Rain Group Limited	British Virgin Islands	Investment funds	262,839	262,839	8,686	35.28 %	243,200	(37,820)	(13,343)	
Chalease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	5,891,242	4,391,242	431,528	100.00 %	9,626,923	1,094,724	1,094,724	
"	Chalease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,170,086	106,345	106,345	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	514,420	514,420	17,000	100.00 %	1,693,032	33,525	33,525	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	767,760	767,760	128,837	36.61 %	1,551,104	498,197	182,390	
"	Chalease Finance (B.V.I.) Co., Ltd.	British Virgin Islands	Installment sales, financing overseas and financial consulting	1,237,937	1,237,937	40,910	100.00 %	4,566,808	112,777	112,777	

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				September 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Chailase Finance Co., Ltd.	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	142,659	22,632	22,632	
"	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,241	148	42	
"	Chailase International Leasing Company Limited (Vietnam)	Vietnam	Leasing	635,365	635,365	-	100.00 %	1,030,309	100,371	100,371	
"	Chailase International Trading Company Limited (Vietnam)	Vietnam	Trading	134,673	134,673	-	100.00 %	139,112	3,298	3,298	
"	Chailase Auto Rental Co., Ltd.	Taiwan	Leasing	952,227	952,227	95,000	100.00 %	947,557	(1,597)	(1,597)	
"	Chailase Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	-	10,002	-	- %	-	575	547	
"	Chailase Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	40,467	24,216	24,216	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Leasing, real estate, and mortgage	124,330	124,330	3,773	49.00 %	712,127	193,672	94,899	
"	Chailase Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,802	(315)	(315)	
"	Chailase Finance Securitization Trust 2014	Taiwan	Special purpose entity	1,034,797	1,034,797	-	- %	817,983	223,836	223,836	
"	Chailase Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	- %	816,920	214,021	214,021	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	484,581	39,077	39,077	
"	Chailase Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	247,579	177,355	177,355	
"	Innovation Energy Integration Co., Ltd.	Taiwan	Solar power business	250,000	25,000	25,000	100.00 %	249,764	(161)	(161)	
Fina Finance & Trading Co., Ltd.	Chailase Consumer Finance Co., Ltd.	Taiwan	Installment sales and factoring	1,652,436	852,436	147,100	100.00 %	2,374,764	146,505	146,505	
"	Chailase Credit Services Co., Ltd.	Taiwan	Installment sales and leasing	10,002	-	1,000	100.00 %	10,129	575	28	
Chailase Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	800,000	-	-	- %	798,442	(1,558)	(1,558)	(Note 2)
Chailase Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	-	-	- %	1,500,401	401	401	(Note 3)
Chailase Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10	-	-	(Note 2)

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				September 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
Chailase Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10	-	-	(Note 3)
Chailase International Financial Services Co., Ltd.	Chailase International Financial Services (Liberia) Corp.	Liberia	Leasing	303	303	-	100.00 %	106,636	22,702	22,702	shareholding less than 1,000 shares
"	Chailase International Financial Services (Labuan) Co., Ltd.	Malaysia	Leasing	908	908	30	100.00 %	6,403	2,499	2,499	"

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

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

Note 3: Chailase Specialty Financial Co., Ltd. is limited partner, and Chailase 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, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2017	Net Income (Losses) of the Investee	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of September 30, 2017	Accumulated Inward Remittance of Earnings as of September 30, 2017
					Outflow	Inflow						
Chailase International Finance Corporation	Leasing	9,380,600	(2)	-	-	-	-	2,849,913	100.00 %	2,849,913	20,802,934	3,116,780
Chailase Finance International Corp.	Leasing	1,210,400	(2)	-	-	-	-	259,394	100.00 %	259,394	2,524,855	-
Chailase International Corp.	Trading	910,200	(2)	-	-	-	-	373,248	100.00 %	373,248	2,585,490	-
Jirong Real Estate Co., Ltd.	House property leasing and management	773,670	(2)	-	-	-	-	4,936	100.00 %	4,936	806,976	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	113,775	(2)	-	-	-	-	2,678	20.00 %	829	20,779	-

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

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

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

Note 2: Except the investment gains and losses are recognized for Chailase Finance International Corp., Jirong Real Estate Co., Ltd. and DMC Energy Management Services (Shenzhen) Co., Ltd. based on financial report were not reviewed by certified public accountants. Other subsidiaries investment gains and losses are recognized based on financial reports reviewed by certified public accountants.

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

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

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

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

3.Significant transactions:

The aforementioned inter company transaction have been eliminated upon consolidation for the nine months ended September 30, 2017, please refer to Note (13) (a).

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(14) Segment Information

Operating segments financial information:

	For the three months ended September 30, 2017					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 4,829,843	4,723,691	676,687	355,292	-	10,585,513
Intersegment revenue	231,462	19,801	-	12,868	(264,131)	-
Total revenue	\$ 5,061,305	4,743,492	676,687	368,160	(264,131)	10,585,513
Reportable segment profit or loss	\$ 1,690,552	1,120,958	178,378	(213,172)	-	2,776,716
	For the three months ended September 30, 2016					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 4,604,800	4,193,484	651,200	193,203	-	9,642,687
Intersegment revenue	214,852	20,412	-	3,685	(238,949)	-
Total revenue	\$ 4,819,652	4,213,896	651,200	196,888	(238,949)	9,642,687
Reportable segment profit or loss	\$ 1,313,509	474,695	173,560	50,588	-	2,012,352
	For the nine months ended September 30, 2017					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 14,310,195	12,677,692	1,948,142	876,669	-	29,812,698
Intersegment revenue	693,893	58,696	-	28,563	(781,152)	-
Total revenue	\$ 15,004,088	12,736,388	1,948,142	905,232	(781,152)	29,812,698
Reportable segment profit or loss	\$ 4,374,199	2,771,325	498,197	(351,369)	-	7,292,352
	For the nine months ended September 30, 2016					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	\$ 13,270,427	12,216,212	1,939,014	547,546	-	27,973,199
Intersegment revenue	670,400	134,497	-	5,110	(810,007)	-
Total revenue	\$ 13,940,827	12,350,709	1,939,014	552,656	(810,007)	27,973,199
Reportable segment profit or loss	\$ 3,783,007	1,620,983	503,983	(197,922)	-	5,710,051