Stock Code:5871

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

CHAILEASE HOLDING COMPANY LIMITED
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015
(With Independent Auditors' Report Thereon)

Address: No.362, Ruiguang Rd., Neihu District, Taipei, Taiwan, (R.O.C.)
Telephone: 886-2-8752-6388

The auditor's 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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Representation Letter

The entities that are required to be included in the combined financial statements of Chailease Holding Company Limited as of and for the year ended December 31, 2016 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chailease Holding Company Limited and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Chailease Holding Company Limited
Chairman: Feng Long, Chen
Date: March 16, 2017

Independent Auditors' Report

To the Board of Directors of Chailease Holding Company Limited:

Opinion

We have audited the consolidated financial statements of Chailease Holding Company Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. **Impairment assessment of accounts receivable**

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of operating lease assets

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

Description of key audit matter:

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

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

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

How the matter was addressed in our audit:

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

3. Classification of finance lease or operating lease contracts

Refer to Note (4) (k) "Leases" and Note (4) (n)"Revenue recognition" to the consolidated financial statements for the details of the information about classification of finance lease or operating lease contracts.

Description of key audit matter:

The revenue from providing leasing service is one of the significant revenue of the Group. Based on the Group's policy, each lease contract is classified either as finance lease or operating lease.

Contract classification between finance lease or operating lease is one of the key audit matters for our audit, as it causes differences in the accounting treatment from the revenue recognition perspective.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed key audit procedures that included evaluating the adequacy of the Group's policy for determining whether a lease contract is a finance leases or an operating lease; testing compliance with the internal control on contract classification; selecting new contracts, for testing, reviewing the contract period, amount and classification; and evaluating the adequacy of the Group's disclosure for finance lease and operating lease.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the propriety of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the propriety of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Yi-Chun Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2017

Notes to Readers

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

The auditor's 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.

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

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2016, December 31, 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

		2016.12.31		2015.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets：				
1100	Cash and cash equivalents (Notes (6)(a) and (7))	$ 12,936,615	5	11,097,812	4
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	113,057	-	235,545	-
1130	Current held-to-maturity financial assets (Note (6)(b))	5,824,814	2	7,658,388	3
1135	Current derivative financial assets for hedging (Notes (6)(b))	-	-	163,416	-
1170	Accounts receivable, net (Notes (6)(d), (7) and (8))	194,395,682	68	185,606,083	69
1320	Inventories	207	-	207	-
1476	Other current financial assets (Notes (7) and (8))	3,315,724	1	3,513,245	1
1479	Other current assets-others (Notes (6)(e) and (7))	3,653,924	1	2,720,371	1
		220,240,023	77	210,995,067	78
	Non-current assets：				
1510	Non-current financial assets at fair value through profit or loss (Notes (6)(b) and (6)(c))	-	-	693,713	-
1523	Non-current available-for-sale financial assets (Note (6)(b))	1,815,310	1	1,704,727	1
1528	Non-current held-to-maturity financial assets (Note (6)(b))	997,270	-	2,317,394	1
1550	Investments accounted for using equity method (Notes (6)(f) and (8))	889,608	-	365,278	-
1600	Property, plant and equipment (Notes (6)(g) and (8))	10,336,214	4	9,932,658	4
1780	Intangible assets (Note (6)(h))	77,901	-	45,507	-
1840	Deferred tax assets (Note (6)(m))	3,755,363	1	2,949,052	1
1930	Long-term notes and accounts receivable, net (Notes (6)(d) , (7) and (8))	46,786,877	16	37,073,556	14
1995	Other non-current assets-others (Notes (7) and (8))	1,184,892	1	1,492,870	1
		65,843,435	23	56,574,755	22
	TOTAL ASSETS	**$ 286,083,458**	**100**	**267,569,822**	**100**

		2016.12.31		2015.12.31	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	Current Liabilities：				
2100	Short-term borrowings (Notes (6)(i), (7) and (8))	$ 79,283,044	28	78,844,180	29
2150	Account and notes payable	3,205,667	1	3,235,819	1
2230	Current tax liabilities	1,860,322	1	1,295,601	-
2305	Other current financial liabilities (Note (7))	26,620,973	9	26,274,248	10
2320	Long-term liabilities, current portion (Notes (6)(i), (6)(j), (7) and (8))	77,542,923	27	74,456,126	28
2399	Other current liabilities-others	1,299,666	-	1,017,178	-
		189,812,595	66	185,123,152	68
	Non-current Liabilities：				
2530	Bonds payable (Notes (6)(j) and (7))	9,701,649	3	9,440,820	4
2540	Long-term borrowings (Notes (6)(i), (7) and (8))	39,363,927	14	28,891,972	11
2570	Deferred tax liabilities (Note 6(m))	1,632,086	1	1,771,018	1
2600	Other non-current liabilities (Note (6)(l))	4,064,973	1	2,312,321	1
		54,762,635	19	42,416,131	17
	Total Liabilities	244,575,230	85	227,539,283	85
	Equity attributable to owners of parent：(Note (6)(n))				
3100	Share Capital	11,392,300	4	11,392,300	4
3200	Capital surplus	9,391,481	3	9,407,395	4
3350	Unappropriated retained earnings	19,201,441	7	15,497,081	6
3400	Other equity items	(674,779)	-	1,590,265	-
	Total equity attributable to owners of parent	39,310,443	14	37,887,041	14
36XX	**Non-controlling interests**	2,197,785	1	2,143,498	1
	Total equity	41,508,228	15	40,030,539	15
	TOTAL LIABILITIES AND EQUITY	**$ 286,083,458**	**100**	**267,569,822**	**100**

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

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

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2016		2015	
		Amount	%	Amount	%
	Operating revenues: (Note (7))				
4111	Sales revenue	$ 7,541,644	20	8,536,111	23
4810	Interest revenue - installment sales	7,281,132	19	6,818,922	19
4820	Interest revenue - capital leases	8,890,413	23	8,803,788	24
4300	Rental revenue - operating leases	2,883,217	8	2,454,131	7
4230	Interest revenue - loans	3,000,990	8	2,629,435	7
4240	Other interest revenue	2,857,605	8	2,649,382	7
4881	Other operating revenue	5,552,775	14	4,936,211	13
		38,007,776	100	36,827,980	100
	Operating costs: (Note (7))				
5111	Cost of sales	6,603,726	17	7,526,825	20
5240	Interest expense	4,646,899	12	4,777,085	13
5300	Cost of rental revenue	2,042,567	5	1,752,057	5
5800	Other operating costs	1,038,805	3	826,628	2
		14,331,997	37	14,882,595	40
	Gross profit from operation	23,675,779	63	21,945,385	60
6000	**Operating expenses (Note (7))**	14,989,235	39	13,181,740	36
6500	**Net other income and expenses (Note (6)(q))**	147,953	-	115,758	-
	Operating profit	8,834,497	24	8,879,403	24
	Non-operating income and expenses:				
7100	Interest income	62,690	-	84,281	-
7130	Dividend revenue	90,112	-	69,116	-
7020	Other gains and losses (Note (6)(r))	1,071,102	3	573,701	2
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method(Note (6)(f))	(1,747)	-	28,309	-
		1,222,157	3	755,407	2
7900	**Profit before income tax**	10,056,654	27	9,634,810	26
7950	**Less: Income tax expense (Note (6)(m))**	2,472,335	7	2,440,877	6
	Profit for the year	7,584,319	20	7,193,933	20
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurement of defined benefit liabilities	37,458	-	7,635	-
8349	Income tax related to items that will not be reclassified subsequently	(6,349)	-	(1,298)	-
	Total items that will not be reclassified subsequently to profit or loss	31,109	-	6,337	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(2,267,947)	(6)	(302,151)	(1)
8362	Unrealized gains (losses) on available-for-sale financial assets	43,120	-	(32,055)	-
8363	Gains (losses) of effective portion of cash flow hedges	(163,416)	-	128,477	-
8364	Gains (losses) of effective portion of hedges of net investment in foreign operations	28,123	-	(77,281)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(4,727)	-	-	-
8399	Income tax relating to items that are or may be reclassified subsequently to profit or loss	43,510	-	(27,992)	-
	Total other items that maybe reclassified subsequently to profit or loss	(2,321,337)	(6)	(311,002)	(1)
8300	**Other comprehensive income (loss) for the period, net of tax**	(2,290,228)	(6)	(304,665)	(1)
8500	**Total comprehensive income for the year**	**$ 5,294,091**	**14**	**6,889,268**	**19**
	Profit attributable to:				
8610	Owners of parent	$ 7,243,268	19	6,863,272	19
8620	Non-controlling interests	341,051	1	330,661	1
		$ 7,584,319	**20**	**7,193,933**	**20**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 5,009,587	13	6,615,550	18
8720	Non-controlling interests	284,504	1	273,718	1
		$ 5,294,091	**14**	**6,889,268**	**19**
9750	**Basic earnings per share (NT dollars) (Note (6)(o))**	**$**	**6.36**		**6.02**

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

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

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Stock		Retained Earning	Other equity items						
	Share capital	Capital surplus	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	Equity attributable to owners of parent	Non controlling interests	Total equity
Balance as of January 1, 2015	$ 10,954,134	9,407,459	12,132,818	1,818,240	152,325	34,939	(161,203)	34,338,712	2,090,369	36,429,081
Profit for the year	-	-	6,863,272	-	-	-	-	6,863,272	330,661	7,193,933
Other comprehensive income (loss) for the year	-	-	6,314	(273,177)	(32,055)	128,477	(77,281)	(247,722)	(56,943)	(304,665)
Total comprehensive income (loss) for the year	-	-	6,869,586	(273,177)	(32,055)	128,477	(77,281)	6,615,550	273,718	6,889,268
Earnings distribution and appropriation:										
Cash dividends to ordinary shareholders	-	-	(3,067,157)	-	-	-	-	(3,067,157)	-	(3,067,157)
Stock dividends of ordinary shareholders	438,166	-	(438,166)	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	(64)	-	-	-	-	-	(64)	-	(64)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(220,589)	(220,589)
Balance as of December 31, 2015	11,392,300	9,407,395	15,497,081	1,545,063	120,270	163,416	(238,484)	37,887,041	2,143,498	40,030,539
Profit for the year	-	-	7,243,268	-	-	-	-	7,243,268	341,051	7,584,319
Other comprehensive income (loss) for the year	-	-	31,363	(2,172,871)	43,120	(163,416)	28,123	(2,233,681)	(56,547)	(2,290,228)
Total comprehensive income (loss) for the year	-	-	7,274,631	(2,172,871)	43,120	(163,416)	28,123	5,009,587	284,504	5,294,091
Earnings distribution and appropriation:										
Cash dividends to ordinary shareholders	-	-	(3,531,613)	-	-	-	-	(3,531,613)	-	(3,531,613)
Other changes in capital surplus:										
Changes in equities of associates and joint ventures	-	4,012	-	-	-	-	-	4,012	-	4,012
Changes in ownership interests in subsidiaries	-	(19,926)	(38,658)	-	-	-	-	(58,584)	-	(58,584)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(230,217)	(230,217)
Balance as of December 31, 2016	**$ 11,392,300**	**9,391,481**	**19,201,441**	**(627,808)**	**163,390**	**-**	**(210,361)**	**39,310,443**	**2,197,785**	**41,508,228**

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

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

CHAILEASE HOLDING COMPANY LIMITEDAND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2016	2015
Cash flows from operating activities:		
Profit before income tax	$ 10,056,654	9,634,810
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities:		
Depreciation expense	1,866,849	1,611,411
Amortization expense	170,664	142,602
Gain (loss) on financial assets and liabilities at fair value through profit or loss	(48,300)	39,057
Interest expense	4,646,899	4,777,085
Interest income	(22,092,830)	(20,985,808)
Dividend income	(90,112)	(69,116)
Share of loss (profit) of associates and joint ventures accounted for using equity method	1,747	(28,309)
Gain on disposal of property, plant and equipment	(30,328)	(4,535)
Loss on disposal of foreclosed assets	67,679	80,258
Gain on disposal of investments	(17,245)	(123,081)
Impairment loss on financial assets	6,214,612	4,947,876
Impairment loss on non financial assets	339,987	269,495
Total adjustments to reconcile (profit) loss	(8,970,378)	(9,343,065)
Change in operating assets and liabilities:		
Change in operating assets:		
Decrease (increase) in financial assets held for trading	120,484	(53,527)
Decrease in non-current financial assets at fair value through profit or loss	721,807	-
Increase in accounts receivable	(31,310,488)	(30,986,582)
(Increase) decrease in other current financial assets	(1,059,708)	131,770
Decrease in other current assets	105,106	597,886
Proceeds from sales of operating lease assets	1,062,488	693,188
Purchase of operating lease assets	(3,732,549)	(3,385,906)
Decrease (Increase) in other non current assets – others	67,224	(559,926)
Total changes in operating assets	(34,025,636)	(33,563,097)
Changes in operating liabilities:		
Increase in accounts and notes payable	1,250,440	928,119
Increase in long term and short term debts	170,632,503	156,767,451
Repayment of long term and short term debts	(152,292,373)	(133,755,334)
Increase in other current financial liabilities	1,765,386	3,378,672
Increase in accrued pension liabilities	9,863	17,027
Increase in other current liabilities others	308,597	116,464
Increase in non current liabilities others	711,587	12,407
Total changes in operating liabilities	22,386,003	27,464,806
Total changes in operating assets and liabilities	(11,639,633)	(6,098,291)
Total adjustments	(20,610,011)	(15,441,356)
Cash generated from operation	(10,553,357)	(5,806,546)
Interest received	22,082,181	20,978,162
Dividend received	90,212	69,216
Interest paid	(4,629,050)	(4,966,118)
Income taxes paid	(2,916,301)	(2,998,161)
Net cash provided by operating activities	4,073,685	7,276,553
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(111,617)	(193,928)
Proceeds from disposal of available-for-sale financial assets	56,074	151,669
Proceeds from capital reduction of available-for-sale financial assets	3,233	-
Acquisition of held-to-maturity financial assets	(4,813,750)	(5,662,910)
Disposal of held-to-maturity financial assets	7,963,949	4,758,138
Acquisition of investments accounted for using equity method	(587,374)	-
Proceeds from capital reduction of investments accounted for using equity method	37,301	-
Acquisition of property, plant and equipment	(96,211)	(143,316)
Disposal of property, plant and equipment	2,294	2,650
Acquisition of intangible assets	(38,324)	(11,941)
Net cash provided by (used in) investing activities	2,415,575	(1,099,638)
Cash flows from financing activities:		
Distribution of cash dividend	(3,531,613)	(3,067,157)
Changes in non-controlling interests	(230,217)	(220,653)
Net cash used in financing activities	(3,761,830)	(3,287,810)
Effect of exchange rate changes on cash and cash equivalents	(885,352)	(126,045)
Net increase in cash and cash equivalents	1,842,078	2,763,060
Cash and cash equivalents, net of bank overdraft, beginning of year	11,093,264	8,330,204
Cash and cash equivalents, net of bank overdraft, end of year (Note (6)(a))	**$ 12,935,342**	**11,093,264**

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

(1) Overview

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

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

As of December 31, 2016 and 2015, the Company had outstanding common stock of both $11,392,300 divided into 1,139,229,994 shares.

(2) Financial Statements Authorisation Date and Authorisation Process

The consolidated financial statements were reported to and approved for issue by the Board of Directors on March 16, 2017.

(3) New Accounting Standards and Interpretations

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effective

According to Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC for adoption in preparing their financial statements effective January 1, 2017. The related new standards, interpretations and amendments are as follows:

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 "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 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

Except for the following items, the Group believes that the adoption of the above IFRSs would not have a material impact on the consolidated financial statements:

1. IFRIC 21 "Levies"

   This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". According to the new Interpretation, the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

2. Amendments to IAS 36 "Recoverable Amount Disclosures for Non Financial Assets"

   Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In such cases, the amendments also require that the following be disclosed if the recoverable amount is based on fair value less costs of disposal:

   1) the level of the fair value hierarchy within which the fair value measurement is categorized; and

   2) the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy, and the key valuation assumptions made.

(b) Newly released or amended standards and interpretations not yet endorsed by the FSC

Shown below are the new standards and amendments issued by the IASB but not yet endorsed by the FSC. The FSC announced that listed companies should adopt IFRS 9 and IFRS 15 commencing from January 1, 2018. As of the date the Group's financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
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 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

Those that have relevant impact to the Group were as follows:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	The new standard provides a single model for determining whether an entity recognizes revenue in accordance with the method, timing and amount by applying the five step model. IFRS 15 replaces IAS 11 “Construction Contracts”, IAS 18 “Revenue”, and the relevant interpretations. In April 12, 2016, the amendments clarify how to identify performance obligations in a contract; determine whether an entity is a principal or an agent; and determine whether the revenue from granting a license should be recognized at a point in time or over time.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: ・Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. ・Impairment: The new credit loss model is expected to replace the current incurred loss model. ・Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability on the balance sheet. 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 financial position and 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

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

1.Basis of measurement

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

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Available-for-sale financial assets are measured at fair value;

3) Derivative financial instruments are measured at fair value;

4) The defined net benefit obligation (or asset) is recognized as fair value of plan assets, less the present value of the defined benefit obligation and the maximum amount measurement disclosed in Note 4(o).

2.Functional and presentation currency

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

(c) Basis of consolidation

1.Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

2.Subsidiaries included in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2016.12.31	Shareholding Ratio 2015.12.31	Note
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	
〃	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
〃	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	
〃	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	- %	100.00 %	Chailease International Company (UK) Limited issued common shares in exchange for all the shares of Chailease Finance Co., Ltd. on June 4, 2016.
〃	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
〃	Chailease International Company (UK) Limited	Consulting, leasing overseas and investment	100.00 %	100.00 %	Funded on March 26, 2015
〃	Chailease Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	Funded on September 9, 2015

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2016.12.31	Shareholding Ratio 2015.12.31	Note
Chailease International Company (UK) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	- %	Chailease International Company (UK) Limited issued common shares in exchange for all the shares of Chailease Finance Co., Ltd. on June 4, 2016.
Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	
〃	Chailease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	- %	Funded on January 19, 2016
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	99.55 %	
〃	China Leasing Co., Ltd.	Installment sales	100.00 %	100.00 %	
〃	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	The judgment regarding control of Asia SermKij Leasing Public Co., Ltd., please refer to Note (5).
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	
〃	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	
〃	Chailease International Trading Company Limited (Vietnam)	Trading	100.00 %	- %	Funded on July 18, 2016
〃	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	
〃	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	
〃	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	
〃	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	
〃	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	
〃	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	The subsidiary was established on July 24, 2014. (Note a)

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2016.12.31	Shareholding Ratio 2015.12.31	Note
Chailease Finance Co., Ltd.	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 %	
〃	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	Funded on November 4, 2015
〃	Innovation Energy Integration Co., Ltd.	Solar Power business	100.00 %	- %	Funded on June 29, 2016
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Leasing, real estate, and mortgage	100.00 %	100.00 %	
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	
〃	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	
〃	Grand Pacific Warehouse Funding Corp.	Real estate development	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 %	
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 %	

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 SPE conducts its business to meet the specific needs of the Group;

(ii) the Group has decision making powers to obtain the majority of the benefits of the SPE's activities;

(iii) the Group is able to obtain the majority of the benefits of the SPE's activities through an "auto-pilot" mechanism;

(iv) by having a right to the majority of SPE's benefits, the Group is exposed to the SPE's risks; and

(v) the Group has the majority of the residual interest of the SPE.

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

(d) Foreign Currency

1.Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following which are recognized in other comprehensive income:

1) available-for-sale equity investment;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective.

2.Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising thereon form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the exchange differences on translation of foreign financial statements in equity.

3. Hedge of a net investment in foreign operation

Hedge accounting is adopted for hedge of a net investment in foreign operation, regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the exchange differences on translation of foreign financial statements in equity. To the extent that the hedge is ineffective, such differences are recognized in profit or loss.

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

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

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

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits are recognized as other current and non-current financial assets.

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

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group become a party to the contractual provisions of the instruments.

1.Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A.Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise

B.Performance of the financial asset is evaluated on a fair value basis

C.Hybrid contains one or more embedded derivatives

At initial recognition, financial assets in this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to the initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, and are included in operating revenue or other income and other gains or losses of non-operating revenues and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for -sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in other income and other gains or losses of non-operating revenues and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is classified under dividend revenue of non-operating revenues and expenses.

3) Held-to-maturity financial assets

If the Group have the positive intent and ability to hold debt securities to maturity, such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, under interest income of operating revenues or non-operating revenues and expenses.

4) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

5) Impairment of financial assets

Except for financial assets at fair value through profit or loss, other financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group use historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for accounts receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance accounts are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss of financial assets measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfer substantially all the risks and rewards of ownership of financial assets.

2.Financial liabilities and equity instruments

1) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial liabilities are classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses thereon on different basis;

B. Performance of the financial liabilities is evaluated on a fair value basis;

C. Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, under other gains or losses of non-operating revenues and expenses.

2) Other financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capitalized cost is recognized in profit or loss, and is included in operating costs.

3. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, under other gains or losses of non-operating revenues and expenses.

When a derivative is designated as a hedging instrument, its timing of recognition to profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

For derivatives that are linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of such an unquoted equity instruments, derivatives that are classified as financial assets, are measured at amortized cost, and are included in financial assets measured at cost; and those that are classified as financial liabilities are measured at cost, and are included in financial liabilities measured at cost.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related.

The Group designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instrument for a hedge of a foreign currency risk, as fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risk of firm commitments are treated as a fair value hedge.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

1) Fair value hedge

Changes in the fair value of a hedging instruments designated and qualified as fair value hedges are recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Hedged financial instruments using an effective interest rate is amortized to profit or loss when hedge accounting is discontinued over the period to maturity.

2) Cash flow hedge

When a derivative is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in other equity – effective portion of cash flow hedge gain (loss). Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, under other gains or losses of non-operating revenue and expenses.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss, and is presented in the same accounting caption with the hedged item recognized in the consolidated statement of comprehensive income.

For a cash flow hedge of a forecast transaction recognized as a non-financial assets or liabilities, the amount accumulated in other equity – effective portion of cash flow hedge gain (loss) and retained in other comprehensive income is reclassified as the initial cost of the non-financial asset or liability.

3) Hedge of a net investment in a foreign operation

Any effective portion of the gains or losses of a hedging instrument is recognized under other comprehensive income and presented in other equity – effective portion of a hedge of a net investment in a foreign operation gain (loss). Any ineffective portion of such gains or losses is recognized in profit or loss, under operating costs or other gains or losses of non-operating revenues and expenses.

The gains and losses of an effective portion of a hedging instrument presented in other equity – effective portion of a hedge of a net investment in a foreign operation gain (loss) is reclassified in profit or loss, under operating costs or other gains or losses of non-operating revenues and expenses, upon disposal of the investment.

(h) Financial assets securitization

Under the Regulations for Financial Assets Securitization, the Group, with the assistance of a trustee, securitize its financial assets for purposes of offering asset-backed securities in the form of related beneficiary certificates through a special-purpose trust. Once the financial asset is securitized, the Group no longer retain the ownership title of the asset, and thus, remove the asset from the consolidated balance sheet and recognize any gains or losses from securitization. The Group retain the subordinated securities, which are classified as financial assets at fair value through profit or loss, for purposes of building confidence and trust among potential investors.

Gains or losses from securitization are determined based on the difference between the proceeds from securitization and carrying value of the securitized financial assets. The cost of each class of asset-backed securities, which is determined based on the previous carrying value of the securitized financial assets, is allocated in proportion to the fair value of each class of the asset-backed securities and the retained interests on the date of transfer. As there exists no active trade market for securitized financial assets, the fair value of each class of asset-backed securities and the retained interests are evaluated based on the present value of future cash flows considering the expected credit loss rate, discount rate, and other relevant risks associated with the financial asset.

The cash receipts of subordinated seller certificates from the trustee are accounted for using the cost recovery method. On the balance sheet date, the fair value of these certificates is evaluated based on the present value of expected future cash flows, and the resulting gains or losses (if any) are recognized in profit or loss.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies of investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except when that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except when the Group has an obligation or has made payments on behalf of the investee.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized under operating costs and net other income and expenses of profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by using straight-line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

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

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Leases

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

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

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

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

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

(l) Intangible assets

1.Goodwill

Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

2.Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses. The amortizable amount is determined based on the cost of an asset less its residual values. Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date when they are made available for use. The residual value, amortization period and amortization method for an intangible asset are reviewed at least annually at each financial year end. Any change thereof is accounted for as a change in accounting estimate.

(m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from construction contracts, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The excess of carrying amount of the asset over its recoverable amount is recognized as an impairment loss which is charged to profit or loss.

An assessment is made at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use is tested at least annually. Impairment loss is recognized if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

If the carrying amount of each of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

(n) Revenue recognition

1.Sales revenue

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

2.Installment sales revenue

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

3.Leasing business

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

4.Loans receivable

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

5.Accounting for factoring of accounts receivable

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

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

2) Control over transferred accounts receivable is deemed to have been transferred under all of the following conditions:

A.The transferred accounts receivable are isolated from the transferor – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership situation.

B.Either (1) each transferee obtains the right – free of conditions that prevent the transferee from taking advantage of that right – to pledge or exchange the transferred accounts receivable or (2) the transferee is a qualifying special-purpose entity and the holders of beneficial interests in that entity have the right – free of conditions that prevent them from taking advantage of the right – to pledge or exchange those interests.

C. The transferor does not maintain effective control over the transferred accounts receivable through (1) an agreement that both entitle and obligates the transferor to repurchase or redeem them before their maturity or (2) an agreement that entitles the transferor to repurchase or redeem transferred accounts receivable that are not readily obtainable.

6. Fee and commission

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

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

(o) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

Aside from the defined contribution plan, the Group also maintains defined benefit plans, which are post-employment benefit plans, for their employees. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average vesting period. To the extent that the benefits vest immediately, pension cost is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost which had not been previously recognized.

(p) Income taxes

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

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

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

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
3. Initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. the entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
   1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(q) Business combination

Goodwill is measured at the consideration transferred less amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value) at the acquisition date. If the amounts of net assets acquired or liabilities assumed exceeds the acquisition price, the Group re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain for the excess. If the business combination is achieved in batches, any non-controlling equity interest is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition-date fair value is re-measured and the resulting gain or loss, if any, is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

(r) Earnings per share

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

(s) Operating segments

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

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

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

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

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

(a) Judgment regarding control of subsidiaries

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

(b) Financial asset and liability classification

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

(i) Financial assets or liabilities are designated as "trading", if they meet the criteria for being classified as trading assets and liabilities as set out in accounting policy disclosure Note 4(g).

(ii) Financial assets or liabilities are designated as at fair value through profit or loss, if they met one of the criteria for being designated as such as set out in accounting policy disclosure Note 4(g).

(iii) Financial assets are designated as held to maturity, if the Group has both the positive intention and ability to hold the assets until their maturity date in accordance with the accounting policy disclosure Note 4(g).

(c) Securitizations

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

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

(ii) If the Group has transferred financial assets to another entity, but has not transferred substantially all of the risk and rewards relating to the transferred assets, the assets are recognized in the Group's consolidated balance sheet.

(iii) If the Group transfers substantially all the risk and rewards relating to the transferred assets to an entity that it does not control, the assets are derecognized from the Group's consolidated balance sheet.

Details of the Group's securitization activities are discussed under the accounting policy disclosure Note 4(h) and Note 6(c).

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

(a) Impairment losses on loans and receivables

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

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

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

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

(b) Impairment losses on non financial assets

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

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

(c) Impairment of available for sale investment securities

Significant judgment is required in determining the impairment of the available for sale investment securities at each reporting date and this requires management to make estimates and assumptions that can affect the financial statements. Management is required to exercise judgment in determining whether there is objective evidence that an impairment loss has occurred.

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

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

(d) Valuation Process

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

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

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

		2016.12.31	2015.12.31
Cash and demand deposits	$	11,549,315	10,859,886
Time deposits		368,400	217,935
Cash equivalents-RP bills		1,018,900	19,991
Cash and cash equivalents		12,936,615	11,097,812
Bank overdraft		(1,273)	(4,548)
Cash and cash equivalents in consolidated statements of cash flows	**$**	**12,935,342**	**11,093,264**

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

(b) Financial instruments

1.Details of financial assets were as follows：

		2016.12.31	2015.12.31
Financial assets at fair value through profit or loss			
Held for trading			
Securities of listed companies	$	113,057	213,429
Derivative instruments not used for hedging		-	22,116
Sub-total		113,057	235,545
Designated as at fair value through profit or loss			
2011 securitization		-	693,713
		113,057	929,258
Available-for-sale financial assets			
Securities of listed companies		244,321	163,350
Emerging stock		1,070,238	1,035,058
Private equity		500,751	506,319
Sub-total		1,815,310	1,704,727
Held-to-maturity financial assets			
Investment in debt securities		6,822,084	9,975,782
Derivative financial assets used for hedging		-	163,416
Total	**$**	**8,750,451**	**12,773,183**

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 years ended December 31,			
	2016		2015	
Equity price at reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	$ 127,128	7,914	119,386	14,940
Decrease 7%	$ (127,128)	(7,914)	(119,386)	(14,940)

Based on the results of the Group's assessment, impairment loss of $21 and $2,175 were recognized on available-for-sale financial assets for the years ended December 31, 2016 and 2015, respectively.

The Group purchased debt securities issued by real estate trust. These debt securities have maturity dates between 2016 and 2018, and bear effective annual interest rate ranging from 5.15%~8.83%.

3.Derivative instrument not used for hedging

Derivative financial instruments are used to manage certain interest risk, arising from the Group’s operating, financing and investing activities. As of December 31, 2015,derivative financial instruments accounted for as held-for-trading financial liabilities were as follows:

Cross currency swap contracts

	2015.12.31			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~
CNY 123,510				2016.04.29
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~
CNY 183,300				2016.04.29
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~
CNY 121,580				2016.04.29

4.Derivative instruments used for hedging

As of December 31, 2015, the Group held derivative instruments qualified for hedge accounting as follows:

	2015.12.31			
Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years

1) Cash flow hedge

The subsidiaries namely, Chailease Finance Co., Ltd. and Golden Bridge (B.V.I.) Corp., entered into interest swap contracts and cross currency swap contract with a bank to hedge future cash flow out of unsecured corporate bonds and CNY loans receivable.

		Fair Value			
Hedged item	Hedge Instrument	2016.12.31	2015.12.31	Expected Cash flow Period	Hedge Period
Unsecured corporate bonds	Interest Swap	$ -	1,385	2010~2016	2010~2016
CNY loans receivable	Cross Currency Swap contract	-	162,031	2013~2016	2013~2016

	For the years ended December 31,	
Item	2016	2015
The fair value adjustment to other comprehensive income	$ (163,416)	128,477

2) Hedge of net investment in foreign operation

The fair value of the equity investment in foreign investee, Golden Bridge (B.V.I.) Corp., may be influenced by the fluctuation of USD exchange rate. The Company designated its USD borrowings to hedge the exchange rate fluctuation risk from this investment. The details of net investment hedge in foreign operation and designated derivatives as of December 31, 2016 and 2015, were as follows:

	Designated Hedging Instrument		
		Fair Value	
Hedged Item	Hedge Instrument	2016.12.31	2015.12.31
Equity investment measured in USD	Foreign currency borrowings	$ 5,724,375	2,432,333

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I.) Corp., for the years ended December 31, 2016 and 2015.

(c) Financial assets securitization

1. 2011 Securitization

In 2011, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of $5,000,229. 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 $4,154,000 in cash from issuing these beneficiary certificates, resulting in a loss of $9,533 from this asset securitization. These beneficiary certificates are redeemable for the period from November 24, 2011 to November 24, 2018. 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	3,830,000	3,830,000	2.20 %	Monthly
twA	2nd	324,000	324,000	3.00 %	Monthly
Subordinated	3rd	846,229	991,210	None	Monthly

Key assumptions at the securitization date:

	November 24, 2011 (securitization date)
Repayment rate	9.4500 %
Expected return rate on securitized financial assets	9.4000 %
Weighted-average life (in years)	4.83
Expected credit loss rate	1.65%～3.07%
Discount rate for cash flows	2.56 %

The Group holds subordinated beneficiary certificates and retain the right to interest (if any) in excess of the amount paid to the holders of twAAA and twA beneficiary certificates. If debtors default, neither the investor nor trustee has the right of recourse to the Group. The repayment of the principal amount of subordinated beneficiary certificates is subordinate to the investors' certificates and their value is affected by the credit risk, prepayment rate and change in interest rate of the securitized financial assets.

1) Key assumptions used in measuring retained interests:

The key assumptions used in measuring subordinated seller certificates arise from the financial assets securitization at each reporting date were as follows:

	2015.12.31
Repayment rate	28.06 %
Expected return rate on securitized financial assets	6.57 %
Weighted-average life (in years)	0.92
Expected credit loss rate (Note)	1.85%~7.88%
Discount rate for residual cash flows	4.00 %

2) Sensitivity analysis

At each reporting date, the key assumptions and sensitivity analysis of the current fair value of residual cash flows with immediate 10% and 20% adverse changes in these assumptions were as follows:

	2015.12.31
Carrying amount of retained interests	693,713
Weighted－average life (in years)	0.92
Repayment rate	28.06 %
Effect on fair value with 10% adverse change	(501)
Effect on fair value with 20% adverse change	(934)
Expected credit losses	7.88%
Effect on fair value with 10% adverse change	(6,800)
Effect on fair value with 20% adverse change	(13,601)
Discount rate for residual cash flows	4.00 %
Effect on fair value with 10% adverse change	(795)
Effect on fair value with 20% adverse change	(1,589)

3) Expected static pool credit losses

As the securitized conditional sales receivable, installment sales receivable, and capital leases receivable do not have actual credit losses as of the balance sheet date, the expected static pool credit losses are, therefore, equal to the expected credit losses.

4) Cash flows

The cash flows received from securitization trusts were as follows:

	For the years ended December 31,	
	2016	2015
Other cash flows received on retained interests	$ 5,154	169,419
Service fees received	138	2,434

Note: The securitization of debts is revolving and the expected credit loss rate of retained interests is evaluated and adjusted during the issue period.

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.

(d) Accounts receivable, net

	2016.12.31	2015.12.31
Current		
Accounts receivable	$ 18,520,273	14,741,271
Less: Allowance for impairment	(613,897)	(539,361)
	17,906,376	14,201,910
Installment sales receivable	75,982,760	71,073,596
Less: Unearned interests	(7,221,132)	(6,421,195)
Allowance for impairment	(2,597,888)	(2,109,303)
	66,163,740	62,543,098
Leases receivable (included operating leases)	84,812,430	83,335,162
Less: Unearned revenue	(9,705,952)	(9,593,354)
Allowance for impairment	(3,434,935)	(3,222,114)
	71,671,543	70,519,694
Loans receivable	39,578,177	39,255,476
Less: Allowance for impairment	(924,154)	(914,095)
	38,654,023	38,341,381
Sub total of current accounts	194,395,682	185,606,083
Non Current		
Accounts receivable	5,436,361	2,653,946
Less: Allowance for impairment	(91,684)	(52,402)
	5,344,677	2,601,544
Installment sales receivable	28,171,965	26,769,295
Less: Unearned interests	(2,519,292)	(2,478,530)
Allowance for impairment	(393,209)	(350,817)
	25,259,464	23,939,948
Leases receivable	13,901,163	8,684,859
Less: Unearned revenue	(3,914,667)	(2,308,150)
Allowance for impairment	(109,668)	(70,046)
	9,876,828	6,306,663
Loans receivable	6,642,702	4,327,359
Less: Allowance for impairment	(336,794)	(101,958)
	6,305,908	4,225,401
Sub total of non current accounts	46,786,877	37,073,556
Total accounts receivable	**$ 241,182,559**	**222,679,639**

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

	For the years ended December 31,	
	2016	2015
Opening balance	$ 7,360,096	6,485,351
Impairment loss recognized	6,214,591	4,945,701
Amounts written off	(4,770,448)	(4,001,984)
Foreign exchange gains	(302,010)	(68,972)
Ending balance	**$ 8,502,229**	**7,360,096**

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 capital leases receivable and related accounts were as follows:

	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
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
Period after 5 years	6,125,624	(2,866,437)	3,259,187
	$ 98,594,610	**(13,620,619)**	**84,973,991**
December 31, 2015			
Within operating cycle	$ 83,182,946	(9,593,354)	73,589,592
Beyond one operating cycle to 5 years	5,294,353	(756,927)	4,537,426
Period after 5 years	3,390,506	(1,551,223)	1,839,283
	$ 91,867,805	**(11,901,504)**	**79,966,301**

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

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

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

		2016.12.31	2015.12.31
Within operating cycle	$	2,309,192	2,076,579
Beyond one operating cycle to 5 years		2,282,138	2,497,887
Over 5 years		8,433	13,147
	$	**4,599,763**	**4,587,613**

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

		Gross investment in the installment sales	Unearned interests	Present value of installment sales receivable
December 31, 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
Over 5 years		32,891	(859)	32,032
	$	**104,154,725**	**(9,740,424)**	**94,414,301**
December 31, 2015				
Within operating cycle	$	71,073,596	(6,421,195)	64,652,401
Beyond one operating cycle to 5 years		26,733,062	(2,477,169)	24,255,893
Over 5 years		36,233	(1,361)	34,872
	$	**97,842,891**	**(8,899,725)**	**88,943,166**

6. 2014 Securitization

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

1) The amount received from disposal of financial assets.

2) Adjusted book value of disposed financial assets.

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

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

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

7. 2016 Securitization

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 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

		2016.12.31	2015.12.31
Prepayments	$	2,385,297	1,316,868
Prepaid expenses		1,215,901	1,357,203
Foreclosed assets		39,653	35,914
Others		13,073	10,386
	$	**3,653,924**	**2,720,371**

As of December 31, 2016 and 2015, foreclosed assets held by the Group were as follows:

		2016.12.31	2015.12.31
Foreclosed assets	$	56,525	52,948
Less: Accumulated impairment		(16,872)	(17,034)
	$	**39,653**	**35,914**

For the years ended December 31, 2016 and 2015, the Group recognized a (an impairment loss) gain on reversal of impairment loss of $(17) and $22,736, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of $67,679 and $80,258 for the years ended December 31, 2016 and 2015, 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:

		2016.12.31	2015.12.31
Investments in affiliates	**$**	**889,608**	**365,278**

		For the years ended December 31,	
		2016	2015
Comprehensive income attributable to the Group			
(Loss) gain for the period	$	(1,747)	28,309
Other comprehensive income		(4,727)	-
Total comprehensive income	**$**	**(6,474)**	**28,309**

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 years ended December 31, 2016 and 2015, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost:					
Balance at January 1, 2016	$ 3,063,847	9,363,546	1,233,559	143,760	13,804,712
Additions	9,239	2,983,489	818,169	17,863	3,828,760
Reclassification	-	-	(38,684)	-	(38,684)
Disposals	-	(2,052,695)	(329,077)	-	(2,381,772)
Effect of movements in exchange rate	(122,922)	(38,114)	(26,493)	(1,093)	(188,622)
Balance at December 31, 2016	**$ 2,950,164**	**10,256,226**	**1,657,474**	**160,530**	**15,024,394**
Balance at January 1, 2015	$ 3,060,206	8,055,558	1,098,529	125,923	12,340,216
Additions	38,151	3,027,122	444,565	19,384	3,529,222
Reclassification	-	714	-	-	714
Disposals	-	(1,755,682)	(294,264)	(1,738)	(2,051,684)
Effect of movements in exchange rate	(34,510)	35,834	(15,271)	191	(13,756)
Balance at December 31, 2015	**$ 3,063,847**	**9,363,546**	**1,233,559**	**143,760**	**13,804,712**
Depreciation and impairment losses:					
Balance at January 1, 2016	$ 491,118	2,607,269	668,413	105,254	3,872,054
Depreciation for the year	54,013	1,599,020	198,734	15,082	1,866,849
Impairment loss	-	323,855	16,115	-	339,970
Disposals	-	(1,258,317)	(89,001)	-	(1,347,318)
Reclassification	-	-	(5,265)	-	(5,265)
Effect of movements in exchange rate	(9,358)	(10,956)	(17,330)	(466)	(38,110)
Balance at December 31, 2016	**$ 535,773**	**3,260,871**	**771,666**	**119,870**	**4,688,180**
Balance at January 1, 2015	$ 438,336	1,966,842	842,851	94,331	3,342,360
Depreciation for the year	54,635	1,411,422	132,647	12,707	1,611,411
Impairment loss (reversal)	-	292,231	-	-	292,231
Disposals	-	(1,062,686)	(295,957)	(1,738)	(1,360,381)
Effect of movements in exchange rate	(1,853)	(540)	(11,128)	(46)	(13,567)
Balance at December 31, 2015	**$ 491,118**	**2,607,269**	**668,413**	**105,254**	**3,872,054**
Carrying amounts:					
Balance at December 31, 2016	**$ 2,414,391**	**6,995,355**	**885,808**	**40,660**	**10,336,214**
Balance at December 31, 2015	**$ 2,572,729**	**6,756,277**	**565,146**	**38,506**	**9,932,658**

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

Assets held for lease, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(h) Intangible assets

The costs of intangible assets, amortization, and the impairment loss of the Group as of and for the years ended December 31, 2016 and 2015, were as follows:

		Goodwill	Software	Total
Cost:				
Balance at January 1, 2016	$	12,680	57,652	70,332
Additions		33,828	4,496	38,324
Effect of movements in exchange rate		-	(1,211)	(1,211)
Balance at December 31, 2016	$	**46,508**	**60,937**	**107,445**
Balance at January 1, 2015	$	12,680	44,490	57,170
Additions		-	11,941	11,941
Effect of movements in exchange rate		-	1,221	1,221
Balance at December 31, 2015	$	**12,680**	**57,652**	**70,332**
Amortization and impairment losses:				
Balance at January 1, 2016	$	-	24,825	24,825
Amortization for the year		-	4,995	4,995
Effect of movements in exchange rate		-	(276)	(276)
Balance at December 31, 2016	$	**-**	**29,544**	**29,544**
Balance at January 1, 2015	$	-	21,579	21,579
Amortization for the year		-	4,328	4,328
Effect of movements in exchange rate		-	(1,082)	(1,082)
Balance at December 31, 2015	$	**-**	**24,825**	**24,825**
Carrying amounts:				
Balance at December 31, 2016	$	**46,508**	**31,393**	**77,901**
Balance at December 31, 2015	$	**12,680**	**32,827**	**45,507**

For the years ended December 31, 2016 and 2015, the amortization of intangible assets amounted to $4,995 and $4,328, respectively. This amortization was accounted for as operating expense of the consolidated statement of comprehensive income.

(i) Long-term and short-term borrowings

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

	2016.12.31			
	Currency	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				**$ 190,940,835**
Current				$ 151,576,908
Non-current				39,363,927
Total				**$ 190,940,835**

	2015.12.31			
	Currency	Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.27%~1.58%	2016~2019	$ 364,854
〃	USD	1.30%~4.00%	2016~2017	1,708,037
〃	THB	2.20%~4.75%	2016~2018	8,423,466
〃	CNY	4.13%~6.76%	2016~2018	18,012,131
〃	VND	3.60%~5.40%	2016	1,868,104
Unsecured bank loans	TWD	0.91%~1.97%	2016~2018	87,054,898
〃	USD	1.27%~3.09%	2016~2017	21,957,824
〃	EUR	1.35%	2016	229,632
〃	THB	2.20%~7.38%	2016~2018	7,776,650
〃	JPY	1.20%~1.51%	2016	189,579
〃	CNY	4.27%~6.76%	2016~2018	22,586,286
Other unsecured loans	THB	2.20%~2.30%	2016	1,523,738
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
〃	USD	0.82%~1.01%	2030	197,792
Total				**$ 177,357,991**
Current				$ 148,466,019
Non-current				28,891,972
Total				**$ 177,357,991**

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).

2.Financial covenants of significant loans and borrowings

1) 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.

2) 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.

3) 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.

4) A subsidiary, Grand Pracific 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.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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 and 2015, the Group was in compliance with the financial covenants mentioned above.

(j) Bonds payable

Period	Interest Rate	Principal Amount	Repayment Terms	2016.12.31 Within Operating Cycle	2016.12.31 Beyond Operating Cycle	Collateral
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~ 2023.10.30	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.	90,500	-	〃
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	-	〃

					2016.12.31		
Period	Interest Rate	Principal Amount		Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2014.11.24~ 2017.12.07	3.850%	THB	130,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	117,650	-	None
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	〃
2015.09.03~ 2018.08.28	3.100%	THB	150,000	〃	-	135,750	〃
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)	
					$ 5,249,059	9,701,649	

				2015.12.31		
Period	Interest Rate	Principal Amount	Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2011.01.19~ 2016.01.19	1.858%~ 1.897%	50,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	50,000	-	None
2011.01.19~ 2016.01.19	1.958%~ 1.997%	50,000	〃	50,000	-	〃
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.	2,000,000	-	〃
2013.07.22~ 2018.07.22	1.600%	1,400,000	〃	700,000	700,000	〃
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	〃	-	3,000,000	〃
2014.05.09~ 2016.05.16	3.820%	THB 240,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	219,504	-	〃
2013.06.27~ 2016.06.27	4.500%	THB 1,300,000	〃	1,188,980	-	〃
2014.04.30~ 2017.04.28	4.150%	THB 100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	91,460	〃
2014.05.15~ 2017.06.08	4.100%	THB 210,000	〃	-	192,066	〃
2014.05.27~ 2017.05.09	4.050%	THB 150,000	〃	-	137,190	〃
2014.06.27~ 2017.07.10	4.050%	THB 220,000	〃	-	201,212	〃
2014.07.17~ 2016.07.11	3.790%	THB 215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	196,639	-	〃

					2015.12.31		
Period	Interest Rate	Principal Amount		Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2014.07.18~ 2017.07.25	4.050%	THB	500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	457,300	None
2014.07.25~ 2017.08.08	4.050%	THB	320,000	〃	-	292,672	〃
2014.09.26~ 2017.10.10	3.950%	THB	200,000	〃	-	182,920	〃
2014.09.26~ 2017.09.25	3.950%	THB	250,000	〃	-	228,650	〃
2014.09.29~ 2017.09.25	3.950%	THB	100,000	〃	-	91,460	〃
2014.11.07~ 2016.11.07	3.700%	THB	160,000	〃	146,336	-	〃
2014.11.10~ 2017.11.10	3.950%	THB	200,000	〃	-	182,920	〃
2014.11.24~ 2017.12.07	3.850%	THB	130,000	〃	-	118,898	〃
2014.11.25~ 2016.11.25	3.700%	THB	120,000	〃	109,752	-	〃
2014.12.03~ 2016.12.07	3.700%	THB	190,000	〃	173,774	-	〃
2015.01.28~ 2017.01.28	3.600%	THB	300,000	〃	-	274,380	〃
2015.03.18~ 2018.03.18	3.700%	THB	100,000	〃	-	91,460	〃
2015.05.14~ 2017.05.15	3.500%	THB	120,000	〃	-	109,752	〃
2015.06.04~ 2018.06.04	3.400%	THB	300,000	〃	-	274,380	〃
2015.08.13~ 2018.08.14	3.100%	THB	150,000	〃	-	137,190	〃
2015.09.03~ 2018.08.28	3.100%	THB	150,000	〃	-	137,190	〃
2015.12.25~ 2017.11.15	2.680%	THB	100,000	〃	-	91,460	〃
Bonds payable (Gross)					4,834,985	9,442,560	
Discounts on bonds payable					(698)	(1,740)	
					$ 4,834,287	9,440,820	

Financial covenants of significant loans and borrowings:

A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., issued three-year CNY bonds in Hong Kong, under which, Chailease Finance Co., Ltd. shall maintain certain consolidated financial ratios on balance sheet date. (i.e. equity ratio, tangible net worth, interest coverage ratio, etc.) Otherwise, the loans are due and payable immediately. The bonds have been paid as of April 5, 2015.

(k) Operating Leases

1.Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	2016.12.31	2015.12.31
Less than one year	$ 285,442	175,383
Between one and five years	356,680	520,656
Over five years	122,060	132,604
	$ 764,182	**828,643**

(l) Employee benefits

1.Defined benefit plans

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

	2016.12.31	2015.12.31
Present value of benefit obligations	$ 1,568,310	1,544,508
Fair value of plan assets	(772,968)	(727,012)
Net defined benefit liabilities	**$ 795,342**	**817,496**

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $745,193 as of December 31, 2016. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31,	
	2016	2015
Defined benefit obligations at January 1	$ 1,544,508	1,489,673
Current service costs and interest	85,934	83,864
Remeasurement on the net defined benefit liability		
—Actuarial losses (gains) arising from changes in financial assumptions	(46,363)	(4,413)
Exchange differences on translation of foreign plans	(973)	3,894
Benefits paid by the plan	(14,796)	(28,510)
Defined benefit obligations at December 31	**$ 1,568,310**	**1,544,508**

3) Movements of defined benefit plan assets

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

	For the years ended December 31,	
	2016	2015
Fair value of plan assets at January 1	$ 727,012	678,300
Remeasurement on the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	14,049	14,018
—Actuarial gains (losses) arising from changes in financial assumptions	(8,905)	3,222
Contributions made	50,456	51,521
Benefits paid by the plan	(9,644)	(20,049)
Fair value of plan assets at December 31	**$ 772,968**	**727,012**

4) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2016	2015
Current service costs	$ 56,210	53,510
Net interest of net liabilities for defined benefit obligations	15,675	16,336
	$ 71,885	69,846
Operating expenses	$ 71,885	69,846

5) Re-measurement of net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's re-measurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2016	2015
Cumulative amount at January 1	$ (30,732)	(38,367)
Recognized during the period	37,458	7,635
Cumulative amount at December 31	$ 6,726	(30,732)

6) Actuarial assumptions

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

	For the years ended December 31,	
	2016	2015
Discount rate at December 31	1.38%~3.20%	1.88%~3.70%
Future salary increases	2.00%~5.25%	2.00%~6.00%

The Group is expected allocation payment of $49,354 to the defined plans for the one year period after the reporting date.

The weighted average duration of the defined benefit obligation is 15.98 to 24.24 years.

7) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2016		
Discount rate	(50,702)	52,917
Future salary increases	50,690	(48,873)

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2015		
Discount rate	(56,187)	53,984
Future salary increases	51,939	(54,031)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the years ended December 31, 2016 and 2015.

2.Defined contribution plans

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

The Group's pension costs under the defined contribution method were $163,478 and $150,109 for the years ended December 31, 2016 and 2015, respectively. Payment was made to the Bureau of the Labor Insurance.

(m) Income taxes

1.Income Tax Expense

The components of income tax for the years ended December 31, 2016 and 2015 were as follows:

	For the years ended December 31,	
	2016	2015
Current tax expense		
Current period	$ 3,395,940	2,977,129
Adjustment for prior periods	144,883	(20,745)
	3,540,823	2,956,384
Deferred tax expense	(1,068,488)	(515,507)
Income tax expense from continuing operations	**$ 2,472,335**	**2,440,877**

The components amount of income tax recognized in other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

	For the years ended December 31,	
	2016	2015
Foreign currency translation differences for foreign operations	$ 43,510	(27,992)
Defined benefit plan actuarial gains (losses)	(6,349)	(1,298)
	$ 37,161	(29,290)

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2016 and 2015 as follows:

	For the years ended December 31,	
	2016	2015
Profit excluding income tax	$ 10,056,654	9,634,810
Income tax calculated on pre-tax financial income at a statutory tax rate applied by subsidiaries	2,315,708	2,913,213
Reduction in tax rate	(6,632)	(18,340)
Non-deductible expenses	109,550	(363,410)
Income tax on unappropriated earnings at a rate of 10%	8	2
Change in temporary differences	(91,182)	(69,843)
Under (over) provision in prior periods	144,883	(20,745)
Income tax expense	$ 2,472,335	2,440,877

2.Deferred Tax Assets and Liabilities

1) Unrecognised Deferred Tax Liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2016 and 2015. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	2016.12.31	2015.12.31
Aggregate amount of temporary differences related to investments in subsidiaries	$ 9,172,361	9,713,067
Unrecognized deferred tax liabilitites	$ 498,921	582,624

2) Unrecognized Deferred Tax Assets

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

	2016.12.31	2015.12.31
Tax effect of deductible temporary differences	$ 23,990	4,329
Tax losses	1,164,023	1,271,812
	$ 1,188,013	**1,276,141**

As of December 31, 2016, the Group did not recognize the prior years' loss carry-forwards as deferred tax assets. The expiry years of those loss carry forward benefits were as follows:

Year of loss	Unused amount	Year of expiry
2009	$ 290,761	2019&2029
2010	1,625,190	2020&2030
2011	469,971	2021&2031
2012	258,408	2022&2032
2013	58,533	2023&2033
2014	16,995	2024&2034
2015	57	2025
2016	35	2026

3) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2016	$ 973	-	1,684,685	85,360	1,771,018
Recognized in profit or loss	-	-	(49,355)	8,771	(40,584)
Recognized in other comprehensive income	(138)	-	-	(43,510)	(43,648)
Effect in exchange rate	-	-	(54,670)	(30)	(54,700)
Balance at December 31, 2016	**$ 835**	**-**	**1,580,660**	**50,591**	**1,632,086**

	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Balance at January 1, 2015	$ 987	-	1,573,581	149	1,574,717
Recognized in profit or loss	(35)	-	77,694	85,211	162,870
Recognized in other comprehensive income	21	-	-	-	21
Effect in exchange rate	-	-	33,410	-	33,410
Balance at December 31, 2015	**$ 973**	**-**	**1,684,685**	**85,360**	**1,771,018**
Deferred Tax Assets:					
Balance at January 1, 2016	$ 145,611	2,596,631	-	206,810	2,949,052
Recognized in profit or loss	3,914	944,004	-	79,986	1,027,904
Recognized in other comprehensive income	(6,487)	-	-	-	(6,487)
Effect in exchange rate	(513)	(204,749)	-	(9,844)	(215,106)
Balance at December 31, 2016	**$ 142,525**	**3,335,886**	**-**	**276,952**	**3,755,363**
Balance at January 1, 2015	$ 142,898	1,983,760	-	207,913	2,334,571
Recognized in profit or loss	4,904	652,982	-	20,491	678,377
Recognized in other comprehensive income	(1,277)	-	-	(27,992)	(29,269)
Effect in exchange rate	(914)	(40,111)	-	6,398	(34,627)
Balance at December 31, 2015	**$ 145,611**	**2,596,631**	**-**	**206,810**	**2,949,052**

(n) Share capital and other equity accounts

1.Share capital

As of December 31, 2016 and 2015, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth $11,392,300, respectively, with par value of $10 (NT dollars) per share.

On May 28, 2015, pursuant to the resolutions approved by the stockholders during their meeting, the Company increased its capital by $438,166 divided into 43,817 thousand shares, from unappropriated retained earnings, with August 3, 2015 as the record date. On August 17, 2015, the Company's relevant registration process thereon was completed.

Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US$8.59 per unit, and the Company issued

120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of December 31, 2016 and 2015, the Company has listed, 38,028 and 1,365,667 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

1) Voting rights exercised

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

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

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

2.Capital surplus

The components of capital surplus were as follows:

	2016.12.31	2015.12.31
Share capital	$ 9,387,469	9,387,469
Changes in ownership interests in subsidiaries	-	19,926
Change in equity of associates accounted for using equity method	4,012	-
	$ 9,391,481	**9,407,395**

3.Retained earnings

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

1) Special reserve

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

2) Earnings distribution

During their meetings on May 27, 2016 and May 28, 2015, the shareholder's resolved to distribute the 2015 and 2014 earnings. These earnings were appropriated as follows:

	2015		2014	
	Dividend per share ($)	Amount	Dividend per share ($)	Amount
Dividends distributed to common shareholders				
Cash	$ 3.10	3,531,613	2.80	3,067,157
Stock	-	-	0.40	438,166
Total		$ 3,531,613		3,505,323

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 years ended December 31,	
	2016	2015
Profit attributable to common stockholders of the Company	$ 7,243,268	6,863,272
Weighted average number of ordinary shares	1,139,230	1,139,230
Weighted average number of ordinary shares (Diluted)	1,139,268	1,139,259

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:

a) Between 0.01% and 1% of the surplus profits before tax of each financial years as employees' compensation;

b) Not to exceed 0.1% of the surplus profits before tax of each financial year as directors' compensation.

For the years ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounting to $1,087 and $1,024, and directors' remuneration amounting to $5,216 and $4,214, respectively. These estimated amounts were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2016 and 2015. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2016 and 2015.

(q) Net other income and expenses

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

	For the years ended December 31,	
	2016	2015
Losses on disposal of foreclosed assets	$ (67,679)	(80,258)
(Losses) gains on reversal of impairment loss of foreclosed assets	(17)	22,736
Gains on doubtful debt recoveries	215,561	173,174
Others	88	106
	$ 147,953	**115,758**

(r) Other gains and losses

The components of other gains and losses were as follows:

	For the years ended December 31,	
	2016	2015
Foreign exchange gains (losses)	$ 283,616	(4,965)
Net gains on disposal of properly plant, and equipment	872	2,009
Net gains on disposal of available-for-sale financial assetst	17,245	123,081
Net gains (losses) on valuation of financial assets (liabilities) measured at fair value through profit or loss	48,300	(39,057)
Impairment losses on available-for-sale financial assets	(21)	(2,175)
Others	721,090	494,808
	$ 1,071,102	**573,701**

(s) Adjustments to other comprehensive income

	For the years ended December 31,	
	2016	2015
Available-for-sale financial assets	$	
Net change in fair value	54,318	(30,272)
Net change in fair value reclassified to profit or loss	(11,198)	(1,783)
Net change in fair value recognized in other comprehensive income	**$ 43,120**	**(32,055)**

(t) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group. As of December 31, 2016 and 2015, the maximum exposure to credit risks amounted to $274,467,021 and $262,748,664, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to $98,931 and $149,905 as of December 31, 2016 and 2015, 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
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	4,925,793	3,782,214	3,581,383	325,048	12,614,438
	$138,460,358	**28,980,139**	**73,093,507**	**8,986,004**	**249,520,008**
Allowance for impairment					
Collectively assessed	$ 1,447,681	536,153	1,625,216	303,276	3,912,326
Individually assessed	2,132,172	367,826	1,889,155	134,901	4,524,054
	$ 3,579,853	**903,979**	**3,514,371**	**438,177**	**8,436,380**

	Taiwan	Thailand	China	Others	Total
December 31, 2015					
Gross loans and receivables:					
Neither past due nor impaired	$117,467,121	24,370,296	70,501,289	5,852,828	218,191,534
Past due	147,748	-	-	181,061	328,809
Impaired	3,488,715	3,398,415	4,089,842	325,473	11,302,445
	$121,103,584	**27,768,711**	**74,591,131**	**6,359,362**	**229,822,788**
Allowance for impairment					
Collectively assessed	$ 1,325,639	417,484	1,449,065	305,778	3,497,966
Individually assessed	1,438,024	269,634	1,926,341	161,089	3,795,088
	$ 2,763,663	**687,118**	**3,375,406**	**466,867**	**7,293,054**

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.

3) Loans and receivables which were past due

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:

	2016.12.31	2015.12.31
Past due up to 30 days	$ 286,039	181,037
Past due up to 31 to 90 days	73,691	73,200
Past due up to 91 to 180 days	-	74,572
	$ 359,730	**328,809**

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
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 securicization	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
	$ 240,287,480	**245,218,544**	**42,117,029**	**42,955,841**	**58,003,768**	**98,835,707**	**1,560,665**	**1,745,534**
December 31, 2015								
Non-derivative financial liabilities								
Bank overdraft	$ 4,548	4,548	-	-	-	-	-	4,548
Secured bank loans	30,376,592	32,148,711	4,464,274	3,222,045	9,942,150	14,520,242	-	-
Unsecured bank loans	139,790,321	143,397,987	55,853,154	18,216,341	30,549,409	38,779,083	-	-
Other unsecured loans	1,523,738	1,529,211	237,796	985,024	306,391	-	-	-
Notes payable from securicization	5,662,792	6,004,991	8,850	17,699	79,648	5,681,410	217,384	-
Bonds payables	14,275,107	15,244,116	118,105	37,776	3,306,104	9,662,481	2,119,650	-
Other payables	6,932,789	6,935,189	4,467,353	871,553	547,407	347,044	-	701,832
Deposits relating to collateral of customers	25,089,282	25,104,584	228,586	570,606	5,410,706	18,258,444	-	636,242
	$ 223,655,169	**230,369,337**	**65,378,118**	**23,921,044**	**50,141,815**	**87,248,704**	**2,337,034**	**1,342,622**

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:

	2016.12.31				
	Foreign currency (In thousands)		Exchange rate		Functional currency
Financial assets					
Monetary items					
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
Financial liabilities					
Monetary items					
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

	2015.12.31				
	Foreign currency (In thousands)		Exchange rate		Functional currency
Financial assets					
Monetary items					
USD	$	12,519.75	USD：TWD	32.8250	410,961
		8,258.00	USD：VND	23,363	271,069
CNY		6,828.63	CNY：USD	0.1522	34,109
Financial liabilities					
Monetary items					
USD		79,136.00	USD：TWD	32.8250	2,597,639
		5,334.63	USD：VND	23,363	175,109

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 $33,845 and $25,570, for the years ended December 31, 2016 and 2015, respectively. The analysis is performed on the same basis for both years.

3) The foreign currency gain or loss on monetary items

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the years ended December 31, 2016 and 2015, the foreign currency gain (loss), including realized and unrealized, amounted to $283,616 and $(4,965), respectively.

4.Interest analysis

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

Ending balance as of December 31, 2016	Effective interest rate	Total	Floating rate	Fixed rate: Within 1 year	Fixed rate: 1~5 years	Fixed rate: More than 5 years	Non-interest bearing
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	9.45 %	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)**

Ending balance as of December 31, 2015	Effective interest rate	Total	Floating rate	Fixed rate: Within 1 year	Fixed rate: 1~5 years	Fixed rate: More than 5 years	Non-interest bearing
Financial assets							
Cash and cash equivalents	0.87 %	$ 11,097,812	8,351,786	1,052,911	-	-	1,693,115
Debt securities	6.30 %	10,669,495	693,713	4,117,714	5,858,068	-	-
Total accounts receivables	9.77 %	230,039,735	26,689,972	104,862,747	83,340,548	1,240,458	13,906,010
Interest rate swap contracts	1.80 %	1,385	1,385	-	-	-	-
Cross currency swap contracts	1.30 %	184,147	184,147	-	-	-	-
		251,992,574	35,921,003	110,033,372	89,198,616	1,240,458	15,599,125
Financial liabilities							
Secured bank loans	3.74 %	30,376,592	21,754,766	2,949,232	5,672,594	-	-
Unsecured bank loans	2.30 %	139,790,321	78,799,981	45,922,791	15,067,549	-	-
Bonds payables	2.53 %	14,275,107	100,000	3,034,287	9,140,820	2,000,000	-
Bank overdraft	7.38 %	4,548	4,548	-	-	-	-
Other unsecured loans	2.26 %	1,523,738	-	1,523,738	-	-	-
Notes payable from securitization	1.88 %	5,662,792	197,792	-	5,465,000	-	-
Deposits relating to collateral of customers	0.30 %	25,089,282	-	1,995,033	5,080,473	-	18,013,776
		216,722,380	100,857,087	55,425,081	40,426,436	2,000,000	18,013,776
Net exposure		**$ 35,270,194**	**(64,936,084)**	**54,608,291**	**48,772,180**	**(759,542)**	**(2,414,651)**

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 $132,825 and $146,304 for the years ended December 31, 2016 and 2015, 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:

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
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) stocks	1,314,559	244,321	1,070,238	-	1,314,559
Measure the 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	-	-	-	-
Loan 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**

	December 31, 2016				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
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**	**-**	**-**	**-**	**-**

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value though profit or loss					
Financial assets held for trading	$ 235,545	213,429	22,116	-	235,545
Financial assets at fair value though profit or loss	693,713	-	-	693,713	693,713
Sub-total	929,258	213,429	22,116	693,713	929,258
Hedging of derivative financial assets	163,416	-	163,416	-	163,416
Available-for-sale financial assets					
Domestic and foreign market (OTC) stocks	1,198,408	163,350	1,035,058	-	1,198,408
Measure the fair value of unquoted equity instruments	506,319	-	-	506,319	506,319
Sub-total	1,704,727	163,350	1,035,058	506,319	1,704,727
Held-to-maturity investments	9,975,782	-	-	-	-
Loan and receivable					
Cash and cash equivalents	11,097,812	-	-	-	-
Accounts receivable	222,679,639	-	-	-	-
Other financial assets	1,501,466	-	-	-	-
Refundable deposits	972,476	-	-	-	-
Restricted bank deposits	2,090,129	-	-	-	-
Sub-total	238,341,522	-	-	-	-
Total	**$ 251,114,705**	**376,779**	**1,220,590**	**1,200,032**	**2,797,401**

	December 31, 2015				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Measurement of financial liabilities at amortized cost					
Bank overdraft	$ 4,548	-	-	-	-
Secured bank loans	30,376,592	-	-	-	-
Unsecured bank loans	139,790,321	-	-	-	-
Other unsecured loans	1,523,738	-	-	-	-
Notes payable from securitization	5,662,792	-	-	-	-
Bond payables	14,275,107	-	-	-	-
Other payables	6,932,789	-	-	-	-
Deposits relating to collateral of customers	25,089,282	-	-	-	-
Total	**$ 223,655,169**	-	-	-	-

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

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

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

3) Valuation Techniques for Financial Instruments Measured at Fair Value

A. Non-derivative Financial Instruments

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

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

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

B.Derivative Financial Instruments

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

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

	At fair value through profit or loss	Available-for-sale financial assets	
	Designated at initial recognition	Unquoted equity instruments	Total
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	-	(2,335)	(2,335)
Disposal	(721,807)	(3,233)	(725,040)
Ending balance, December 31, 2016	$ -	500,751	500,751
Opening balance, January 1, 2015	$ 710,059	517,217	1,227,276
Total gains and losses recognized:			
In profit or loss	(16,346)	(2,145)	(18,491)
In other comprehensive income	-	(8,753)	(8,753)
Ending balance, December 31, 2015	$ 693,713	506,319	1,200,032

For the years ended December 31, 2016 and 2015, 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:

	For the years ended December 31,	
	2016	2015
Total gains and losses recognized :		
In profit or loss, and included “other gains and losses”	$ 28,094	(16,346)
In other comprehensive income, and included “unrealized gains and losses on available-for-sale financial assets ”	(2,335)	(8,753)

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

The Group's financial instruments that use Level 3 inputs to measure fair values include financial assets measured at fair value through profit or loss-subordinated beneficiary certificate and 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, except that the subordinated beneficiary certificate has multiple significant unobservable inputs. For subordinated beneficiary certificate that has no active markets, the significant unobservable inputs are independent and therefore unrelated.

Quantified information of significant unobservable inputs as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets measured at fair value through profit or loss - subordinated beneficiary certificate	Discounted Cash Flow Method	• Expected Asset Repayment Rate (28.06% on December 31, 2015) • Expected Loss Given Default Rate (7.88% on December 31, 2015)	• The higher the expected asset repayment rate, the higher the fair value. • The lower the expected loss given default rate, the higher the fair value.
Available-for-sale financial assets-equity investments	Net Asset Value Method	• Net Asset Value	• Not applicable

6) Sensitivity Analysis for Fair Values of Financial Instruments Using Level 3 Inputs

Management believes their fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using Level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss are as follows:

			Impact or Fair Value Change on Net income or loss		Impact of Fair Value Change on Other Comprehensive income or loss	
	Input	Variation	Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2015						
Financial asset at fair value through profit or loss - subordinated beneficiary certificate	Expects Asset Repayment Rate	10%	$ 501	(501)	-	-
〃	Expected Loss Given Default Rate	10%	$ 6,800	(6,800)	-	-

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on different levels of unobservable inputs. The table above shows the impact of a single input. Therefore, the relations and variations between inputs are not considered.

(u) Financial risk management

1.Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

2.Risk management framework

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

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

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

3.Credit risk

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

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

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

4.Liquidity risk

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

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

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

The Group's liquidity and funding management process includes:

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

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

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

5.Market risk

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

1) Management of market risk

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

2) Currency risk

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

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

3) Interest rate risk

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

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

4) Other market price risks

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

(v) Capital Management

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

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

	2016.12.31	2015.12.31
Total Liabilities	$ 244,575,230	227,539,283
Less: cash and cash equivalents	(12,936,615)	(11,097,812)
Net debt	231,638,615	216,441,471
Total Equity	41,508,228	40,030,539
Amounts accumulated in equity relating to cash flow hedges	-	(163,416)
Adjusted capital	**$ 273,146,843**	**256,308,594**
Debt to equity ratio	**84.80 %**	**84.45 %**

As of December 31, 2016, according to the Company's management, there were no changes in the Group's approach to capital management.

(7) Related Party Transactions

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

(b) Related-party transactions

1.Operating revenue

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

	For the years ended December 31,	
	2016	2015
Affiliates	**$ 237,995**	**271,725**

2. Receivables from related parties

Receivables of the Group from related parties were as follows：

Account	Categories of related parties	2016.12.31	2015.12.31
Capital leases receivable	Affiliates	$ 385	216
Accounts receivable	Affiliates	1,731	2,038
Other receivables	Affiliates	21,027	38,763
Other current financial assets	Affiliates	1,000	1,000
Other non-current financial assets	Affiliates	4,000	10,900
		$ 28,143	52,917

3. Payable to related parties

Payable of the Group from related parties were as follows：

Account	Categories of related parties	2016.12.31	2015.12.31
Other current financial liabilities	Affiliates	$ 90,761	709

4. Asset 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 is $4,944 and $216,748 in 2016 and 2015, including project consultant fee of $124 and $9,215 paid to Zhongyou for 2016 and 2015, respectively.

5. Related-Party Financing

Financing to related parties was as follows：

	2016.12.31	2015.12.31
Affiliates	$ 509,009	71,153

The loans receivable bear interest at rates ranging from 2.75% to 5.00%. As of December 31, 2016 and 2015, interest receivable from the loans receivable from affiliates amounted to $2,180 and $10,263, respectively. For the years ended December 31, 2016 and 2015, interest revenue from the loans receivable from affiliates amounted to $6,152 and $7,394, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows：

	2016.12.31	2015.12.31
Affiliates	$ 2,535,273	2,839,808

The borrowings from affiliates bear interest at rates ranging from 3.25% to 7.38%. As of December 31, 2016 and 2015, interest payable from the interest bearing borrowings from affiliates amounted to $229 and $379, respectively. For the years ended December 31, 2016 and 2015, interest expense from the interest bearing borrowing from affiliates amounted to $102,110 and $102,528, respectively.

Bonds payable of the Group from related parties was as follows：

	2016.12.31	2015.12.31
Affiliates	$ -	45,730

The bonds payable bear interest at rates ranging from 4.50% to 4.60%. As of December 31, 2015, interest payable from bonds payable to affiliates amounted to $28. For the years ended December 31, 2016 and 2015, interest expenses from bonds payable to affiliates amounted to $1,008 and $2,095, respectively.

7. Guarantee

As of December 31, 2016, the Group had provided a guarantee for loans taken out by Associates. The credit limit of the guarantee was $92,340 and the actual amount was $7,740 as of December 31, 2016. There have no guarantee with associates as of December 31, 2015.

8. Others

1) As of December 31, 2016 and 2015, bank deposits in financial institutions which are related parties of the Group amounted to $170,694 and $315,004, respectively. For the years ended December 31, 2016 and 2015, interest revenue from the deposits in affiliates amounted to $317 and $470, respectively.

2) Other expense with related parties：

	For the years ended December 31,	
Affiliates	2016	2015
Rent expense	$ 30,285	30,048
Commission and service costs and expenses	1,105	765
Other operating costs and expenses	94,249	69,040
	$ 125,639	99,853

(c) Key management personnel compensation

	For the years ended December 31,	
	2016	2015
Short-term employee benefits	$ 168,276	171,790
Post-employment benefits	1,830	1,447
	$ 170,106	**173,237**

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2016.12.31	2015.12.31
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)	$ 2,071,302	2,146,875
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,370,965	4,569,992
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,299	1,174,967
Refundable deposits	Provincial court seizure etc.	475,127	806,718
Accounts receivable and notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	97,419,915	94,670,046
Total		**$ 102,338,608**	**103,368,598**

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

(9) Commitments and Contingencies

(a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of December 31, 2016 and 2015, the balance of unexpired payments from these alliance transactions amounted to $7,438,573 and $11,524,705, respectively.

(b) Chailease Finance Co., Ltd. (CFC), together with third parties/co-facilitators, entered into an agreement with CFC customers for purposes of facilitating the extension of loans to these customers by financial institutions, under which, CFC will share with these co-facilitators in the facilitating fee that they earn from this agreement. If the customers default on their payments, CFC is required to pay to the financial institutions its share of the loans on behalf of these customers. As of December 31, 2015, the payable balance from these transactions amounted to $11,119.

(c) 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 December 31, 2016 and 2015, the balance of financing obtained from such facilitation amounted to $12,378 and $19,812, respectively.

(d) The Group entered into several electricity procurement agreements with Taiwan Power Company and all of these agreements will expire on twenty years after the date the electricity generating sets are launched. Under these agreements, reselling to third parties of electric power from the renewable energy system is prohibited.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Other

(a) Liquidity analysis of assets and liabilities：

	2016.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
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
Inventories	207	-	207
Other current financial assets	3,293,256	22,468	3,315,724
Other current assets – others	3,653,924	-	3,653,924
	$ 158,189,146	62,050,877	220,240,023

	2016.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current liabilities			
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
	$ 145,339,720	**44,472,875**	**189,812,595**

	2015.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
Cash and cash equivalents	$ 11,097,812	-	11,097,812
Current financial assets at fair value through profit or loss	235,545	-	235,545
Current held-to-maturity financial assets	4,117,714	3,540,674	7,658,388
Current derivative financial assets for hedging	163,416	-	163,416
Accounts receivable, net	127,849,388	57,756,695	185,606,083
Inventories	207	-	207
Other current financial assets	3,476,935	36,310	3,513,245
Other current assets – others	2,720,371	-	2,720,371
	$ 149,661,388	**61,333,679**	**210,995,067**
Current liabilities			
Short-term borrowings	$ 78,844,180	-	78,844,180
Accounts and notes payable	2,749,876	485,943	3,235,819
Current tax liabilities	1,295,601	-	1,295,601
Other current financial liabilities	10,968,806	15,305,442	26,274,248
Long-term liabilities, current portion	42,547,233	31,908,893	74,456,126
Other current liabilities – others	1,017,178	-	1,017,178
	$ 137,422,874	**47,700,278**	**185,123,152**

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

By function / By item	For the year ended December 31, 2016			For the year ended December 31, 2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	55,715	4,031,617	4,087,332	52,114	3,723,268	3,775,382
Labor and health insurance	4,160	259,480	263,640	4,089	247,058	251,147
Pension	2,083	233,280	235,363	1,990	217,965	219,955
Others	-	293,739	293,739	-	260,603	260,603
Depreciation	1,722,701	144,148	1,866,849	1,462,352	149,059	1,611,411
Amortization	-	170,664	170,664	-	142,602	142,602

(13) Segment Information

(a) The Group's reportable segments include operations in Taiwan, China, Thailand and other areas. These segments engage mainly in installment sales and leasing. The Group uses operating profit as the measurement for segment profit and the basis of performance assessment.

(b) Information about profit or loss and assets and liabilities the report amount is similar to that in the report used by the chief operating decision maker.

Operating segments financial information:

	For the years ended December 31, 2016					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 18,027,403	16,602,299	2,585,032	793,042	-	38,007,776
Intersegment revenues	960,526	155,806	-	11,373	(1,127,705)	-
Interest revenue	3,809	53,629	166	5,086	-	62,690
Total revenue	**$ 18,991,738**	**16,811,734**	**2,585,198**	**809,501**	**(1,127,705)**	**38,070,466**
Interest expenses	**$ 1,801,281**	**1,806,926**	**757,527**	**281,165**	**-**	**4,646,899**
Depreciation and amortization	**$ 1,746,410**	**256,816**	**25,880**	**8,407**	**-**	**2,037,513**
Share of profit (loss) of associates and joint ventures accounted for using equity method	**$ 111**	**(2,249)**	**-**	**391**	**-**	**(1,747)**
Reportable segment profit or loss	**$ 5,022,420**	**2,086,569**	**649,018**	**(173,688)**	**-**	**7,584,319**
Reportable segment assets	**$ 174,495,082**	**80,760,555**	**28,694,418**	**11,492,640**	**(9,359,237)**	**286,083,458**
Reportable segment liabilities	**$ 149,729,146**	**64,737,268**	**24,551,020**	**14,917,033**	**(9,359,237)**	**244,575,230**

	For the years ended December 31, 2015					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 15,997,140	17,505,907	2,533,347	791,586	-	36,827,980
Intersegment revenues	947,681	458,444	-	-	(1,406,125)	-
Interest revenue	4,171	75,366	211	4,533	-	84,281
Total revenue	**$ 16,948,992**	**18,039,717**	**2,533,558**	**796,119**	**(1,406,125)**	**36,912,261**
Interest expenses	**$ 1,634,552**	**2,084,115**	**835,878**	**222,540**	**-**	**4,777,085**
Depreciation and amortization	**$ 1,446,327**	**277,276**	**25,935**	**4,475**	**-**	**1,754,013**
Share of profit (loss) of associates and joint ventures accounted for using equity method	**$ 111**	**(776)**	**-**	**28,974**	**-**	**28,309**
Reportable segment profit or loss	**$ 4,760,677**	**2,129,655**	**633,787**	**(330,186)**	**-**	**7,193,933**
Reportable segment assets	**$ 159,768,113**	**89,146,899**	**27,666,174**	**7,009,605**	**(16,020,969)**	**267,569,822**
Reportable segment liabilities	**$ 136,953,296**	**71,969,689**	**23,690,419**	**10,946,848**	**(16,020,969)**	**227,539,283**

(c) Information about the products and services

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

	For the years ended December 31,	
Products and services	**2016**	**2015**
Sales revenue	$ 7,541,644	8,536,111
Interest revenue - installment sales	7,281,132	6,818,922
Interest revenue - capital lease	8,890,413	8,803,788
Rental revenue - operating leases	2,883,217	2,454,131
Interest revenue - loans	3,000,990	2,629,435
Other interest revenue	2,857,605	2,649,382
Other operating revenue	5,552,775	4,936,211
Total	**$ 38,007,776**	**36,827,980**

(d) Geographical information

Please refer to (Note13(b)) for the related information on the Group's reportable segments by geographical location.

(e) Information about major customers

The Group does not have more than 10% revenue generated from a single customer.