

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
CHAILEASE HOLDING COMPANY LIMITED
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2018 and 2017

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

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Independent Auditors' Review Report

To the Board of Directors of Chailease Holding Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Chailease Holding Company Limited and its subsidiaries of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$65,321,516 thousand and \$101,296,822 thousand, constituting 19% and 36% of consolidated total assets at March 31, 2018 and 2017, respectively, total liabilities amounting to \$43,369,742 thousand and \$79,970,341 thousand, constituting 15% and 33% of consolidated total liabilities at March 31, 2018 and 2017, respectively, and total comprehensive income (loss) amounting to \$837,288 thousand and \$569,097 thousand, constituting 25% and 50% of consolidated total comprehensive income (loss) for the three months ended March 31, 2018 and 2017, respectively.



Furthermore, as stated in Note 6(f), the other equity accounted investments of the Chailease Holding Company Limited and its subsidiaries in its investee companies of \$1,114,712 thousand and \$752,643 thousand at March 31, 2018 and 2017, respectively, and its equity in net losses on these investee companies of \$2,643 thousand and \$10,970 thousand for the three months ended March 31, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Chailease Holding Company Limited and its subsidiaries as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 10, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF MARCH 31, 2018 AND 2017

CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2018, December 31, 2017, and March 31, 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

		2018.3.31		2017.12.31		2017.3.31		LIABILITIES AND EQUITY	
		Amount	%	Amount	%	Amount	%	Current Liabilities :	
Assets									
Current assets :									
1100	Cash and cash equivalents (Notes 6(a) and (7))	\$ 17,315,284	5	19,030,593	6	12,836,133	5	2100	Short-term borrowings (Notes 6(i), (7) and (8))
1110	Current financial assets at fair value through profit or loss	1,001,200	-	49,572	-	198,305	-	2125	Current derivative financial liabilities for hedging (Note 6(c))
	(Note 6(b))							2126	Current financial liabilities for hedging (Note 6(c))
1130	Current held-to-maturity financial assets (Note 6(b))	-	-	6,442,807	2	5,556,598	2	2150	Account and notes payable
1140	Current financial assets at amortized cost (Note 6(b))	8,840,696	3	-	-	-	-	2230	Current tax liabilities
1170	Accounts receivable, net (Notes 6(d), (7) and (8))	224,831,034	66	217,964,861	67	191,504,012	68	2305	Other current financial liabilities (Note (7))
1476	Other current financial assets (Notes (7) and (8))	3,746,810	1	3,666,543	1	3,646,577	1	2320	Long-term liabilities, current portion
1479	Other current assets-others (Notes 6(e) and (7))	5,624,209	2	4,367,771	1	2,738,796	1		(Notes 6(i), 6(j), (7) and (8))
		261,359,233	77	251,522,147	77	216,500,421	77	2399	Other current liabilities-others
	Non-current assets :								
1517	Non-current financial assets at fair value through other	1,054,862	-	-	-	-	-		Non-current Liabilities :
	comprehensive income (Note 6(b))								
1523	Non-current available-for-sale financial assets (Note 6(b))	-	-	1,077,941	-	1,807,545	1	2530	Bonds payable (Notes 6(j) and (7))
1528	Non-current held-to-maturity financial assets (Note 6(b))	-	-	1,393,640	1	1,071,036	-	2540	Long-term borrowings (Notes 6(i), (7) and (8))
1540	Non-current financial assets at amortized cost (Note 6(b))	1,308,890	1	-	-	-	-	2570	Deferred tax liabilities (Note 6(m))
1550	Investments accounted for using equity method	1,114,712	-	1,146,881	-	752,643	-	2600	Other non-current liabilities (Note 6(l))
	(Notes 6(f) and (8))								
1600	Property, plant and equipment (Note 6(g))	9,943,514	3	10,059,227	3	10,095,475	4		Total Liabilities
1780	Intangible assets (Note 6(h))	62,946	-	63,860	-	65,965	-		
1840	Deferred tax assets (Note 6(m))	4,008,569	1	3,697,787	1	3,747,196	1		Equity attributable to owners of the Company : (Note 6(n))
1930	Long-term notes and accounts receivable, net	60,349,187	18	57,682,774	18	48,185,494	17	3100	Share Capital
	(Notes 6(d), (7) and (8))							3200	Capital surplus
								3220	Special reserve
1995	Other non-current assets-others (Notes (7) and (8))	877,188	-	932,428	-	1,066,584	-	3350	Unappropriated retained earnings
		78,719,868	23	76,054,538	23	66,791,938	23	3400	Other equity items
									Total equity attributable to owners of the Company
								36XX	Non-controlling interests
									Total equity
TOTAL ASSETS		\$ 340,079,101	100	327,576,685	100	283,292,359	100		TOTAL LIABILITIES AND EQUITY

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

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CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME**

For the Three Months Ended March 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2018		2017	
		Amount	%	Amount	%
Operating revenues: (Note (7))					
4111	Sales revenue	\$ 2,318,153	20	1,641,904	18
4810	Interest revenue - installment sales	1,995,681	17	1,835,849	20
4820	Interest revenue - capital leases	2,903,665	25	2,321,424	25
4300	Rental revenue - operating leases	778,992	7	774,268	8
4230	Interest revenue - loans	927,269	8	759,855	8
4240	Other interest revenue	858,476	8	738,794	8
4881	Other operating revenue	1,756,168	15	1,298,957	13
		<u>11,538,404</u>	<u>100</u>	<u>9,371,051</u>	<u>100</u>
Operating costs: (Note (7))					
5111	Cost of sales	2,005,435	17	1,425,289	15
5240	Interest expense	1,372,842	12	1,163,172	12
5300	Cost of rental revenue	583,544	5	612,209	7
5800	Other operating costs	291,794	3	264,473	3
		<u>4,253,615</u>	<u>37</u>	<u>3,465,143</u>	<u>37</u>
Gross profit from operation		<u>7,284,789</u>	<u>63</u>	<u>5,905,908</u>	<u>63</u>
6000	Operating expenses (Note (7))	2,294,159	20	3,271,965	35
6450	Expected credit loss (Note (6)(d))	814,062	7	-	-
6500	Net other income and expenses (Note (6)(q))	32,732	1	48,085	1
	Operating profit	<u>4,209,300</u>	<u>37</u>	<u>2,682,028</u>	<u>29</u>
Non-operating income and expenses:					
7100	Interest income	26,316	-	15,150	-
7130	Dividend income	726	-	-	-
7020	Other gains and losses (Note (6)(r))	29,116	-	293,904	3
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method (Note (6)(f))	(2,643)	-	(10,970)	-
		<u>53,515</u>	<u>-</u>	<u>298,084</u>	<u>3</u>
7900	Profit before income tax	<u>4,262,815</u>	<u>37</u>	<u>2,980,112</u>	<u>32</u>
7950	Less: Income tax expense (Note (6)(m))	<u>1,113,242</u>	<u>10</u>	<u>741,613</u>	<u>8</u>
	Profit for the period	<u>3,149,573</u>	<u>27</u>	<u>2,238,499</u>	<u>24</u>
Other comprehensive income (loss):					
Components of other comprehensive income that will not be reclassified to profit or loss:					
8310	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(14,498)	-	-	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(14,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss					
8360	Exchange differences on translation	211,417	2	(1,537,390)	(16)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	24,046	-
8364	Gains (losses) on effective portion of hedges of net investments in foreign operations	-	-	344,944	4
8368	Gains (losses) on hedging instrument	27,365	-	-	-
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	89	-	8,010	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	30,227	-	90,522	1
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>269,098</u>	<u>2</u>	<u>(1,069,868)</u>	<u>(11)</u>
	Other comprehensive income (net of tax)	<u>254,600</u>	<u>2</u>	<u>(1,069,868)</u>	<u>(11)</u>
8500	Total comprehensive income for the period	<u>\$ 3,404,173</u>	<u>29</u>	<u>\$ 1,168,631</u>	<u>13</u>
Profit attributable to:					
8610	Owners of the Company	\$ 3,033,993	26	2,156,444	23
8620	Non-controlling interests	115,580	1	82,055	1
		<u>\$ 3,149,573</u>	<u>27</u>	<u>\$ 2,238,499</u>	<u>24</u>
Comprehensive income attributable to:					
8710	Owners of the Company	\$ 3,238,725	28	1,061,130	12
8720	Non-controlling interests	165,448	1	107,501	1
		<u>\$ 3,404,173</u>	<u>29</u>	<u>\$ 1,168,631</u>	<u>13</u>
9750	Basic earnings per share (NT dollars) (Note (6)(o))	<u>\$ 2.40</u>		<u>\$ 1.89</u>	

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

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Unrealized gains					Other Equity Items				
	(losses) from									
Stock	Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedges of net investments in foreign operations	Gains (losses) on hedging instruments	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Share capital	Special reserve	Capital surplus	Unappropriated retained earnings							
\$ 11,392,300	-	9,391,481	19,201,441	(627,808)	-	-	-	39,310,443	2,197,785	41,508,228
-	-	-	2,156,444	-	-	-	-	2,156,444	82,055	2,238,499
-	-	-	-	(1,464,304)	-	-	-	(1,095,314)	25,446	(1,069,868)
-	-	-	2,156,444	(1,464,304)	-	-	-	1,061,130	107,501	1,168,631
\$ 11,392,300	-	9,391,481	21,357,885	(2,092,112)	-	-	-	40,371,573	2,305,286	42,676,859
\$ 12,642,300	674,779	17,367,796	24,374,823	(1,491,002)	-	(93,386)	(145)	53,661,875	2,501,946	56,163,821
-	-	-	(245,840)	(93,386)	-	(186,710)	186,565	(245,840)	(87,145)	(332,985)
\$ 12,642,300	674,779	17,367,796	24,128,983	(1,491,002)	-	(186,565)	186,565	53,416,035	2,414,801	55,830,836
-	-	-	3,033,993	-	-	-	-	3,033,993	115,580	3,149,573
-	-	-	-	(14,498)	-	-	29,862	204,732	49,868	254,600
-	-	-	3,033,993	(14,498)	-	-	29,862	3,238,725	165,448	3,404,173
-	-	-	-	-	-	-	-	-	71,958	71,958
-	-	-	442	(442)	-	-	-	-	-	-
\$ 12,642,300	674,779	17,367,796	27,163,418	(1,301,634)	-	-	216,427	56,654,760	2,652,207	59,306,967

Balance at January 1, 2017

Profit for the three months ended March 31, 2017

Other comprehensive income (loss) for the three months ended March 31, 2017

Total comprehensive income (loss) for the three months ended March 31, 2017

Balance at March 31, 2017

Balance at January 1, 2018

Effects of retrospective application

Equity at beginning of period after adjustments

Profit for the three months ended March 31, 2018

Other comprehensive income (loss) for the three months ended March 31, 2018

Total comprehensive income (loss) for the three months ended March 31, 2018

Changes in non-controlling interests

Disposal of investments in equity instruments designated at fair value through other comprehensive income

Balance at March 31, 2018

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

CHALEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2018	2017
Cash flows from operating activities:		
Profit before tax	\$ 4,262,815	2,980,112
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	542,077	508,700
Amortization expense	36,081	40,168
Expected credit loss	814,062	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6,384	(6,478)
Interest expense	1,372,842	1,163,172
Interest income	(6,711,407)	(5,671,072)
Dividend income	(726)	-
Share of loss of associates and joint ventures accounted for using equity method	2,643	10,970
(Gain) loss on disposal of property, plant and equipment	(25,736)	4,389
Loss on disposal of foreclosed assets	30,696	21,418
Gain on disposal of investments	-	(6,020)
Impairment loss on financial assets	-	1,220,071
Impairment loss on non-financial assets	113,651	130,087
Total adjustments to reconcile profit	(3,819,433)	(2,584,595)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets held for trading	(97,408)	(78,973)
Increase in accounts receivable	(10,279,066)	(5,343,723)
Decrease (increase) in other current financial assets	13,798	(398,087)
(Increase) decrease in other current assets	(1,293,892)	826,741
Proceeds from sales of operating lease assets	267,812	223,835
Purchase of operating lease assets	(813,970)	(808,673)
Decrease in other operating assets	28,071	53,502
Total changes in operating assets	(12,174,655)	(5,525,378)
Changes in operating liabilities:		
Increase (decrease) in accounts and notes payable	213,350	(190,765)
Increase in long term and short term debts	99,027,638	72,275,146
Repayment of long term and short term debts	(93,363,344)	(71,431,523)
Increase in other current financial liabilities	727,058	488,771
Decrease in accrued pension liabilities	(4,933)	(6,459)
Decrease in other current liabilities others	(79,217)	(314,411)
Increase (decrease) in other operating liabilities	244,642	(78,892)
Total changes in operating liabilities	6,765,194	741,867
Total changes in operating assets and liabilities	(5,409,461)	(4,783,511)
Total adjustments	(9,228,894)	(7,368,106)
Cash outflow used in operations	(4,966,079)	(4,387,994)
Interest received	6,648,315	5,664,607
Dividends received	726	-
Interest paid	(1,295,314)	(1,130,782)
Income taxes paid	(93,146)	(480,605)
Net cash flows provided by (used in) operating activities	294,502	(334,774)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,554)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	17,501	-
Acquisition of financial assets at amortized cost	(3,357,369)	-
Proceeds from disposal of financial assets at amortized cost	1,044,229	-
Acquisition of available-for-sale financial assets	-	(11,093)
Proceeds from disposal of available-for-sale financial assets	-	42,131
Acquisition of held-to-maturity financial assets	-	(1,110,885)
Proceeds from disposal of held-to-maturity financial assets	-	1,301,015
Acquisition of property, plant and equipment	(12,184)	(17,782)
Proceeds from disposal of property, plant and equipment	71,066	69,296
Net cash flows (used in) provided by investing activities	(2,246,311)	272,682
Cash flows from financing activities:		
Change in non-controlling interests	71,958	-
Net cash flows provided by financing activities	71,958	-
Effect of exchange rate changes on cash and cash equivalents	164,542	(39,905)
Net decrease in cash and cash equivalents	(1,715,309)	(101,997)
Cash and cash equivalents at beginning of period	19,030,593	12,935,342
Cash and cash equivalents at end of period	\$ 17,315,284	12,833,345

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

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CHAILEASE HOLDING COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2018 and 2017

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

(1) Company history

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

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

As of March 31, 2018, March 31, 2017, the Company had outstanding common stock of \$12,642,300 and \$11,392,300 divided into 1,264,229,994 shares and 1,139,229,994 shares, respectively.

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

The consolidated financial statements were approved by chairman, reported to Board of Directors and issued on May 10, 2018.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018. The differences between the current version and the previous version are as follows:

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

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Notes to Consolidated Financial Statements

March 31, 2018 and 2017

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

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

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3) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9, which requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy, and apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Group applies hedge accounting under IFRS 9, please see note 4(c).

4) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
 - The determination of the business model within which a financial asset is held.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
 - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.
- All hedging relationships designated under IAS 39 on December 31 2017 met the criteria for hedge accounting under IFRS 9 on January 1, 2018, and are therefore, regarded as continuing hedging relationships.

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5) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	19,030,593	Amortized cost	19,030,593
Debt securities	Held-to-maturity (note 1)	7,836,447	Amortized cost	7,836,447
Equity instruments	Held-for-trading (note 2)	49,572	Current financial assets at fair value through profit or loss, mandatorily measured at fair value	49,572
	Available-for-sale (note 3)	1,077,941	Non-current financial assets at fair value through other comprehensive income	1,077,941
Trade and other receivables	Loans and receivables (note 4)	275,647,635	Amortized cost	275,647,635

Note1: Corporate debt securities that were previously classified as held-to-maturity and bond investment without an active market are now classified at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Note2: Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Note3: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

Note4: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. An increase of \$429,180 in the allowance for impairment was recognized in opening retained earnings upon transition to IFRS 9 on January 1, 2018. In addition to the changes detailed above, there are no changes in other equity; Retained Earnings, non-controlling interests and income tax expenses are reduced \$245,840, \$87,145 and \$96,195, respectively.

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The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	\$ 49,572	(49,572)	-	-	-	-
Held for trading to fair value through profit or loss, mandatorily measured at FVTPL	-	49,572	-	49,572	-	-
Total	<u>\$ 49,572</u>	<u>-</u>	<u>-</u>	<u>49,572</u>	<u>-</u>	<u>-</u>
Fair value through other comprehensive income						
Beginning balance of available-for-sale (IAS 39)	\$ 1,077,941	(1,077,941)	-	-	-	-
Available for sale to FVOCI	-	1,077,941	-	1,077,941	-	-
Total	<u>\$ 1,077,941</u>	<u>-</u>	<u>-</u>	<u>1,077,941</u>	<u>-</u>	<u>-</u>
Amortized cost						
Beginning balance of held-to-maturity financial assets, and trade and other receivables (IAS 39)	\$ 283,484,082	(283,484,082)	-	-	-	-
Adjustments for allowance of impairment for financial assets measured at amortized cost	-	-	(429,180)	(429,180)	(245,840)	-
Additions:						
Reclassification from held-to-maturity financial assets	-	7,836,447	-	7,836,447	-	-
Reclassification from loans and receivables	-	275,647,635	-	275,647,635	-	-
Total	<u>\$ 283,484,082</u>	<u>-</u>	<u>(429,180)</u>	<u>283,054,902</u>	<u>(245,840)</u>	<u>-</u>

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	<p>The new standard of accounting for lease is amended as follows:</p> <ul style="list-style-type: none">• For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the 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 consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

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(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2018.3.31	2017.12.31	2017.3.31	
The Company	Chailase International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	100.00 %	
"	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailase International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
Golden Bridge (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailase International Finance Corporation	Leasing	100.00 %	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailase International Finance Corporation	Chailase Finance International Corp.	Leasing	100.00 %	100.00 %	100.00 %	
Chailase International Finance Corporation	Chailase International Corp.	Trading	100.00 %	100.00 %	100.00 %	
"	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	100.00 %	
Chailase International Company (Malaysia) Limited	Chailase International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	
"	Chailase International Company (UK) Limited	Consulting, aircraft leasing and investment	100.00 %	100.00 %	100.00 %	
"	Chailase Berjaya Credit Sdn. Bhd.	Installment sales	70.00 %	70.00 %	70.00 %	(Note b)
"	Chailase Royal Leasing Plc.	Leasing	60.00 %	60.00 %	60.00 %	This subsidiary was established on May 10, 2016. Chailase International Company (Malaysia) Limited invested it on March 6, 2017. (Note b)

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2018.3.31	2017.12.31	2017.3.31	
Chaillease International Company (Malaysia) Limited	Chaillease Berjaya Finance Corporation	Leasing and financing	60.00 %	60.00 %	- %	Established on September 29, 2017. (Note b)
Chaillease International Company (UK) Limited	Chaillease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	100.00 %	
Chaillease International Financial Services Co., Ltd.	Chaillease International Financial Services (Liberia) Corp.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chaillease International Financial Services (Labuan) Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
Chaillease Berjaya Credit Sdn. Bhd.	Chaillease Agency Sdn. Bhd.	Insurance brokers	100.00 %	100.00 %	- %	Established on April 19, 2017. (Note b)
Chaillease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	100.00 %	100.00 %	100.00 %	
"	Chaillease Specialty Finance Co., Ltd.	Installment sales	100.00 %	100.00 %	100.00 %	
"	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	100.00 %	(Note b)
Chaillease International Company (Malaysia) Limited and Chaillease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	48.18 %	Please refer to Note (5) for the detailed disclosure of the judgment regarding control of Asia SermKij Leasing Public Co., Ltd.
Chaillease Finance Co., Ltd.	Chaillease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Chaillease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	100.00 %	(Note b)

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			2018.3.31	2017.12.31	2017.3.31	
Chailease Finance Co., Ltd.	Chailease International Trading Company Limited (Vietnam)	Trading	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Credit Services Co., Ltd.	Installment sales and leasing	- %	- %	100.00 %	Chailease Finance Co., Ltd. sold all shares of Chailease Credit Services Co., Ltd. to Fina Finance & Trading Co., Ltd. on July 21, 2017. (Note b)
"	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	- %	The subsidiary was established on July 24, 2014. (Note a, b)
"	Chailease Finance Securitization Trust 2016	Special Purpose Entity	- %	- %	- %	The subsidiary was established on August 24, 2016. (Note a, b)
"	Yun Tang Inc.	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Energy Integration Co., Ltd	Solar Power business	100.00 %	100.00 %	100.00 %	(Note b)
"	Chailease Power Technology Co., Ltd. (Former name: Innovation Energy Integration Co., Ltd.)	Solar Power business	100.00 %	100.00 %	100.00 %	The name of the subsidiary has been changed on March 5, 2018.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	100.00 %	(Note b)

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			2018.3.31	2017.12.31	2017.3.31	
Fina Finance & Trading Co., Ltd.	Chailase Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	- %	Fina Finance & Trading Co., Ltd. bought all shares of Chailase Credit Services Co., Ltd. from Chailase Finance Co., Ltd. on July 21, 2017. (Note b)
The Company and Chailase Finance Co., Ltd.	Grand Pacific Holdings Corp.	Financing leasing, real estate, and mortgage	100.00 %	100.00 %	100.00 %	(Note b)
Chailase Consumer Finance Co., Ltd. and Chailase Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	- %	% Founded on June 28, 2017. (Note b)
Chailase Specialty Finance Co., Ltd. and Chailase Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Installment sales and leasing	100.00 %	100.00 %	- %	% Founded on June 28, 2017. (Note b)
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	100.00 %	(Note b)
"	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	100.00 %	(Note b)
"	Grand Pacific Warehouse Funding Corp.	Real estate development	- %	- %	100.00 %	Dissolved on August, 2017. (Note b)
"	Grand Pacific Business Loan LLC. 2005-1	Special purpose entity	- %	- %	- %	% The subsidiary was established on June 27, 2005. (Note a) Dissolved on October, 2017. (Note b)
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special purpose entity	- %	- %	100.00 %	Dissolved on October, 2017. (Note b)
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special purpose entity	- %	- %	- %	% The subsidiary was established on June 27, 2005. (Note a, b)

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Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2018.3.31	2017.12.31	2017.3.31	
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	99.99 %	
"	SK Insurance Broker Co., Ltd.	Insurance brokers	100.00 %	100.00 %	-	% Founded on April 12, 2017.

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

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

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

Note b: The financial statements have not been reviewed.

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

(c) Financial assets (applicable from January 1, 2018)

1.Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

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

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

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A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

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

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Business model assessment

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

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;

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

6) Impairment of financial assets

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

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

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

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

7) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on fair value through other comprehensive income”, in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

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On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

2. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2017.

Accounting policies involve significant judgment and it has no material impact on the consolidated financial statement.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2018.3.31	2017.12.31	2017.3.31
Cash and demand deposits	\$ 16,673,964	18,708,765	12,201,701
Time deposits	201,320	321,828	439,431
Cash equivalents-repurchase bills	440,000	-	195,001
Cash and cash equivalents	17,315,284	19,030,593	12,836,133
Bank overdraft	-	-	(2,788)
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 17,315,284</u>	<u>19,030,593</u>	<u>12,833,345</u>

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

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(b) Financial instruments

1. The components of financial assets were as follows :

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Financial assets designated as at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss :			
Securities of listed companies	\$ 139,915	-	-
Non-hedging derivatives	<u>861,285</u>	<u>-</u>	<u>-</u>
Sub-total	<u>1,001,200</u>	<u>-</u>	<u>-</u>
Held for trading			
Securities of listed companies	-	48,977	198,305
Non-hedging derivatives	<u>-</u>	<u>595</u>	<u>-</u>
Sub-total	<u>-</u>	<u>49,572</u>	<u>198,305</u>
Financial assets at fair value through other comprehensive income			
Securities of listed companies	947,774	-	-
Emerging stock	2,857	-	-
Private equity	<u>104,231</u>	<u>-</u>	<u>-</u>
Sub-total	<u>1,054,862</u>	<u>-</u>	<u>-</u>
Available-for-sale financial assets			
Securities of listed companies	-	980,828	232,224
Emerging stock	-	2,536	1,081,310
Private equity	<u>-</u>	<u>94,577</u>	<u>494,011</u>
Sub-total	<u>-</u>	<u>1,077,941</u>	<u>1,807,545</u>
Financial assets measured at amortized cost			
Investment in debt securities	<u>10,149,586</u>	<u>-</u>	<u>-</u>
Held-to-maturity investments			
Investment in debt securities	<u>-</u>	<u>7,836,447</u>	<u>6,627,634</u>
Total	<u><u>\$ 12,205,648</u></u>	<u><u>8,963,960</u></u>	<u><u>8,633,484</u></u>

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1. Investments in equity instruments measured at fair value through other comprehensive income

These investments in equity instruments are held for long-term strategic purpose and therefore are accounted for as financial assets at fair value through other comprehensive income. As of December 31, and March 31, 2017, financial assets were classified as available-for-sale financial assets under IAS 39.

2. Available-for-sale financial assets were classified as financial assets at fair value through other comprehensive income as of March 31, 2018.

3. Held-to-maturity investment

1) Held-to-maturity financial assets were classified as financial assets at amortized cost under IFRS 9 as of March 31, 2018.

2) The Group purchased debt securities issued by real estate asset trust. These debt securities have maturity dates between 2016 and 2021, and bear effective annual interest rate ranging from 3.61%~8.62%.

4. Please refer to Note (6)(t) for information regarding credit risk and market risk.

(c) Derivative instruments used for hedging

As of March 31, 2018 and December 31, 2017, the Group held derivative instruments qualified for hedge accounting as follows:

Nominal Amount		2018.3.31			
		Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD	6,720	USD to MYR	4.58%	90 Day LIBOR+ 1.4%	2017.08.08~
MYR	27,468				2020.02.29
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~
CNY	331,000				2020.10.23
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	331,400				2020.12.18

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Nominal Amount		2017.12.31			Contract Period
		Currency	Interest Rate Payable	Interest Rate Receivable	
USD	6,720	USD to MYR	4.58%	90 Day LIBOR+ 1.4%	2017.08.08~
MYR	27,468				2020.02.29
USD	50,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.10.23~
CNY	331,000				2020.10.23
USD	100,000	USD to CNY	5.00%	90 Day LIBOR+ 1.4%	2017.11.22~
CNY	665,200				2020.11.20
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	332,250				2020.12.18
USD	50,000	USD to CNY	4.98%	90 Day LIBOR+ 1.4%	2017.12.20~
CNY	331,400				2020.12.18

1. Cash flow hedge

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

Hedged item	Hedge Instrument	Fair Value			Expected Cash flow Period	Hedge Period
		2018.3.31	2017.12.31	2017.3.31		
USD loans	Cross Currency Swap	\$ (263,290)	(205)	-	2017~2020	2017~2020

Item	For the first Quarter,	
	2018	2017
The fair value adjustment to other comprehensive income	\$ (13,305)	-

2. Hedge of net investment in foreign operation

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

Hedged Item	Hedge Instrument	Designated Hedging Instrument		
		Fair Value		
		2018.3.31	2017.12.31	2017.3.31
Equity investment measured in USD	Foreign currency borrowings	\$ 1,804,510	1,845,120	5,665,555

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 three months ended March 31, 2018 and 2017.

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(d) Accounts receivable, net

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Current			
Accounts receivable	\$ 21,522,463	20,948,120	18,688,303
Less: Allowance for impairment	<u>(651,198)</u>	<u>(607,119)</u>	<u>(570,723)</u>
	<u>20,871,265</u>	<u>20,341,001</u>	<u>18,117,580</u>
Installment sales receivable	82,815,603	80,245,671	77,155,888
Less: Unearned interests	<u>(7,724,445)</u>	<u>(7,449,734)</u>	<u>(7,340,629)</u>
Allowance for impairment	<u>(3,073,314)</u>	<u>(2,975,760)</u>	<u>(2,739,795)</u>
	<u>72,017,844</u>	<u>69,820,177</u>	<u>67,075,464</u>
Leases receivable (included operating leases)	108,105,189	100,768,338	82,377,396
Less: Unearned revenue	<u>(13,565,361)</u>	<u>(12,433,697)</u>	<u>(9,769,574)</u>
Allowance for impairment	<u>(3,913,050)</u>	<u>(3,638,173)</u>	<u>(3,365,506)</u>
	<u>90,626,778</u>	<u>84,696,468</u>	<u>69,242,316</u>
Loans receivable	42,301,414	44,053,445	38,004,625
Less: Allowance for impairment	<u>(986,267)</u>	<u>(946,230)</u>	<u>(935,973)</u>
	<u>41,315,147</u>	<u>43,107,215</u>	<u>37,068,652</u>
Sub-total of current accounts	<u>224,831,034</u>	<u>217,964,861</u>	<u>191,504,012</u>
Non Current			
Accounts receivable	8,092,501	7,590,737	5,861,988
Less: Allowance for impairment	<u>(122,030)</u>	<u>(112,129)</u>	<u>(96,619)</u>
	<u>7,970,471</u>	<u>7,478,608</u>	<u>5,765,369</u>
Installment sales receivable	35,562,068	33,914,394	27,821,351
Less: Unearned interests	<u>(3,860,369)</u>	<u>(3,610,429)</u>	<u>(2,491,351)</u>
Allowance for impairment	<u>(691,788)</u>	<u>(579,098)</u>	<u>(371,517)</u>
	<u>31,009,911</u>	<u>29,724,867</u>	<u>24,958,483</u>
Leases receivable	23,971,240	22,302,940	17,582,885
Less: Unearned revenue	<u>(8,243,640)</u>	<u>(7,281,888)</u>	<u>(5,780,352)</u>
Allowance for impairment	<u>(129,985)</u>	<u>(126,135)</u>	<u>(104,332)</u>
	<u>15,597,615</u>	<u>14,894,917</u>	<u>11,698,201</u>
Loans receivable	6,025,226	5,869,006	6,065,496
Less: Allowance for impairment	<u>(254,036)</u>	<u>(284,624)</u>	<u>(302,055)</u>
	<u>5,771,190</u>	<u>5,584,382</u>	<u>5,763,441</u>
Sub-total of non current accounts	<u>60,349,187</u>	<u>57,682,774</u>	<u>48,185,494</u>
Total accounts receivable	<u>\$ 285,180,221</u>	<u>275,647,635</u>	<u>239,689,506</u>

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

	For the three months ended March 31,	
	2018	2017
Opening balance (Under IAS 39)	\$ 9,269,268	8,502,229
Initial adjustment of IFRS 9	429,180	-
Opening balance (Under IFRS 9)	9,698,448	8,502,229
Impairment loss recognized	814,062	1,220,071
Bad debts written off	(778,847)	(1,005,473)
Effect of exchange rate changes	88,005	(230,307)
Ending balance	<u><u>\$ 9,821,668</u></u>	<u><u>8,486,520</u></u>

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

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
March 31, 2018			
Within operating cycle	\$ 107,977,410	(13,565,361)	94,412,049
Beyond one operating cycle to 5 years	8,048,708	(942,778)	7,105,930
Period after 5 years	15,922,532	(7,300,862)	8,621,670
	<u><u>\$ 131,948,650</u></u>	<u><u>(21,809,001)</u></u>	<u><u>110,139,649</u></u>
December 31, 2017			
Within operating cycle	\$ 100,650,820	(12,433,697)	88,217,123
Beyond one operating cycle to 5 years	8,764,948	(1,035,424)	7,729,524
Period after 5 years	13,537,992	(6,246,464)	7,291,528
	<u><u>\$ 122,953,760</u></u>	<u><u>(19,715,585)</u></u>	<u><u>103,238,175</u></u>
March 31, 2017			
Within operating cycle	\$ 82,272,476	(9,769,574)	72,502,902
Beyond one operating cycle to 5 years	7,292,628	(976,171)	6,316,457
Period after 5 years	10,290,257	(4,804,181)	5,486,076
	<u><u>\$ 99,855,361</u></u>	<u><u>(15,549,926)</u></u>	<u><u>84,305,435</u></u>

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

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

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

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Within operating cycle	\$ 2,331,811	2,342,669	2,306,851
Beyond one operating cycle to 5 years	2,090,902	2,128,073	2,217,641
Beyond 5 years	<u>5,128</u>	<u>7,149</u>	<u>13,654</u>
	<u>\$ 4,427,841</u>	<u>4,477,891</u>	<u>4,538,146</u>

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

	<u>Gross investment in the installment sales</u>	<u>Unearned interests</u>	<u>Present value of installment sales receivable</u>
March 31, 2018			
Within operating cycle	\$ 82,815,603	(7,724,445)	75,091,158
Beyond one operating cycle to 5 years	34,299,014	(3,683,529)	30,615,485
Beyond 5 years	<u>1,263,054</u>	<u>(176,840)</u>	<u>1,086,214</u>
	<u>\$ 118,377,671</u>	<u>(11,584,814)</u>	<u>106,792,857</u>
December 31, 2017			
Within operating cycle	\$ 80,245,671	(7,449,734)	72,795,937
Beyond one operating cycle to 5 years	32,828,984	(3,455,769)	29,373,215
Over 5 years	<u>1,085,410</u>	<u>(154,660)</u>	<u>930,750</u>
	<u>\$ 114,160,065</u>	<u>(11,060,163)</u>	<u>103,099,902</u>
March 31, 2017			
Within operating cycle	\$ 77,155,888	(7,340,629)	69,815,259
Beyond one operating cycle to 5 years	27,795,859	(2,490,800)	25,305,059
Beyond 5 years	<u>25,492</u>	<u>(551)</u>	<u>24,941</u>
	<u>\$ 104,977,239</u>	<u>(9,831,980)</u>	<u>95,145,259</u>

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

1) The amount received from disposal of financial assets.

2) Adjusted book value of disposed financial assets.

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

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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

	2018.3.31	2017.12.31	2017.3.31
Prepayments	\$ 4,089,654	2,979,439	1,516,267
Prepaid expenses	1,329,052	1,269,825	1,183,115
Foreclosed assets	151,411	110,111	48,555
Others	54,092	8,396	10,859
	<u>\$ 5,624,209</u>	<u>4,367,771</u>	<u>2,758,796</u>

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

	2018.3.31	2017.12.31	2017.3.31
Foreclosed assets	\$ 214,322	154,968	64,079
Less: Accumulated impairment	(62,911)	(44,857)	(15,524)
	<u>\$ 151,411</u>	<u>110,111</u>	<u>48,555</u>

For the three months ended March 31, 2018 and 2017, the Group recognized an impairment loss of \$16,943 and reversal of impairment loss \$995, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and a disposal loss of \$30,696 and \$21,418 for the three months ended March 31, 2018 and 2017, respectively.

(f) Investments accounted under equity method

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

	2018.3.31	2017.12.31	2017.3.31
Investments in affiliates	\$ <u>1,114,712</u>	<u>1,146,881</u>	<u>752,643</u>

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	For the three months ended March 31,	
	2018	2017
Comprehensive income attributable to the Group		
Gain (loss) for the period	\$ (2,643)	(10,970)
Other comprehensive income	89	8,010
Total comprehensive income	<u>\$ (2,554)</u>	<u>(2,960)</u>

2. Investments accounted for using equity method and the combined company listed in Note 4(b) were recognized the profit or loss and other comprehensive income with the financial statements reviewed by the accountants during the same period, and the others were calculated based on the financial statements which were not reviewed by the accountants.

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the three months ended March 31, 2018 and 2017, were as follows:

	Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost:					
Balance at January 1, 2018	\$ 2,934,645	11,129,091	1,448,670	173,084	15,685,490
Additions	-	745,126	80,536	492	826,154
Disposals	-	(607,587)	(128,472)	(158)	(736,217)
Effect of movements in exchange rate	28,520	(23,437)	4,866	(1,596)	8,353
Balance at March 31, 2018	<u>\$ 2,963,165</u>	<u>11,243,193</u>	<u>1,405,600</u>	<u>171,822</u>	<u>15,783,780</u>
Balance at January 1, 2017	\$ 2,950,164	10,256,226	1,657,474	160,530	15,024,394
Additions	-	724,550	93,939	7,966	826,455
Reclassification	-	378	-	-	378
Disposals	-	(473,706)	(149,716)	-	(623,422)
Effect of movements in exchange rate	(69,639)	(84,702)	(17,610)	(1,732)	(173,683)
Balance at March 31, 2017	<u>\$ 2,880,525</u>	<u>10,422,746</u>	<u>1,584,087</u>	<u>166,764</u>	<u>15,054,122</u>
Depreciation and impairment losses:					
Balance at January 1, 2018	\$ 586,820	3,949,680	956,336	133,427	5,626,263
Depreciation for the year	13,164	484,989	40,378	3,546	542,077
Impairment loss	-	62,610	34,098	-	96,708
Disposals	-	(393,665)	(29,252)	(158)	(423,075)
Effect of movements in exchange rate	3,314	(7,543)	3,042	(520)	(1,707)
Balance at March 31, 2018	<u>\$ 603,298</u>	<u>4,096,071</u>	<u>1,004,602</u>	<u>136,295</u>	<u>5,840,266</u>

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	<u>Land and buildings</u>	<u>Transportation equipment</u>	<u>Machinery and miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance at January 1, 2017	\$ 535,773	3,260,871	771,666	119,870	4,688,180
Depreciation for the year	12,956	436,325	55,799	3,620	508,700
Impairment loss	-	78,288	52,794	-	131,082
Disposals	-	(297,828)	(28,074)	-	(325,902)
Effect of movements in exchange rate	(6,244)	(24,168)	(12,467)	(534)	(43,413)
Balance at March 31, 2017	<u>\$ 542,485</u>	<u>3,453,488</u>	<u>839,718</u>	<u>122,956</u>	<u>4,958,647</u>
Carrying amounts:					
Balance at January 1, 2018	<u>\$ 2,347,825</u>	<u>7,179,411</u>	<u>492,334</u>	<u>39,657</u>	<u>10,059,227</u>
Balance at March 31, 2018	<u>\$ 2,359,867</u>	<u>7,147,122</u>	<u>400,998</u>	<u>35,527</u>	<u>9,943,514</u>
Balance at January 1, 2017	<u>\$ 2,414,391</u>	<u>6,995,355</u>	<u>885,808</u>	<u>40,660</u>	<u>10,336,214</u>
Balance at March 31, 2017	<u>\$ 2,338,040</u>	<u>6,969,258</u>	<u>744,369</u>	<u>43,808</u>	<u>10,095,475</u>

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

For the impairment test of its leasing asset, management estimated the recoverable amount based on its value in use, which was determined by using the cost of capital 1.18%~5.95% and 1.38%~5.61% for the years ended December 31, 2018 and 2017, respectively, to reflect the specific risk associated with its cash generating units.

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

(h) Intangible assets

	<u>Goodwill</u>	<u>Software</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2018	<u>\$ 46,448</u>	<u>17,412</u>	<u>63,860</u>
Balance at March 31, 2018	<u>\$ 46,448</u>	<u>16,498</u>	<u>62,946</u>
Balance at January 1, 2017	<u>\$ 46,508</u>	<u>31,393</u>	<u>77,901</u>
Balance at March 31, 2017	<u>\$ 46,508</u>	<u>19,457</u>	<u>65,965</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2018 and 2017. Information on amortization for the period is discussed in Note (12)(b). Please refer to Note (6)(h) of the 2017 annual consolidated financial statements for other related information.

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(i) Long-term and short-term borrowings

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

2018.3.31				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.04%	2018	\$ 100,000
"	USD	1.90%~4.75%	2018~2019	1,820,251
"	THB	2.05%~3.90%	2018~2020	8,376,504
"	CNY	4.35%~5.46%	2018~2021	27,582,100
"	VND	2.36%~4.90%	2018	3,595,360
Unsecured bank loans	TWD	0.69%~2.11%	2018~2027	111,116,780
"	USD	2.37%~4.60%	2018~2020	15,365,131
"	EUR	0.96%~1.25%	2018	520,113
"	THB	2.05%~3.40%	2018~2020	12,290,832
"	JPY	1.15%%	2018	54,776
"	CNY	4.35%~5.61%	2018~2021	25,082,286
"	HKD	1.80%	2018	96,407
"	MYR	4.00%~5.50%	2018~2019	2,179,800
"	GBP	1.47%	2018	122,370
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	5,551,283
Total				\$ 213,853,993
Current				\$ 179,191,355
Non-current				34,662,638
Total				\$ 213,853,993

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2017.12.31				
	Currency	Interest Rate	Years of Maturity	Amount
Secured bank loans	USD	2.17%~4.75%	2018~2019	\$ 1,711,595
"	THB	2.05%~4.12%	2018~2020	8,199,616
"	CNY	3.91%~5.23%	2018~2020	26,558,525
"	VND	2.88%~4.98%	2018	3,653,837
Unsecured bank loans	TWD	0.57%~2.11%	2018~2027	104,815,950
"	USD	2.15%~4.60%	2018~2020	16,578,506
"	EUR	0.96%~1.25%	2018	544,222
"	THB	2.05%~3.40%	2018~2020	13,211,350
"	JPY	1.15%~1.25%	2018	81,923
"	CNY	4.35%~4.99%	2018~2020	24,772,560
"	HKD	1.75%	2018	64,717
"	MYR	4.00%~4.80%	2018	1,852,864
"	GBP	1.47%	2018	140,385
Notes payable from securitization	TWD	1.85%~2.65%	2019~2021	6,689,879
Total				\$ 208,875,929
Current				\$ 172,235,173
Non-current				36,640,756
Total				\$ 208,875,929

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2017.3.31				
	Currency	Annual Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	2.11%	2017~2021	\$ 898,000
"	USD	1.50%~4.25%	2017~2019	1,676,423
"	THB	2.05%~4.75%	2017~2019	8,463,003
"	CNY	3.92%~5.00%	2017~2020	16,099,128
"	VND	3.95%~5.46%	2017~2018	2,503,006
Unsecured bank loans	TWD	0.79%~1.97%	2017~2022	96,175,930
"	USD	1.75%~3.75%	2017~2020	19,551,061
"	EUR	1.27%	2017	246,468
"	THB	2.05%~7.38%	2017~2020	10,022,578
"	JPY	1.15%	2017	65,076
"	CNY	4.35%~4.99%	2017~2020	21,727,048
"	HKD	1.65%	2017	113,183
"	MYR	4.60%~4.70%	2017	723,030
"	GBP	1.15%	2017	302,560
Notes payable from securitization	TWD	1.85%~2.65%	2019~2023	9,558,200
"	USD	6.57%~7.81%	2030	40,373
Total				\$ 188,165,067
Current				\$ 149,905,270
Non-current				38,259,797
Total				\$ 188,165,067

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).

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2. Financial covenants of significant loans and borrowings

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

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

As of December 31, 2017, the Group was in compliance with the financial covenants mentioned above.

(j) Bonds payable

Period	Annual Interest Rate	Principal Amount	Repayment Terms	2018.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2013.07.22~ 2018.07.22	1.600%	1,400,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	"	450,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	-	3,500,000	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2018.3.31		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2015.06.04~ 2018.06.04	3.400%	THB	300,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	281,520	-	None
2015.08.13~ 2018.08.14	3.100%	THB	150,000	"	140,760	-	"
2015.09.03~ 2018.08.28	3.100%	THB	150,000	"	140,760	-	"
2016.04.27~ 2018.04.27	2.630%	THB	500,000	"	469,200	-	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	131,376	-	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	281,520	-	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	93,840	-	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	-	145,452	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	-	93,840	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	281,520	-	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	187,680	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	178,296	-	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	192,372	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	220,524	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	93,840	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	140,760	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	103,224	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,407,600	"
2018.02.15~ 2021.02.15	2.860%	THB	1,000,000	"	-	938,400	"
2018.03.20~ 2021.03.25	2.860%	THB	500,000	"	-	469,200	"
Bonds payable (Gross)					4,648,792	15,842,892	
Discounts on bonds payable					(307)	(3,197)	
					<u>\$ 4,648,485</u>	<u>15,839,695</u>	

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				Within Operating Cycle	Beyond Operating Cycle	
2013.07.22~ 2018.07.22	1.600%	1,400,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	700,000	-	None
2014.06.16~ 2019.06.16	1.500%	450,000	"	450,000	-	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,500,000	1,500,000	"
2016.06.28~ 2021.06.28	1.000%	1,350,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	1,350,000	"
2016.06.28~ 2023.06.28	1.250%	300,000	"	-	300,000	"
2017.05.17~ 2022.05.17	1.350%	1,700,000	"	-	1,700,000	"
2017.05.17~ 2024.05.17	1.700%	500,000	"	-	500,000	"
2017.11.09~ 2022.11.09	1.100%	1,000,000	"	-	1,000,000	"
2017.09.26~ 2020.09.26	1.050%	3,500,000	"	-	3,500,000	"

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Period	Annual Interest Rate	Principal Amount		Repayment Terms	2017.12.31		Collateral
					Within Operating Cycle	Beyond Operating Cycle	
2015.03.18~ 2018.03.18	3.700%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	91,760	-	None
2015.06.04~ 2018.06.04	3.400%	THB	300,000	"	275,280	-	"
2015.08.13~ 2018.08.14	3.100%	THB	150,000	"	137,640	-	"
2015.09.03~ 2018.08.28	3.100%	THB	150,000	"	137,640	-	"
2016.04.27~ 2018.04.27	2.630%	THB	500,000	"	458,800	-	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	128,464	-	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	-	275,280	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	-	91,760	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	-	142,228	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	-	91,760	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	-	275,280	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	183,520	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	-	174,344	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	188,108	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	215,636	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	91,760	"
2017.04.27~ 2020.05.15	2.960%	THB	150,000	"	-	137,640	"
2017.07.07~ 2020.07.07	2.980%	THB	110,000	"	-	100,936	"
2017.08.08~ 2020.08.10	2.930%	THB	1,500,000	"	-	1,376,400	"
Bonds payable (Gross)					3,879,584	15,194,652	
Discounts on bonds payable					(159)	(2,159)	
					<u>\$ 3,879,425</u>	<u>15,192,493</u>	

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Period	Interest Rate	Principal Amount	Repayment Terms	2017.3.31		Collateral
				Within Operating Cycle	Beyond Operating Cycle	
2012.06.05~ 2017.06.05	1.500%	2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,000,000	-	None
2013.07.22~ 2018.07.22	1.600%	1,400,000	"	1,400,000	-	"
2014.06.16~ 2019.06.16	1.500%	450,000	"	225,000	225,000	"
2014.10.30~ 2021.10.30	2.050%	900,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	900,000	"
2014.10.30~ 2024.10.30	2.300%	1,100,000	"	-	1,100,000	"
2015.06.29~ 2020.06.29	1.550%	3,000,000	"	-	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.	88,590	-	"
2014.05.15~ 2017.06.08	4.100%	THB 210,000	"	186,039	-	"
2014.05.27~ 2017.05.09	4.050%	THB 150,000	"	132,885	-	"
2014.06.27~ 2017.07.10	4.050%	THB 220,000	"	194,898	-	"
2014.07.18~ 2017.07.25	4.050%	THB 500,000	"	442,950	-	"
2014.07.25~ 2017.08.08	4.050%	THB 320,000	"	283,488	-	"
2014.09.26~ 2017.09.25	3.950%	THB 250,000	"	221,475	-	"
2014.09.26~ 2017.10.10	3.950%	THB 200,000	"	177,180	-	"
2014.09.29~ 2017.09.25	3.950%	THB 100,000	"	88,590	-	"
2014.11.10~ 2017.11.10	3.950%	THB 200,000	"	177,180	-	"
2014.11.24~ 2017.12.07	3.850%	THB 130,000	"	115,167	-	"

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					Within Operating Cycle	Beyond Operating Cycle	
2015.03.18~ 2018.03.18	3.700%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi-annually.	88,590	-	None
2015.05.14~ 2017.05.15	3.500%	THB	120,000	"	106,308	-	"
2015.12.25~ 2017.11.15	2.680%	THB	100,000	"	88,590	-	"
2015.06.04~ 2018.06.04	3.400%	THB	300,000	"	-	265,770	"
2015.08.13~ 2018.08.14	3.100%	THB	150,000	"	-	132,885	"
2015.09.03~ 2018.08.28	3.100%	THB	150,000	"	-	132,885	"
2016.02.02~ 2019.02.02	2.970%	THB	300,000	"	-	265,770	"
2016.02.17~ 2019.02.21	2.970%	THB	100,000	"	-	88,590	"
2016.03.29~ 2019.04.03	2.920%	THB	155,000	"	-	137,315	"
2016.04.27~ 2018.04.27	2.630%	THB	500,000	"	-	442,950	"
2016.06.16~ 2019.06.11	2.930%	THB	100,000	"	-	88,590	"
2016.06.24~ 2019.03.21	2.920%	THB	300,000	"	-	265,770	"
2016.06.28~ 2020.06.29	3.250%	THB	200,000	"	-	177,180	"
2016.07.13~ 2019.03.29	2.920%	THB	190,000	"	-	168,321	"
2016.07.25~ 2019.08.01	2.910%	THB	205,000	"	-	181,609	"
2016.07.28~ 2019.07.30	2.930%	THB	235,000	"	-	208,186	"
2016.07.29~ 2018.07.30	2.630%	THB	140,000	"	-	124,026	"
2017.02.24~ 2020.02.28	2.950%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	88,590	"
Bonds payable (Gross)					5,016,930	9,643,437	
Discounts on bonds payable					(284)	(1,303)	
					<u>\$ 5,016,646</u>	<u>9,642,134</u>	

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(k) Operating Leases

1. Leases entered into as lessee

Non-cancellable operating lease rentals payable were as follows:

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Less than one year	\$ 320,472	392,136	373,940
Between one and five years	414,053	496,975	641,503
Beyond five years	<u>538,033</u>	<u>484,874</u>	<u>423,233</u>
	<u><u>\$ 1,272,558</u></u>	<u><u>1,373,985</u></u>	<u><u>1,438,676</u></u>

(l) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2017 and 2016.

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

	<u>For the three months ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
Operating expenses	<u>\$ 16,273</u>	<u>16,944</u>

2. Defined contribution plans

The pension costs incurred from the contributions were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
Operating costs	\$ 513	520
Operating expenses	<u>45,720</u>	<u>39,593</u>
Total	<u><u>\$ 46,233</u></u>	<u><u>40,113</u></u>

(m) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group has recognized the effect of the change in the tax rate affecting deferred tax assets and liabilities \$117,637 and \$145,388, respectively, in the interim period in which the change has occurred.

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The components of income tax for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31,	
	2018	2017
Total income tax expense from continuing operations	\$ <u>1,113,242</u>	<u>741,613</u>

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

	For the three months ended March 31,	
	2018	2017
Components that may be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	\$ <u>30,227</u>	<u>90,522</u>

(n) Share capital and other equity accounts

Except for the following, there were no significant changes in share capital and other equity accounts for the three months ended March 31, 2018 and 2017. Please refer to Note (6)(n) of the 2017 annual consolidated financial statements for other related information.

1. Share capital

As of March 31, 2018 and 2017, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth \$12,642,300 and \$11,392,300, respectively, with par value of \$10 (NT dollars) per share.

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

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 March 31, 2018, December 31, 2017, and March 31, 2017, the Company has listed, 880,981, 855,675 and 38,026 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

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1) Exercise of voting rights

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

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

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

2.Capital surplus

The components of capital surplus were as follows:

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Share capital	\$ 17,363,784	17,363,784	9,387,469
Changes in equity of associates and joint ventures accounted for using equity method	<u>4,012</u>	<u>4,012</u>	<u>4,012</u>
	<u><u>\$ 17,367,796</u></u>	<u><u>17,367,796</u></u>	<u><u>9,391,481</u></u>

3.Retained earnings

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

1) Special reserve

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

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2) Earnings distribution

On March 22, 2018, the Company's board of directors resolved to appropriate the 2017 earnings. On May 26, 2017, the shareholders resolved to distribute the 2016 earnings. These earnings were appropriated as follows:

	2017		2016	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.80	4,804,074	3.40	3,873,382
Stock	0.20	252,846	-	-
Total		<u>\$ 5,056,920</u>		<u>3,873,382</u>

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

(o) Earnings per share

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

	For the three months ended March 31,	
	2018	2017
Profit attributable to common stockholders of the Company	<u>\$ 3,033,993</u>	<u>2,156,444</u>
Weighted average number of ordinary shares	<u>1,264,230</u>	<u>1,139,230</u>
Weighted average number of ordinary shares (Diluted)	<u>1,264,247</u>	<u>1,139,248</u>

Note: Potential ordinary shares have no dilutive effects.

(p) Employee and board of directors compensation

According to the Articles of Association, if there are surplus profits, the annual surplus profits shall be allocated in accordance with the following sequence and manner; however, if the Company has accumulated losses, such accumulated losses shall first be offset against the annual profits:

- 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.

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For the three months ended March 31, 2018 and 2017, the Company estimated its employees' remuneration amounting to \$455 and \$323, and directors' remuneration amounting to \$2,124 and \$1,510, respectively. These estimated amounts were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017.

For 2017 and 2016, the Company recognized employees' remuneration amounting to \$1,450 and \$1,087, and directors' remuneration amounting to \$8,113 and \$5,216, respectively. The amounts, as stated in the condensed interim consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016. Related information would be available at the Market Observation Post System website.

(q) Net other income and expenses

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

	For the three months ended March 31,	
	2018	2017
Net losses on disposal of foreclosed assets	\$ (30,696)	(21,418)
Net (losses) gains on reversal of impairment loss of foreclosed assets	(16,943)	995
Gains on doubtful debt recoveries	80,371	68,508
	\$ 32,732	48,085

(r) Other gains and losses

The components of other gains and losses were as follows:

	For the three months ended March 31,	
	2018	2017
Net foreign exchange losses	\$ (23,409)	(12,308)
Net gains on disposal of properly plant, and equipment	1,106	108
Net gains on disposal of available-for-sale financial assets	-	6,020
Net (losses) gains on valuation of financial assets measured at fair value through profit or loss	(6,384)	6,478
Others	57,803	293,606
	\$ 29,116	293,904

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(s) Adjustments to other comprehensive income

	For the three months ended March 31,	
	2018	2017
Available-for-sale financial assets		
Net change in fair value	\$ -	30,066
Net change in fair value reclassified to profit or loss	-	(6,020)
Net change in fair value recognized in other comprehensive income	<u>\$ -</u>	<u>24,046</u>

(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 March 31, 2018, December 31, 2017, and March 31, 2017, the maximum exposure to credit risks amounted to \$319,326,062, \$314,972,480 and \$272,441,570, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$114,073, \$81,697 and \$87,778 as of March 31, 2018, December 31, 2017, and March 31, 2017, respectively.

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

	Taiwan	China	ASEAN	Others	Total
March 31, 2018					
Gross loans and receivables:					
Neither past due nor impaired					
12-month ECL	\$ 150,752,911	89,179,775	29,001,463	961,461	269,895,610
Lifetime ECL	18	286,916	8,360,658	3,040,416	11,688,008
Past due					
Lifetime ECL	722,579	-	2,305,758	72,293	3,100,630
Impaired					
Lifetime ECL	5,240,593	2,657,100	1,954,245	283,077	10,135,015
Gross carrying amounts	<u>\$ 156,716,101</u>	<u>92,123,791</u>	<u>41,622,124</u>	<u>4,357,247</u>	<u>294,819,263</u>
Allowance for losses	3,686,956	4,236,686	1,541,265	288,208	9,753,115
Carrying amount	<u>\$ 153,029,145</u>	<u>87,887,105</u>	<u>40,080,859</u>	<u>4,069,039</u>	<u>285,066,148</u>

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Taiwan

	For the three months ended March 31, 2018			Total
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
Balance at January 1, 2018 (Under IAS 39)	\$ 1,538,972	16,831	2,126,704	3,682,507
Adjustment on initial application of IFRS 9	-	7,380	-	7,380
Balance at January 1, 2018 (Under IFRS 9)	1,538,972	24,211	2,126,704	3,689,887
Impairment loss recognized	28,519	2,373	485,745	516,637
Bad debts written-off	-	-	(511,652)	(511,652)
Others	(2,693)	-	(5,223)	(7,916)
Balance at March 31, 2018	<u>\$ 1,564,798</u>	<u>26,584</u>	<u>2,095,574</u>	<u>3,686,956</u>

China

	For the three months ended March 31, 2018			Total
	12-month ECL	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
Balance at January 1, 2018 (Under IAS 39)	\$ 1,809,504	-	2,141,375	3,950,879
Adjustment on initial application of IFRS 9	199,765	11,823	-	211,588
Balance at January 1, 2018 (Under IFRS 9)	2,009,269	11,823	2,141,375	4,162,467
Impairment loss recognized	747,534	9,005	(524,071)	232,468
Transfer to lifetime ECL-not credit impaired	(4,011)	4,011	-	-
Transfer to lifetime ECL- credit impaired	(483,221)	(13,668)	496,889	-
Bad debts written-off	-	-	(233,014)	(233,014)
Others	38,278	207	36,280	74,765
Balance at March 31, 2018	<u>\$ 2,307,849</u>	<u>11,378</u>	<u>1,917,459</u>	<u>4,236,686</u>

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ASEAN

	For the three months ended March 31, 2018			Total
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	
Balance at January 1, 2018 (Under IAS 39)	\$ -	77,349	1,200,675	1,278,024
Adjustment on initial application of IFRS 9	208,811	248,941	(247,540)	210,212
Balance at January 1, 2018 (Under IFRS 9)	208,811	326,290	953,135	1,488,236
Impairment loss recognized	36,815	20,744	2,051	59,610
Transfer to lifetime ECL-not credit impaired	(23,487)	23,487	-	-
Transfer to lifetime ECL- credit impaired	(1,802)	(41,049)	42,851	-
Bad debts written-off	-	-	(33,961)	(33,961)
Others	4,798	1,986	20,596	27,380
Balance at March 31, 2018	<u>\$ 225,135</u>	<u>331,458</u>	<u>984,672</u>	<u>1,541,265</u>

Others

	For the three months ended March 31, 2018			Total
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	
Balance at January 1, 2018 (Under IAS 39)	\$ -	203,126	93,554	296,680
Adjustment on initial application of IFRS 9	-	-	-	-
Balance at January 1, 2018 (Under IFRS 9)	-	203,126	93,554	296,680
Impairment loss (profit) recognized	-	1,149	(3,178)	(2,029)
Others	-	(4,479)	(1,964)	(6,443)
Balance at March 31, 2018	<u>\$ -</u>	<u>199,796</u>	<u>88,412</u>	<u>288,208</u>

	Taiwan	China	ASEAN	Others	Total
December 31, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 148,906,140	83,233,880	35,727,412	4,135,395	272,002,827
Past due	288,110	-	2,348,873	-	2,636,983
Impaired	5,385,707	2,764,710	1,765,469	218,332	10,134,218
	<u>\$ 154,579,957</u>	<u>85,998,590</u>	<u>39,841,754</u>	<u>4,353,727</u>	<u>284,774,028</u>
Allowance for impairment					
Collectively assessed	\$ 1,578,195	2,170,157	794,415	203,126	4,745,893
Individually assessed	2,104,312	1,780,722	483,609	93,554	4,462,197
	<u>\$ 3,682,507</u>	<u>3,950,879</u>	<u>1,278,024</u>	<u>296,680</u>	<u>9,208,090</u>

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	<u>Taiwan</u>	<u>Thailand</u>	<u>China</u>	<u>Others</u>	<u>Total</u>
March 31, 2017					
Gross loans and receivables:					
Neither past due nor impaired	\$ 134,923,457	66,296,458	30,284,678	3,268,077	234,772,670
Past due	199,302	-	2,161,873	49,221	2,410,396
Impaired	<u>5,591,711</u>	<u>3,273,336</u>	<u>1,741,065</u>	<u>222,938</u>	<u>10,829,050</u>
	<u>\$140,714,470</u>	<u>69,569,794</u>	<u>34,187,616</u>	<u>3,540,236</u>	<u>248,012,116</u>
Allowance for impairment					
Collectively assessed	\$ 1,520,800	1,789,170	607,693	222,170	4,139,833
Individually assessed	<u>2,092,879</u>	<u>1,648,832</u>	<u>433,498</u>	<u>95,346</u>	<u>4,270,555</u>
	<u>\$ 3,613,679</u>	<u>3,438,002</u>	<u>1,041,191</u>	<u>317,516</u>	<u>8,410,388</u>

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

The credit quality of the portfolio classified as loans and receivables neither past due nor impaired is under the circumstances that borrowers are with good credit rate and have no overdue records.

3) Loans and receivables which were past due or monitored

Loans and receivables that were past due or monitored, includes loans and receivables with renegotiated terms. Loans with renegotiated terms are due to the borrower's deteriorating financial position and where the Group has made concessions that it would not otherwise consider. Such activities include extended payment arrangements, approved external debt management plans, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances.

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

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

	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Past due up to 30 days	\$ 1,781,635	1,573,711	1,249,462
Past due from 31 to 90 days	1,088,066	1,063,272	1,160,934
Past due from 91 to 180 days	64,278	-	-
Past due over 180 days	<u>166,651</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,100,630</u>	<u>2,636,983</u>	<u>2,410,396</u>

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2. Liquidity risks

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

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
March 31, 2018								
Non-derivative financial liabilities								
Secured bank loans	\$ 41,474,215	43,005,291	3,686,334	7,226,662	11,702,010	20,390,285	-	-
Unsecured bank loans	166,828,495	169,754,198	33,746,460	31,609,899	55,071,329	49,041,927	284,583	-
Notes payable from securitization	5,551,283	5,976,915	385,431	590,772	568,964	4,431,748	-	-
Bonds payables	20,488,180	21,624,741	479,056	643,647	2,165,091	16,365,597	1,971,350	-
Other payables	8,239,122	8,355,921	4,612,336	463,395	785,953	550,805	-	1,943,432
Deposits relating to collateral of customers	32,526,163	32,559,242	252,821	713,836	6,087,550	24,622,443	408	882,184
Derivative financial liabilities								
Current financial liabilities for hedging	263,290	263,290	-	-	263,290	-	-	-
	<u>\$ 275,370,748</u>	<u>281,539,598</u>	<u>43,162,438</u>	<u>41,248,211</u>	<u>76,644,187</u>	<u>115,402,805</u>	<u>2,256,341</u>	<u>2,825,616</u>
December 31, 2017								
Non-derivative financial liabilities								
Secured bank loans	\$ 40,123,573	41,904,072	4,159,456	2,676,874	14,003,088	21,064,654	-	-
Unsecured bank loans	162,062,477	164,697,786	35,433,838	36,808,289	44,469,051	47,667,478	319,130	-
Notes payable from securitization	6,689,879	7,218,234	10,358	20,715	93,220	7,093,941	-	-
Bonds payables	19,071,918	20,115,381	6,673	118,836	2,355,220	15,663,302	1,971,350	-
Other payables	8,795,344	8,905,103	4,860,881	1,443,733	436,636	663,730	-	1,500,123
Deposits relating to collateral of customers	30,450,484	30,480,384	719,561	1,577,209	8,161,930	19,307,703	408	713,573
Derivative financial liabilities								
Current derivative financial liabilities for hedging	2,108	2,108	-	-	2,108	-	-	-
	<u>\$ 267,195,783</u>	<u>273,323,068</u>	<u>45,190,767</u>	<u>42,645,656</u>	<u>69,521,253</u>	<u>111,460,808</u>	<u>2,290,888</u>	<u>2,213,696</u>
March 31, 2017								
Non-derivative financial liabilities								
Bank overdraft	\$ 2,788	2,788	-	-	-	-	-	2,788
Secured bank loans	29,639,560	30,718,057	4,269,388	3,484,209	10,238,590	12,725,870	-	-
Unsecured bank loans	148,924,146	151,758,362	29,610,584	33,015,867	41,212,563	47,919,348	-	-
Other unsecured loans	9,598,573	10,359,056	15,542	31,083	139,876	10,109,606	62,949	-
Bonds payables	14,658,780	15,496,797	98,148	1,542,673	2,738,151	9,634,425	1,483,400	-
Other payables	6,724,761	6,755,428	3,389,456	376,342	548,613	544,000	-	1,897,017
Deposits relating to collateral of customers	26,502,660	26,530,474	665,271	1,852,390	6,798,441	16,374,836	-	839,536
	<u>\$ 236,051,268</u>	<u>241,620,962</u>	<u>38,048,389</u>	<u>40,302,564</u>	<u>61,676,234</u>	<u>97,308,085</u>	<u>1,546,349</u>	<u>2,739,341</u>

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

3.Currency risks

1) Exposure to currency risks

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

2018.3.31					
		Foreign currency			Functional
		(In thousands)	Exchange rate		currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	44,339.31	USD : TWD	29.1050	1,290,496
		35,255.78	USD : GBP	0.7135	1,025,246
		5,904.79	USD : VND	24,054	171,859
JPY		318,171.15	JPY : USD	0.0094	87,147
EUR		16,744.81	EUR : USD	1.2324	600,636
HKD		28,798.77	HKD : USD	0.1274	106,786
GBP		3,323.39	GBP : USD	1.4015	135,561
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		5,198.62	USD : VND	24,054	151,306
		35,225.78	USD : GBP	0.7135	1,025,246
JPY		199,983.97	JPY : USD	0.0094	54,776
EUR		14,499.95	EUR : USD	1.2324	520,113
HKD		25,999.84	HKD : USD	0.1274	96,407
GBP		3,000.01	GBP : USD	1.4015	122,370

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2017.12.31					
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	50,250.49	USD : TWD	29.7600	1,495,455
		35,376.60	USD : GBP	0.7420	1,052,808
		5,631.49	USD : VND	24,595	167,593
JPY		419,458.81	JPY : USD	0.0089	110,821
EUR		17,400.00	EUR : USD	1.1952	618,918
HKD		19,340.08	HKD : USD	0.1279	73,628
GBP		3,817.54	GBP : USD	1.3478	153,122
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		4,513.26	USD : VND	24,595	134,315
		35,376.60	USD : GBP	0.7420	1,052,808
JPY		310,080.73	JPY : USD	0.0089	81,923
EUR		15,300.02	EUR : USD	1.1952	544,222
HKD		16,999.55	HKD : USD	0.1279	64,717
GBP		3,499.99	GBP : USD	1.3478	140,385

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		2017.3.31			
		Foreign currency (In thousands)	Exchange rate		Functional currency
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	13,221.12	USD : TWD	30.3300	400,997
		13,206.71	USD : GBP	0.8000	400,560
		5,525.06	USD : VND	25,066	167,575
JPY		350,352.02	JPY : USD	0.0089	95,051
EUR		9,014.61	EUR : USD	1.0692	292,344
HKD		41,617.03	HKD : USD	0.1287	162,431
GBP		8,320.04	GBP : USD	1.2470	314,664
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		213.95	USD : TWD	30.3300	6,489
		4,572.75	USD : VND	25,066	138,692
		2,900.31	USD : MYR	4.1614	87,966
JPY		239,867.48	JPY : USD	0.0089	65,076
EUR		7,600.01	EUR : USD	1.0692	246,468
HKD		28,998.99	HKD : USD	0.1287	113,183
GBP		8,000.00	GBP : USD	1.2470	302,560

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 \$117,486 and \$36,401, for the three months ended March 31, 2018 and 2017, respectively. The analysis is performed on the same basis for both years.

3) The foreign currency gain or loss on monetary items

Since the Group uses multiple functional currencies, the amounts for foreign currency gain or loss are consolidated for presentation. For the three months ended March 31, 2018 and 2017, the foreign currency loss, including realized and unrealized, amounted to \$23,409 and \$12,308, respectively.

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4. Interest analysis

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

Ending balance as of March 31, 2018	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	0.64 %	\$ 17,315,284	13,079,127	3,828,653	-	-	407,504
Debt securities	5.94 %	10,149,586	-	7,172,319	2,977,267	-	-
Total accounts receivables	9.44 %	295,001,889	32,642,034	132,062,522	121,686,319	2,151,318	6,459,696
		<u>322,466,759</u>	<u>45,721,161</u>	<u>143,063,494</u>	<u>124,663,586</u>	<u>2,151,318</u>	<u>6,867,200</u>
Financial liabilities							
Secured bank loans	4.43 %	41,474,215	33,097,711	4,532,472	3,844,032	-	-
Unsecured bank loans	2.08 %	166,828,495	88,167,734	62,537,984	15,838,194	284,583	-
Bonds payables	1.87 %	20,488,180	-	2,923,485	15,664,695	1,900,000	-
Current financial liabilities for hedging	1.57 %	263,290	-	263,290	-	-	-
Notes payable from securitization	1.98 %	5,551,283	-	1,458,083	4,093,200	-	-
Deposits relating to collateral of customers	0.11 %	32,526,163	-	3,089,594	5,151,181	408	24,284,980
		<u>267,131,626</u>	<u>121,265,445</u>	<u>74,804,908</u>	<u>44,591,302</u>	<u>2,184,991</u>	<u>24,284,980</u>
Net exposure		<u>\$ 55,335,133</u>	<u>(75,544,284)</u>	<u>68,258,586</u>	<u>80,072,284</u>	<u>(33,673)</u>	<u>(17,417,780)</u>
Ending balance as of December 31, 2017							
Financial assets							
Cash and cash equivalents	0.68 %	\$ 19,030,593	15,988,839	2,769,068	-	-	272,686
Debt securities	6.53 %	7,836,447	-	3,924,927	3,911,520	-	-
Total accounts receivables	9.51 %	284,916,903	34,860,444	123,851,654	112,144,265	7,540,048	6,520,492
		<u>311,783,943</u>	<u>50,849,283</u>	<u>130,545,649</u>	<u>116,055,785</u>	<u>7,540,048</u>	<u>6,793,178</u>
Financial liabilities							
Secured bank loans	4.45 %	40,123,573	32,199,237	4,165,904	3,758,432	-	-
Unsecured bank loans	2.14 %	162,062,477	83,533,151	63,888,039	14,349,204	292,083	-
Bonds payables	1.79 %	19,071,918	-	2,154,425	15,017,493	1,900,000	-
Current derivative financial liabilities for hedging	1.69 %	2,108	-	2,108	-	-	-
Notes payable from securitization	1.94 %	6,689,879	-	-	6,689,879	-	-
Deposits relating to collateral of customers	0.13 %	30,450,484	-	2,230,947	5,647,809	408	22,571,320
		<u>258,400,439</u>	<u>115,732,388</u>	<u>72,441,423</u>	<u>45,462,817</u>	<u>2,192,491</u>	<u>22,571,320</u>
Net exposure		<u>\$ 53,383,504</u>	<u>(64,883,105)</u>	<u>58,104,226</u>	<u>70,592,968</u>	<u>5,347,557</u>	<u>(15,778,142)</u>

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Ending balance as of March 31, 2017	Effective interest rate	Total	Floating rate	Fixed rate			Non-interest bearing
				Within 1 year	1~5 years	More than 5 years	
Financial assets							
Cash and cash equivalents	0.59 %	\$ 12,836,133	9,097,660	1,119,928	-	-	2,618,545
Debt securities	6.91 %	6,627,634	42,771	3,642,086	2,942,777	-	-
Total accounts receivables	9.09 %	248,176,026	29,924,061	114,675,170	95,085,169	1,570,410	6,921,216
		267,639,793	39,064,492	119,437,184	98,027,946	1,570,410	9,539,761
Financial liabilities							
Secured bank loans	4.24 %	29,639,560	20,544,327	5,827,213	3,268,020	-	-
Unsecured bank loans	2.03 %	148,924,146	79,975,669	38,472,246	30,476,231	-	-
Bonds payables	2.24 %	14,658,780	-	4,091,646	9,167,134	1,400,000	-
Bank overdraft	7.38 %	2,788	2,788	-	-	-	-
Notes payable from securitization	1.95 %	9,598,573	40,373	-	9,558,200	-	-
Deposits relating to collateral of customers	0.13 %	26,502,660	-	2,348,954	4,762,223	-	19,391,483
		229,326,507	100,563,157	50,740,059	57,231,808	1,400,000	19,391,483
Net exposure		\$ 38,313,286	(61,498,665)	68,697,125	40,796,138	170,410	(9,851,722)

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 \$166,584 and \$138,048 for the three months ended March 31, 2018 and 2017, respectively. This analysis assumes that all other variables remain constant.

5. Sensitivity analysis — equity price risk :

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

Equity price at reporting date	For the three months ended March 31,			
	2018		2017	
	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	<u>\$ 73,901</u>	<u>9,794</u>	<u>126,583</u>	<u>13,881</u>
Decrease 7%	<u>\$ (73,901)</u>	<u>(9,794)</u>	<u>(126,583)</u>	<u>(13,881)</u>

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6. Fair value information

1) The Categories and Fair Values of Financial Instruments

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

	March 31, 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	\$ 1,001,200	139,915	-	861,285	1,001,200
Financial assets at fair value through other comprehensive income					
Domestic and foreign market (OTC) equity securities	950,631	947,774	2,857	-	950,631
Measure the fair value of unquoted equity instruments	104,231	-	-	104,231	104,231
Sub-total	1,054,862	947,774	2,857	104,231	1,054,862
Financial assets at amortized cost	10,149,586	-	-	-	-
Loans and receivable					
Cash and cash equivalents	17,315,284	-	-	-	-
Accounts receivable	285,180,221	-	-	-	-
Other financial assets	1,403,921	-	-	-	-
Refundable deposits	449,047	-	-	-	-
Restricted bank deposits	2,464,559	-	-	-	-
Sub-total	306,813,032	-	-	-	-
Total	\$ 319,018,680	1,087,689	2,857	965,516	2,056,062

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		March 31, 2018			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial liabilities for hedging	\$ 263,290	-	263,290	-	263,290
Measurement of financial liabilities at amortized cost					
Secured bank loans	41,474,215	-	-	-	-
Unsecured bank loans	166,828,495	-	-	-	-
Notes payable from securitization	5,551,283	-	-	-	-
Bond payables	20,488,180	-	-	-	-
Other payables	8,239,122	-	-	-	-
Deposits relating to collateral of customers	32,526,163	-	-	-	-
Total	\$ 275,370,748	-	263,290	-	263,290
		December 31, 2017			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets held for trading	\$ 49,572	48,977	-	595	49,572
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	983,364	980,828	2,536	-	983,364
Measure the fair value of unquoted equity instruments	94,577	-	-	94,577	94,577
Sub-total	1,077,941	980,828	2,536	94,577	1,077,941
Held-to-maturity investments	7,836,447	-	-	-	-
Loans and receivable					
Cash and cash equivalents	19,030,593	-	-	-	-
Accounts receivable	275,647,635	-	-	-	-
Other financial assets	1,310,108	-	-	-	-
Refundable deposits	452,911	-	-	-	-
Restricted bank deposits	2,513,730	-	-	-	-
Sub-total	298,954,977	-	-	-	-
Total	\$ 307,918,937	1,029,805	2,536	95,172	1,127,513

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		December 31, 2017			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Current derivative financial liabilities for hedging	\$ 2,108	-	2,108	-	2,108
Measurement of financial liabilities at amortized cost					
Secured bank loans	40,123,573	-	-	-	-
Unsecured bank loans	162,062,477	-	-	-	-
Notes payable from securitization	6,689,879	-	-	-	-
Bond payables	19,071,918	-	-	-	-
Other payables	8,795,344	-	-	-	-
Deposits relating to collateral of customers	30,450,484	-	-	-	-
Total	\$ 267,195,783	-	2,108	-	2,108
		March 31, 2017			
		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	\$ 198,305	198,305	-	-	198,305
Available-for-sale financial assets					
Domestic and foreign market (OTC) equity securities	1,313,534	232,224	1,081,310	-	1,313,534
Measure the fair value of unquoted equity instruments	494,011	-	-	494,011	494,011
Sub-total	1,807,545	232,224	1,081,310	494,011	1,807,545
Held-to-maturity investments	6,627,634	-	-	-	-
Loans and receivable					
Cash and cash equivalents	12,836,133	-	-	-	-
Accounts receivable	239,689,506	-	-	-	-
Other financial assets	1,497,156	-	-	-	-
Refundable deposits	550,731	-	-	-	-
Restricted bank deposits	2,305,145	-	-	-	-
Sub-total	256,878,671	-	-	-	-
Total	\$ 265,512,155	430,529	1,081,310	494,011	2,005,850

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		March 31, 2017			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Measurement of financial liabilities at amortized cost					
Bank overdraft	\$ 2,788	-	-	-	-
Secured bank loans	29,639,560	-	-	-	-
Unsecured bank loans	148,924,146	-	-	-	-
Notes payable from securitization	9,598,573	-	-	-	-
Bond payables	14,658,780	-	-	-	-
Other payables	6,724,761	-	-	-	-
Deposits relating to collateral of customers	26,502,660	-	-	-	-
Total	\$ 236,051,268	-	-	-	-

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

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

A. Financial assets at amortized cost (Held-to-Maturity Financial Assets)

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

B. Financial assets at amortized cost (Debt Investment that Has No Active Markets and Financial Liabilities Measured at Amortized Cost)

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

3) Valuation Techniques for Financial Instruments Measured at Fair Value

A. Non-derivative Financial Instruments

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

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

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

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B. Derivative Financial Instruments

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

4) Transfers between Level 1 and Level 2

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

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

	<u>At fair value through profit or loss</u>	<u>At fair value through others comprehensive income (Available-for- sale financial assets)</u>	
	<u>Derivative financial assets</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
Opening balance, January 1, 2018	\$ 595	94,577	95,172
Total gains and losses recognized:	-		
In profit or loss	322	-	322
In other comprehensive income	-	292	292
Reclassification	866,088	-	866,088
Purchase	-	9,554	9,554
Effect of movements in exchange rate	(5,720)	(192)	(5,912)
Ending balance, March 31, 2018	<u>\$ 861,285</u>	<u>104,231</u>	<u>965,516</u>
Opening balance, January 1, 2017	\$ -	500,751	500,751
Total gains and losses recognized:			
In other comprehensive income	-	35,391	35,391
Disposal	-	(42,131)	(42,131)
Ending balance, March 31, 2017	<u>\$ -</u>	<u>494,011</u>	<u>494,011</u>

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For the three months ended March 31, 2018 and 2017, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierarchy that were included in “other gains and losses”, “unrealized gains and losses on available-for-sale financial assets” and “unrealized gains and losses from financial assets measured at fair value through other comprehensive” were as follows:

	For the three months ended March 31,	
	2018	2017
Total gains and losses recognized :		
In profit or loss, and presented in “other gains and losses”	\$ 322	-
In other comprehensive income, and presented in “unrealized gains (losses) on valuation of available-for-sale financial assets ”	-	35,391
In other comprehensive income, and presented in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	292	-

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

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

Quantified information of significant unobservable inputs as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets-investments in debt instruments without active market)	Net Asset Value Method	• Net Asset Value	• Not applicable

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note (6)(u) of the consolidated financial statements for the year ended December 31, 2017.

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(v) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2017. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2017. Please refer to Note (6)(v) of the consolidated financial statements for the year ended December 31, 2017 for further details.

(7) Related Party Transactions

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

(b) Names and relationship of related parties

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

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

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Name of related parties	Relationship with the Group
Qin An Investment Consulting (Shanghai) Co., Ltd.	Other related party
Shanghai Jiasheng Decoration Engineering Co., Ltd.	"
Chailease Resources Trading (Shanghai) Corporation	"
Bangkok Bank Public Company Limited	"
Bangkok Granden Property Fund	"
Bangkok Insurance Public Company Limited	"
Enrich Management Consultants Ltd.	"
Grand Pacific Finance Corp. (N.Y.)	"
Sathorn City Tower Property Fund	"

Note: CTBC Bank and Chinatrust Financial Holding Company were no longer related party to the Group since January 1, 2018.

(c) Related-party transactions

1. Operating revenue

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

	For the three months ended March 31,
	2018 2017
Other related parties	\$ <u>3,680</u> <u>28,403</u>

2. Receivables from related parties

Receivables of the Group from related parties were as follows :

Account	Categories of related parties	2018.3.31	2017.12.31	2017.3.31
Capital leases receivable	Other related parties	\$ 80	318	-
Accounts receivable	Other related parties	25,355	18,531	1,003
Other receivables	Affiliates	-	-	2,608
Other receivables	Other related parties	650	10,898	9,229
Other current financial assets	Other related parties	-	1,000	1,000
Other non-current financial assets	Other related parties	-	1,200	2,900
		<u>\$ 26,085</u>	<u>31,947</u>	<u>16,740</u>

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3. Payable to related parties

Payable to related parties were as follows :

Account	Categories of related parties	2018.3.31	2017.12.31	2017.3.31
Other current financial liabilities	Other related parties	\$ <u>585</u>	<u>1,854</u>	<u>124</u>

4. Asset transactions

The Group purchased leasehold improvements from other related parties of \$35,319 for the year ended December 31, 2017.

5. Related-Party Financing

Financing to affiliates and related parties was as follows :

	2018.3.31	2017.12.31	2017.3.31
Affiliates	\$ 961,462	991,677	394,287
Other related parties	<u>10,186</u>	<u>103,055</u>	<u>90,217</u>
	<u>\$ 971,648</u>	<u>1,094,732</u>	<u>484,504</u>

The loans receivable bear interest at rates ranging from 4.84% to 5.65%. As of March 31, 2018, December 31, 2017, and March 31, 2017 interest receivable from the loans receivable from affiliates amounted to \$7,334, \$7,499 and \$2,707, respectively. For the three months ended March 31, 2018 and 2017, interest revenue from the loans receivable from affiliates amounted to \$10,794 and \$3,935, respectively.

The loans receivable bear interest at rates ranging from 2.85% to 5.50%. As of March 31, 2018, December 31, 2017, and March 31, 2017 interest receivable from the loans receivable from other related parties amounted to \$70, \$476 and \$358, respectively. For the three months ended March 31, 2018 and 2017, interest revenue from the loans receivable from other related parties amounted to \$1,146 and \$1,014, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows :

	2018.3.31	2017.12.31	2017.3.31
Other related parties	\$ <u>2,627,520</u>	<u>2,569,280</u>	<u>2,483,308</u>

The borrowings from other related parties bear interest at 3.25%. As of March 31, 2018, December 31, 2017, and March 31, 2017 interest payable from the interest bearing borrowings from other related parties amounted to \$237, \$232 and \$224, respectively. For the three months ended March 31, 2018 and 2017, interest expense from the interest bearing borrowing from other related parties amounted to \$21,082 and \$20,234, respectively.

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7. Guarantee

As of March 31, 2018, December 31, 2017, and March 31, 2017, the Group had provided a guarantee for loans taken out by affiliates and the credit limit of the guarantee was \$104,558, \$91,300 and \$88,140, and the actual drawn amount was \$8,383, \$9,022 and \$9,475, respectively.

8. Others

1) As of March 31, 2018, December 31, 2017, and March 31, 2017 bank deposits in financial institutions which are related parties of the Group amounted to \$191,041, \$444,270 and \$143,289, respectively. For the three months ended March 31, 2017, interest revenue from the deposits in affiliates amounted to \$23.

2) Other expense with related parties :

Other related parties	For the three months ended March 31,	
	2018	2017
Rent expense	\$ 7,651	6,572
Commission and service costs and expenses	-	320
Other operating costs and expenses	14,626	1,235
	\$ 22,277	8,127

(d) Key management personnel compensation

	For the three months ended March 31,	
	2018	2017
Short-term employee benefits	\$ 70,607	60,479
Post-employment benefits	679	532
	\$ 71,286	61,011

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(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2018.3.31</u>	<u>2017.12.31</u>	<u>2017.3.31</u>
Restricted cash in banks				
Restricted account for loans repayment	Issuance of short-term bills and as guarantee for short-term and long-term borrowings(Note)	\$ 2,463,621	2,509,473	2,305,145
Property, plant and equipment	As guarantee for short-term and long-term borrowings	2,322,253	2,310,933	2,300,158
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,320	1,310	1,326
Refundable deposits	Provincial court seizure etc.	137,742	140,462	349,638
Accounts receivable and notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	90,852,066	97,359,907	103,062,497
Total		<u>\$ 95,777,002</u>	<u>102,322,085</u>	<u>108,018,764</u>

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

(9) Commitments and Contingencies

- (a) The Group entered into alliances with several commercial banks for which the banks will provide direct financing loans to the Group's corporate and individual customers. Should these corporate and individual customers default on their payments, the Group is required to assume their loan obligations and pay these loans on behalf of these customers. As of March 31, 2018, December 31, 2017, and March 31, 2017, the balance of unexpired payments from these alliance transactions amounted to \$7,270,063, \$6,992,638 and \$6,876,386, respectively.
- (b) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of March 31, 2017, the balance of financing obtained from such facilitation amounted to \$20,321.

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

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Other

- (a) Liquidity analysis of assets and liabilities :

	2018.3.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 17,315,284	-	17,315,284
Current financial assets at fair value through profit or loss	1,001,200	-	1,001,200
Current financial assets at amortized cost	7,172,319	1,668,377	8,840,696
Accounts receivable, net	145,822,788	79,008,246	224,831,034
Other current financial assets	3,679,010	67,800	3,746,810
Other current assets – others	5,624,209	-	5,624,209
	<u>\$ 180,614,810</u>	<u>80,744,423</u>	<u>261,359,233</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 98,944,764	-	98,944,764
Current financial liabilities for hedging	263,290	-	263,290
Accounts and notes payable	4,212,009	5,638	4,217,647
Current tax liabilities	2,542,672	-	2,542,672
Other current financial liabilities	5,459,737	25,707,405	31,167,142
Long-term liabilities, current portion	51,383,548	33,511,528	84,895,076
Other current liabilities – others	1,040,446	10	1,040,456
	<u>\$ 163,846,466</u>	<u>59,224,581</u>	<u>223,071,047</u>

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	2017.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 19,030,593	-	19,030,593
Current financial assets at fair value through profit or loss	49,572	-	49,572
Current held-to-maturity financial assets	3,924,927	2,517,880	6,442,807
Accounts receivable, net	139,536,660	78,428,201	217,964,861
Inventories	3,601,317	65,226	3,666,543
Other current financial assets	<u>4,367,771</u>	<u>-</u>	<u>4,367,771</u>
	<u>\$ 170,510,840</u>	<u>81,011,307</u>	<u>251,522,147</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 92,227,725	-	92,227,725
Current derivative financial liability for hedging	2,108	-	2,108
Accounts and notes payable	3,955,785	4,082	3,959,867
Current tax liabilities	1,660,227	-	1,660,227
Other current financial liabilities	13,075,957	17,009,857	30,085,814
Long-term liabilities, current portion	41,523,666	42,363,207	83,886,873
Other current liabilities – others	<u>1,122,466</u>	<u>10</u>	<u>1,122,476</u>
	<u>\$ 153,567,934</u>	<u>59,377,156</u>	<u>212,945,090</u>

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	2017.3.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after 12 months	Total
<u>Current assets</u>			
Cash and cash equivalents	\$ 12,836,133	-	12,836,133
Current financial assets at fair value through profit or loss	198,305	-	198,305
Current held-to-maturity financial assets	3,642,086	1,914,512	5,556,598
Accounts receivable, net	129,783,671	61,720,341	191,504,012
Other current financial assets	3,625,674	20,903	3,646,577
Other current assets – others	<u>2,758,796</u>	<u>-</u>	<u>2,758,796</u>
	<u>\$ 152,844,665</u>	<u>63,655,756</u>	<u>216,500,421</u>
<u>Current liabilities</u>			
Short-term borrowings	\$ 76,761,364	-	76,761,364
Accounts and notes payable	2,936,262	-	2,936,262
Current tax liabilities	2,010,234	-	2,010,234
Other current financial liabilities	12,331,569	13,881,079	26,212,648
Long-term liabilities, current portion	49,527,107	28,633,445	78,160,552
Other current liabilities – others	<u>959,874</u>	<u>82</u>	<u>959,956</u>
	<u>\$ 144,526,410</u>	<u>42,514,606</u>	<u>187,041,016</u>

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

By item	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	15,465	1,204,185	1,219,650	13,936	1,053,713	1,067,649
Labor and health insurance	1,096	84,581	85,677	1,085	75,263	76,348
Pension	513	61,993	62,506	520	56,537	57,057
Others	-	83,718	83,718	-	75,660	75,660
Depreciation	511,464	30,613	542,077	476,631	32,069	508,700
Amortization	-	36,081	36,081	-	40,168	40,168

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(13) Other disclosures

(a) Information on significant transactions

The information on significant transactions of the Group, which is required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, for the three months ended March 31, 2018 was as follows :

1. Fund loaning to other parties:

No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
1	Chailease Finance Co., Ltd.	A	Other receivables	N	80,333	80,333	80,333	0.03%-19.99%	1	549,750	-	932	None	-	2,657,361	26,573,614
"	"	A-1	"	N	103,684	103,684	103,684	0.03%-19.99%	2	-	Working Capital	1,203	None	-	2,657,361	26,573,614
"	"	B	"	N	94,001	84,751	84,751	0.03%-19.99%	2	-	Working Capital	983	None	-	2,657,361	26,573,614
"	"	C	"	N	98,542	82,760	82,760	0.03%-19.99%	2	-	Working Capital	960	None	-	2,657,361	26,573,614
"	"	D	"	N	82,376	82,376	82,376	0.03%-19.99%	2	-	Working Capital	956	None	-	2,657,361	26,573,614
"	"	E	"	N	80,000	80,000	80,000	0.03%-19.99%	1	80,000	-	928	None	-	2,657,361	26,573,614
"	"	F	"	N	82,879	69,000	69,000	0.03%-19.99%	1	260,000	-	800	None	-	2,657,361	26,573,614
"	"	G	"	N	83,207	68,784	28,784	0.03%-19.99%	1	1,696,931	-	334	None	-	2,657,361	26,573,614
"	"	H	"	N	78,290	67,407	67,407	0.03%-19.99%	1	221,226	-	782	None	-	2,657,361	26,573,614
"	"	I	"	N	82,593	66,197	66,197	0.03%-19.99%	2	-	Working Capital	768	None	-	2,657,361	26,573,614
"	"	J	"	N	66,000	66,000	66,000	0.03%-19.99%	2	-	Working Capital	766	None	-	2,657,361	26,573,614
"	"	K	"	N	79,536	65,673	65,673	0.03%-19.99%	2	-	Working Capital	762	None	-	2,657,361	26,573,614
"	"	L	"	N	70,000	63,954	63,954	0.03%-19.99%	2	-	Working Capital	742	None	-	2,657,361	26,573,614
"	"	M	"	N	66,400	63,700	63,700	0.03%-19.99%	2	-	Working Capital	739	None	-	2,657,361	26,573,614
"	"	N	"	N	63,000	62,775	62,775	0.03%-19.99%	2	-	Working Capital	728	None	-	2,657,361	26,573,614
"	"	O	"	N	39,337	33,516	33,516	0.03%-19.99%	1	94,065	-	389	None	-	2,657,361	26,573,614
"	"	O-1	"	N	26,630	22,874	22,874	0.03%-19.99%	2	-	Working Capital	265	None	-	2,657,361	26,573,614
"	"	P	"	N	52,000	52,000	52,000	0.03%-19.99%	2	-	Working Capital	603	None	-	2,657,361	26,573,614
"	"	Q	"	N	59,342	51,595	51,595	0.03%-19.99%	2	-	Working Capital	599	None	-	2,657,361	26,573,614
"	"	R	"	N	57,454	51,170	51,170	0.03%-19.99%	1	118,120	-	594	None	-	2,657,361	26,573,614
"	"	S	"	N	71,377	49,380	49,380	0.03%-19.99%	2	-	Working Capital	573	None	-	2,657,361	26,573,614
"	"	T	"	N	48,956	47,590	47,590	0.03%-19.99%	2	-	Working Capital	552	None	-	2,657,361	26,573,614
1	"	Summary of other clients	"	N	6,530,490	5,138,878	5,086,479	0.03%-19.99%	1	21,908,779	-	59,002	Bank Deposits/ Stocks/Properties	230,473	2,657,361	26,573,614
"	"	Summary of other clients	"	N	10,231,631	7,819,025	7,819,024	0.03%-19.99%	2	-	Working Capital	274,676	Bank Deposits/ Stocks/Equipment/ Properties	1,149,232	2,657,361	26,573,614

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
2	Fina Finance & Trading Co., Ltd.	A	Other receivables	N	64,625	64,023	52,773	2.1525%~18.7583%	2	-	Working Capital	528	Properties	59,331	997,311	9,973,114
"	"	B	"	N	60,910	59,674	59,674	2.1525%~18.7583%	2	-	Working Capital	597	Properties	64,407	997,311	9,973,114
"	"	C	"	N	90,000	45,000	45,000	2.1525%~18.7583%	2	-	Working Capital	450	Properties	45,000	997,311	9,973,114
"	"	D	"	N	44,821	44,742	44,742	2.1525%~18.7583%	2	-	Working Capital	447	Properties	40,581	997,311	9,973,114
"	"	E	"	N	44,722	44,583	44,583	2.1525%~18.7583%	2	-	Working Capital	446	Properties	31,754	997,311	9,973,114
"	"	F	"	N	45,000	44,432	44,432	2.1525%~18.7583%	2	-	Working Capital	444	Properties	25,496	997,311	9,973,114
"	"	G	"	N	34,303	32,176	32,176	2.1525%~18.7583%	2	-	Working Capital	322	Properties	55,174	997,311	9,973,114
"	"	G-1	"	N	12,516	11,423	11,423	2.1525%~18.7583%	1	49,000	-	114	"	-	997,311	9,973,114
"	"	H	"	N	43,468	42,714	42,714	2.1525%~18.7583%	2	-	Working Capital	427	Properties	14,751	997,311	9,973,114
"	"	I	"	N	43,964	42,673	42,673	2.1525%~18.7583%	2	-	Working Capital	426	Properties	16,191	997,311	9,973,114
"	"	J	"	N	41,320	40,952	40,952	2.1525%~18.7583%	2	-	Working Capital	409	Properties	44,249	997,311	9,973,114
"	"	Summary of other clients	"	N	3,228,528	2,677,361	2,633,861	2.1525%~18.7583%	2	-	Working Capital	45,070	Bank Deposits/Properties/Vehicles/Equipment/Stocks	594,895	997,311	9,973,114
"	"	Summary of other clients	"	N	2,017,244	1,599,715	1,555,915	2.1525%~18.7583%	1	2,460,872	-	39,974	Properties/Vehicles	732,598	997,311	9,973,114
3	Chailasse Consumer Finance Co., Ltd.	A	"	N	3,000	2,283	2,283	4.00%~19.00%	2	-	Working Capital	8	None	-	243,297	2,432,968
"	"	B	"	N	800	800	-	4.00%~19.00%	2	-	Working Capital	-	None	-	243,297	2,432,968
"	"	C	"	N	1,500	761	761	4.00%~19.00%	2	-	Working Capital	3	None	-	243,297	2,432,968
"	"	D	"	N	1,000	675	675	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	E	"	N	775	657	657	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	F	"	N	800	612	612	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	G	"	N	753	535	535	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	H	"	N	561	470	470	4.00%~19.00%	1	6,527	-	2	None	-	243,297	2,432,968
"	"	I	"	N	600	458	458	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	J	"	N	500	447	447	4.00%~19.00%	2	-	Working Capital	2	None	-	243,297	2,432,968
"	"	Summary of other clients	"	N	1,211	288	288	4.00%~19.00%	1	22,993	-	1	None	-	243,297	2,432,968
"	"	Summary of other clients	"	N	4,696	3,536	3,536	4.00%~19.00%	2	-	Working Capital	57	None	-	243,297	2,432,968

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
4	Chailase International Finance Corporation	Chailase Finance International Corp.	Receivables from related party	Y	929,400	929,400	-	4.35%-20.00%	2	-	Working Capital	-	None	-	3,376,404	9,003,744
"	"	Chailase International Corp.	"	Y	929,400	929,400	-	4.35%-20.00%	2	-	Working Capital	-	None	-	3,376,404	9,003,744
"	"	A	Receivable-short-term financing	N	37,176	37,176	-	4.35%-20.00%	2	-	Working Capital	-	None	-	1,125,468	9,003,744
"	"	B	"	N	38,725	27,108	27,108	4.35%-20.00%	2	-	Working Capital	495	None	-	1,125,468	9,003,744
"	"	C	"	N	25,559	25,559	25,559	4.35%-20.00%	2	-	Working Capital	-	None	-	1,125,468	9,003,744
"	"	D	"	N	24,242	24,242	1,007	4.35%-20.00%	2	-	Working Capital	79	Inventory	51,814	1,125,468	9,003,744
"	"	E	"	N	23,235	23,235	-	4.35%-20.00%	2	-	Working Capital	-	Inventory	33,226	1,125,468	9,003,744
"	"	F	"	N	22,364	20,331	20,331	4.35%-20.00%	2	-	Working Capital	315	None	-	1,125,468	9,003,744
"	"	G	"	N	22,460	20,136	20,136	4.35%-20.00%	2	-	Working Capital	310	None	-	1,125,468	9,003,744
"	"	H	"	N	20,912	19,750	19,750	4.35%-20.00%	2	-	Working Capital	-	Inventory	13,290	1,125,468	9,003,744
"	"	I	"	N	18,588	18,588	-	4.35%-20.00%	2	-	Working Capital	-	None	-	1,125,468	9,003,744
"	"	J	"	N	18,588	18,588	-	4.35%-20.00%	2	-	Working Capital	-	None	-	1,125,468	9,003,744
"	"	Summary of other clients	Receivables-business relationship	N	825,203	628,004	600,122	4.35%-20.00%	2	-	Working Capital	67,355	Vehicles/Properties/Equipment/Inventory	168,779	1,125,468	9,003,744
"	"	Summary of other clients	Receivable-short-term financing	N	35,336	30,770	30,770	4.35%-20.00%	1	57,251	-	445	None	-	1,125,468	9,003,744
5	Chailase Specialty Finance Co., Ltd.	A	Other receivables	N	140,710	119,010	119,010	1.80%-14.97%	2	-	Working Capital	1,523	None	-	2,657,361	5,234,903
"	"	B	"	N	116,440	116,440	116,440	1.80%-14.97%	2	-	Working Capital	1,490	None	-	2,657,361	5,234,903
"	"	C	"	N	95,000	95,000	95,000	1.80%-14.97%	2	-	Working Capital	1,216	None	-	2,657,361	5,234,903
"	"	D	"	N	90,000	90,000	-	1.80%-14.97%	2	-	Working Capital	-	None	-	2,657,361	5,234,903
"	"	E	"	N	88,000	88,000	88,000	1.80%-14.97%	2	-	Working Capital	1,126	None	-	2,657,361	5,234,903
"	"	F	"	N	87,000	87,000	87,000	1.80%-14.97%	2	-	Working Capital	1,114	None	-	2,657,361	5,234,903
"	"	G	"	N	91,934	81,690	81,690	1.80%-14.97%	2	-	Working Capital	1,046	None	-	2,657,361	5,234,903
"	"	H	"	N	67,609	65,518	65,518	1.80%-14.97%	2	-	Working Capital	839	None	-	2,657,361	5,234,903
"	"	I	"	N	60,000	60,000	60,000	1.80%-14.97%	2	-	Working Capital	768	None	-	2,657,361	5,234,903
"	"	J	"	N	50,000	50,000	50,000	1.80%-14.97%	2	-	Working Capital	640	None	-	2,657,361	5,234,903
"	"	Summary of other clients	"	N	1,299,713	998,876	996,876	1.80%-14.97%	2	-	Working Capital	52,328	Properties	\$8,735	2,657,361	5,234,903

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No.	Financing company	Counter-party (Note 4)	Account	Related party	Maximum balance for the year	Ending balance	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amount	Reasons for financing	Allowance for bad debt	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 3)
													Item	Value		
6	Chailase Finance Securitization Trust 2016	A	Other receivables	N	27,069	21,418	21,418	4.01%-19.09%	2	-	Working Capital	171	None	-	49,738	\$80,589
-	-	B	-	N	22,595	18,790	18,790	4.01%-19.09%	1	48,683	-	150	None	-	49,738	\$80,589
-	-	C	-	N	22,184	17,058	17,058	4.01%-19.09%	2	-	Working Capital	136	None	-	49,738	\$80,589
-	-	D	-	N	19,876	16,661	16,661	4.01%-19.09%	1	54,000	-	133	None	-	49,738	\$80,589
-	-	E	-	N	24,401	15,261	15,261	4.01%-19.09%	2	-	Working Capital	122	None	-	49,738	\$80,589
-	-	F	-	N	16,151	12,181	12,181	4.01%-19.09%	2	-	Working Capital	97	None	-	49,738	\$80,589
-	-	G	-	N	13,637	10,911	10,911	4.01%-19.09%	2	-	Working Capital	87	None	-	49,738	\$80,589
-	-	H	-	N	11,550	9,319	9,319	4.01%-19.09%	2	-	Working Capital	75	None	-	49,738	\$80,589
-	-	I	-	N	11,676	7,422	7,422	4.01%-19.09%	2	-	Working Capital	59	None	-	49,738	\$80,589
-	-	J	-	N	9,974	7,383	7,383	4.01%-19.09%	2	-	Working Capital	59	None	-	49,738	\$80,589
-	-	Summary of other clients	-	N	382,480	263,497	263,497	4.01%-19.09%	2	-	Working Capital	3,038	None	-	49,738	\$80,589
-	-	Summary of other clients	-	N	31,875	27,165	27,165	4.01%-19.09%	1	162,319	-	217	None	-	49,738	\$80,589

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

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

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

- (1)Subsidiary – The maximum fund loaning provided by Chailase Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,657,361).
- (2)Subsidiary – The maximum fund loaning provided by Fina Finance & Trading Co., Ltd. for individual entity cannot exceed 10% of net worth (\$997,311).
- (3)Subsidiary – The maximum fund loaning provided by Chailase Consumer Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$243,297).
- (4)Subsidiary – The maximum fund loaning provided by Chailase International Finance Corporation for individual entity cannot exceed 5% of net worth (\$1,125,468). The maximum fund loaning cannot exceed 15% of net worth (\$3,376,404) to individual affiliate.
- (5)Subsidiary – The maximum fund loaning provided by Chailase Specialty Finance Co., Ltd. for individual entity cannot exceed 10% of net worth (\$2,657,361) of parent company (Chailase Finance Co., Ltd.).
- (6)Special purpose entities – The maximum fund loaning provided by Chailase Finance Securitization Trust 2016 for individual entity cannot exceed 1% of securitized financial assets approved by the competent authority (\$49,738).

Note 3: Limit on the amount for loaning fund

- (1)Subsidiary – Total amount of fund loaning provided by Chailase Finance Co., Ltd. cannot exceed net worth (\$26,573,614), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$10,629,446) of the most recent financial statement.
- (2)Subsidiary – Total amount of fund loaning provided by Fina Finance & Trading Co., Ltd. cannot exceed net worth (\$9,973,114), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$3,989,246) of the most recent financial statement.
- (3)Subsidiary – Total amount of fund loaning provided by Chailase Consumer Finance Co., Ltd. cannot exceed net worth (\$2,432,968), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$973,187) of the most recent financial statement.
- (4)Subsidiary – Total amount of fund loaning provided by Chailase International Finance Corporation cannot exceed 40% of net worth (\$9,003,744) of the most recent financial statement.
- (5)Subsidiary – Total amount of fund loaning provided by Chailase Specialty Finance Co., Ltd. cannot exceed net worth (\$5,234,903), total amount of fund loaning for short-term financing cannot exceed 40% of net worth (\$2,093,961) of the most recent financial statement.
- (6)Special purpose entities – Total amount of fund loaning provided by Chailase Finance Securitization Trust 2016 cannot exceed 10% of securitized financial assets approved by the competent authority.

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Note 4: Counter parties

- (1)Subsidiary – Chailease Finance Co., Ltd.: There are 3,455 counter parties altogether during the period, the above table only disclosed the related parties and the top 20 counter parties.
- (2)Subsidiary – Fina Finance & Trading Co., Ltd.: There are 743 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (3)Subsidiary – Chailease Consumer Finance Co., Ltd.: There are 30 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (4)Subsidiary – Chailease International Finance Corporation: There are 104 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (5)Subsidiary – Chailease Specialty Finance Co., Ltd.: There are 138 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.
- (6)Special purpose entities – Chailease Finance Securitization Trust 2016: There are 123 counter parties altogether during the period, the above table only disclosed the related parties and the top 10 counter parties.

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

2.Guarantees and endorsements for other parties:

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note1)										
0	The Company	Chailease International Finance Corporation	2	107,323,750	20,973,136	20,973,136	17,605,834	-	37.02 %	268,309,375	Y		Y
-	-	Chailease International Leasing Company Limited (Vietnam)	2	107,323,750	1,190,400	1,164,200	899,277	-	2.05 %	268,309,375	Y		
-	-	Golden Bridge (B.V.I.) Corp.	2	107,323,750	148,800	145,525	-	-	0.26 %	268,309,375	Y		
-	-	Chailease International Company (Malaysia) Limited	2	107,323,750	148,800	145,525	-	-	0.26 %	268,309,375	Y		
-	-	Chailease Berjaya Credit Sdn. Bhd.	2	26,830,938	3,442,891	3,426,592	2,554,672	-	6.05 %	268,309,375	Y		
-	-	Chailease Royal Leasing Pte	2	26,830,938	873,150	873,150	317,536	-	1.54 %	268,309,375	Y		
-	-	Chailease Berjaya Finance Corporation	2	26,830,938	707,040	661,080	-	-	1.17 %	268,309,375	Y		
1	Chailease Finance Co., Ltd	Chailease Finance (B.V.I.) Co., Ltd	2	53,147,228	1,041,600	1,018,675	902,255	-	3.83 %	132,868,070	Y		
-	-	Chailease Auto Rental Co., Ltd	2	53,147,228	4,290,000	4,290,000	2,480,000	-	16.14 %	132,868,070	Y		
-	-	Chailease Consumer Finance Co., Ltd.	2	53,147,228	3,190,000	3,190,000	890,000	-	12.00 %	132,868,070	Y		
-	-	Chailease Specialty Finance Co., Ltd.	2	53,147,228	900,000	900,000	-	-	3.39 %	132,868,070	Y		
-	-	Apex Credit Solutions Inc.	2	53,147,228	240,000	240,000	-	-	0.90 %	132,868,070	Y		
-	-	Chailease International Leasing Company Limited (Vietnam)	2	53,147,228	5,650,180	5,206,955	3,328,863	-	19.59 %	132,868,070	Y		
-	-	Yun Tang Inc.	2	53,147,228	1,021,500	996,000	896,000	-	3.75 %	132,868,070	Y		
-	-	Chailease Credit Services Co., Ltd	2	53,147,228	36,000	36,000	10	-	0.14 %	132,868,070	Y		
-	-	Chailease Energy Integration Co., Ltd.	2	53,147,228	680,000	680,000	-	-	2.56 %	132,868,070	Y		
-	-	Grand Pacific Financing Corp.	2	53,661,875	3,214,080	3,143,340	1,734,658	-	11.83 %	132,868,070			

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No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowance	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note)										
1	Chailcase Finance Co., Ltd	Chailcase International Financial Services Co., Ltd.	2	53,661,875	24,212,970	24,144,584	11,809,909	-	90.86 %	132,868,070			
-	-	Chailcase International Financial Services (Liberia) Co., Ltd.	2	53,661,875	282,720	232,840	232,840	-	0.88 %	132,868,070			
2	Asia Sernkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	2	9,066,644	234,275	234,600	117,300	-	5.18 %	22,666,611	Y		
3	Chailcase International Finance Corporation	Chailcase International Corp.	2	38,783,159	7,060,427	6,820,404	3,390,541	-	35.17 %	96,957,898	Y		Y
-	-	Chailcase Finance International Corp.	2	38,783,159	4,034,595	3,929,039	2,656,346	-	20.26 %	96,957,898	Y		Y
-	-	DMC Energy Management Services (Shenzhen) Co., Ltd.	4	9,695,790	104,558	104,558	8,383	-	0.54 %	96,957,898			Y

Note 1: (1)The Company has business with the receiving parties.

(2)The Company holds directly or indirectly more than 50% of the common stock of the subsidiaries.

(3)The Company hold directly or indirectly more than 50% by the investee.

(4)The stockholders of the Company provide guarantee for the investee to their stockholding percentage.

(5)Others : According to the Regulations Governing Loaning of Funds and Making of guarantees and endorsements by Public Companies article 5, paragraph 2, guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares have no restriction on the guarantees amount.

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

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

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

Note 5: Subsidiary – The total amount of guarantees and endorsements provided by Chailcase Finance Co., Ltd. for Chailcase International Financial Services Co., Ltd., Chailcase Finance (B.V.I) Company Ltd., Chailcase Specialty Finance Co., Ltd. and Chailcase Auto Rental Co., Ltd. is \$1,118,675. The total amount has been adjusted.

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

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

Note 8: The total amount of guarantees and endorsements provided by the Company for Chailcase International Finance Corp. and Chailcase International Corp. is CNY110,000 thousand dollars (\$511,170). The total amount has been disclosed in the balance of guarantees and endorsements for Chailcase International Corp.

Note 9: The total amount of guarantees and endorsements provided by the Company for Golden Bridge(B.V.I.) Corp. and Chailcase International Company (Malaysia) Limited is USD10,000 thousand dollars (\$291,050). The total amount has been adjusted.

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3. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures) :

Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	China Life Insurance Company	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	800	24,050	- %	24,050	
"	Fubon SSE 180 ETF	"	"	500	15,765	- %	15,765	
"	Cathay Financial Holdings Co., Ltd.	"	"	450	23,625	- %	23,625	
"	Innolux Corporation	"	"	350	4,585	- %	4,585	
"	Yuanta Financial Holdings Co., Ltd.	"	"	950	12,683	- %	12,683	
"	Chicony	"	"	125	9,387	- %	9,387	
"	Chin Poon	"	"	50	2,585	- %	2,585	
"	Hon Hai Precision Industry Co., Ltd.	"	"	150	13,275	- %	13,275	
"	Lite-on Technology Corporation	"	"	200	8,280	- %	8,280	
"	Delta Electronics, Inc.	"	"	80	10,440	- %	10,440	
"	Alpha Networks Inc.	"	"	150	3,547	- %	3,547	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	107,473	- %	107,473	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	160,000	- %	160,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	48,500	- %	48,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	238,354	- %	238,354	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	633,450	- %	633,450	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	21,900	- %	21,900	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	12,875	- %	12,875	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	25,800	- %	25,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	233,000	- %	233,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	25,750	- %	25,750	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	10,000	- %	10,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	116,000	- %	116,000	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chalease Finance Co., Ltd.	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	226,400	- %	226,400	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	45,000	- %	45,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	5,400	- %	5,400	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	37,000	- %	37,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	57,500	- %	57,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	241,600	- %	241,600	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	14,640	- %	14,640	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	400,500	- %	400,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	416,380	- %	416,380	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	33,785	- %	33,785	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	43,819	- %	43,819	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	25,890	- %	25,890	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	50	- %	50	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	3,455	- %	3,455	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	1,750	- %	1,750	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	54,000	- %	54,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	600	- %	600	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	924	- %	924	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	8,400	- %	8,400	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	20,000	- %	20,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	95,000	- %	95,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	38,900	- %	38,900	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	172,200	- %	172,200	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	188,500	- %	188,500	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	57,370	- %	57,370	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	74,000	- %	74,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	75,880	- %	75,880	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	2,200,000	- %	2,200,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	182,000	- %	182,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	325,000	- %	325,000	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	100,900	- %	100,900	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	800,000	- %	800,000	
"	Bank of Hwatai's Beneficial Right of the Real Estate Trust	-	"	-	159,970	- %	159,970	
"	Bank of Sunny's Beneficial Right of the Real Estate Trust	-	"	-	45,000	- %	45,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	100,000	- %	100,000	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	17,333	- %	17,333	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	18,820	- %	18,820	
"	Bank of Taipei Star's Beneficial Right of the Real Estate Trust	-	"	-	105,008	- %	105,008	
"	Bank of FEI's Beneficial Right of the Real Estate Trust	-	"	-	25,900	- %	25,900	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Non-current financial assets at amortized cost	-	120,240	- %	120,240	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	73,800	- %	73,800	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	88,300	- %	88,300	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	195,000	- %	195,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	83,000	- %	83,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	129,000	- %	129,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	180,000	- %	180,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	17,500	- %	17,500	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	33,300	- %	33,300	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	7,200	- %	7,200	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	Non-current financial assets at amortized cost	-	190,000	- %	190,000	
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	-	"	-	111,600	- %	111,600	
"	Bank of BEA's Beneficial Right of the Real Estate Trust	-	"	-	69,000	- %	69,000	
"	Bank of FEL's Beneficial Right of the Real Estate Trust	-	"	-	10,950	- %	10,950	
"	O-Bank	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	92,694	807,365	3.88 %	807,365	
"	Subton Technology Co., Ltd.	"	"	288	2,857	0.10 %	2,857	
"	Spring House Entertainment Tech Inc.	"	"	857	6,699	4.67 %	6,699	
"	Tekcon Electronics Corp.	"	"	137	2,269	0.52 %	2,269	
"	Ecomsoftware Inc.	"	"	130	2,314	2.60 %	2,314	
"	Kingmax Technology Inc.	"	"	2,081	21,043	2.90 %	21,043	
"	Everterminal Co., Ltd.	"	"	490	5,385	0.40 %	5,385	
"	Crownpo Technology Inc.	"	"	57	804	0.51 %	804	
"	Book4u Co., Ltd.	"	"	9	88	0.19 %	88	
"	Enova Technology Corp.	"	"	550	1,634	3.07 %	1,634	
"	Information Technology Total Services Corp.	"	"	51	713	0.25 %	713	
"	Sampotech Co., Ltd.	"	"	369	-	0.10 %	-	(Note 2)
"	Skanhex Technology Inc.	"	"	5,273	-	4.53 %	-	(Note 2)
"	Rosun Technologies, Inc.	"	"	182	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	EastWest Pharmaceuticals	"	"	242	-	5.84 %	-	(Note 2)
"	Bexcom Pte Ltd.	"	"	197	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	TECO Nanotech Co., Ltd	"	"	95	-	0.38 %	-	(Note 2)
"	Azanda Network Devices	"	"	714	-	- %	-	(Note 2) percentage of ownership less than 0.01%
"	Forcera Materials Co., Ltd.	"	"	102	-	0.56 %	-	(Note 2)
"	Aisa Cement Corp.	"	"	750	21,413	0.02 %	21,413	
"	China Steel Chemical Corp.	"	"	20	3,070	0.01 %	3,070	
"	U-Ming Marine Transport Corp.	"	"	270	9,531	0.03 %	9,531	
"	Chicony	"	"	639	47,989	0.09 %	47,989	

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				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Chailease Finance Co., Ltd.	CTCI Corp.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	800	38,760	0.10 %	38,760	
"	Chin Poon	"	"	380	19,646	0.10 %	19,646	
"	Inventec energy Corp.	"	"	51	-	0.05 %	-	(Note 2)
"	Webi & Net Internet Services Inc.	"	"	250	-	10.53 %	-	(Note 2)
Chailease Speciality Finance Co., Ltd.	Linkou amusement Co., Ltd.(Stock)	"	"	-	36,708	- %	36,708	shareholding less than 1,000 shares
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	Current financial assets at amortized cost	-	60,000	- %	60,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	129,200	- %	129,200	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	47,520	- %	47,520	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	98,000	- %	98,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	295,000	- %	295,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	4,000	- %	4,000	
"	Bank of Yuanta's Beneficial Right of the Real Estate Trust	-	"	-	155,000	- %	155,000	
Bangkok Grand Pacific Lease Public Company Limited	Bangkok Club Co., Ltd (Stock)	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	64	198	0.14 %	198	
Asia Sermkij Leasing Public Co., Ltd.	Swe Trans Group Co., Ltd.	"	"	950	8,915	19.00 %	8,915	
"	Bumrungrad Hospital (Stock)	Investee company accounted for under the financial assets at fair value through profit or loss	Current financial assets at fair value through profit or loss	59	11,693	0.01 %	11,693	
Chailease International Financial Services Co., Ltd.	Clean Focus Yield Limited	"	"	-	861,285	- %	861,285	
Grand Pacific Holding Corp.	Mobilshift, Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	359	7,276	3.50 %	7,276	
"	Stemocyte Inc.	"	"	38	1,455	0.15 %	1,455	

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Name of Holding Company	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Grand Pacific Financing Corp.	Swabplus Inc.	Investee at fair value	Non-current financial assets at fair value through other comprehensive income	10	-	- %	-	
"	Mobilesht, Inc.	"	"	358	7,276	3.50 %	7,276	
"	Stemcyte Inc.	"	"	38	1,455	0.15 %	1,455	

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

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

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

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

Name of Company	Type and Name of Marketable Securities (Note 1)	Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling Price	Cost	Disposal gain or loss	Shares/Units	Amount
Chillease Finance Co., Ltd.	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	Current financial assets that amortized cost	-	-	-	-	-	2,200,000	-	-	-	-	-	2,200,000
"	Bank of Shin Kong's Beneficial Right of the Real Estate Trust	"	-	-	-	-	-	325,000	-	-	-	-	-	325,000
"	Bank of Panhsia's Beneficial Right of the Real Estate Trust	"	-	-	-	395,453	-	-	-	395,453	-	-	-	-
Fina Finance & Trading Co., Ltd.	Chillease Consumer Finance Co., Ltd.	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-
Chillease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-

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

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

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

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

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

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

Name of Related Party	Counter-party	Nature of Relationships	Ending Balance of Receivables from Related Party	Turnover Rate	Past-due Receivables from Related Party		Amount of Receivables Received in Subsequent Period from Related Party	Allowance for Bad Debts
					Amount	Action Taken		
Chaillease Specialty Finance Co., Ltd.	Chaillease Finance Co., Ltd.	Subsidiaries	418,989	-	-		-	-
My Leasing (B.V.I) Co., Ltd.	Golden Bridge (B.V.I) Corp.	Associates	1,579,920	-	-		-	-
Chaillease International Financial Services Co., Ltd.	Chaillease International Company (Malaysia) Limited	Associates	965,436	-	-		-	-
"	Chaillease International Financial Services (Labuan) Co., Ltd.	Subsidiaries	538,007	-	-		-	-
Chaillease Financial (B.V.I) Company Co., Ltd.	Chaillease International Financial Services Co., Ltd.	Associates	4,388,729	-	-		-	-
"	Chaillease International Financial Services (Liberia) Co., Ltd.	Associates	437,621	-	-		-	-
Chaillease International Company (Malaysia) Limited	Golden Bridge (B.V.I.) Corp.	Associates	525,600	-	-		-	-
"	Chaillease International Company (UK) Limited	Subsidiaries	966,135	-	-		-	-
Chaillease International Company (UK) Limited	C&E Engine Leasing Limited	Associates	965,436	-	-		-	-

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

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

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

No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chalease Finance Co., Ltd.	Chalease Berjaya Credit Sdn. Bhd. ∙ Chalease Finance (B.V.I.) Company Ltd. ∙ Chalease Auto Rental Co., Ltd. ∙ Chalease Credit Services Co., Ltd. ∙ Chalease Finance Securitization Trust 2014 ∙ Yun Tang Inc. ∙ Chalease Energy Integration Co., Ltd. ∙ Chalease Finance Securitization Trust 2016 ∙ Chalease Consumer Finance Co., Ltd. ∙ Golden Bridge (B.V.I.) Corp. ∙ Chalease International Finance Corporation ∙ Chalease International Financial Services Co., Ltd. ∙ Chalease International Financial Services (Liberia) Corp. ∙ Grand Pacific Holdings Corp. ∙ Chalease Royal Leasing Plc ∙ Chalease Insurance Brokers Co., Ltd. ∙ Chalease Berjaya Finance Corporation ∙ Chalease Specialty Finance Co., Ltd. ∙ Apex Credit Solutions Inc. ∙ Chalease Power Technology Co., Ltd. ∙ Chalease International Leasing Company Limited (Vietnam) ∙ Fina Finance & Trading Co., Ltd. ∙ Asia Sermkij Leasing Public Co., Ltd. ∙ Bangkok Grand Pacific Lease Public Company Limited	3	Other current financial assets	400,952	Same as normal transactions	0.12 %
1	"	Chalease Specialty Finance Co., Ltd.	3	Payables and notes	418,989	"	0.13 %
1	"	Chalease Auto Rental Co., Ltd. ∙ Chalease International Finance Corporation ∙ Fina Finance & Trading Co., Ltd. ∙ Chalease International Company (UK) Limited ∙ Yun Tang Inc. ∙ Sing Chuang Limited Partnership	3	Other current financial liabilities	43,608	"	0.01 %
1	"	Chalease International Company (UK) Limited ∙ Fina Finance & Trading Co., Ltd. ∙ Apex Credit Solutions Inc. ∙ Chalease Auto Rental Co., Ltd.	3	Operating cost and expenses	38,133	"	0.09 %

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No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
1	Chalease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd. ∙ Chalease Specialty Finance Co., Ltd. ∙ Chalease Berjaya Credit Sdn. Bhd. ∙ Chalease Finance (B.V.I.) Company, Ltd. ∙ Chalease Auto Rental Co., Ltd. ∙ Chalease Credit Services Co., Ltd. ∙ Chalease Finance Securitization Trust 2014 ∙ Yun Tang Inc. ∙ Chalease Energy Integration Co., Ltd. ∙ Chalease Finance Securitization Trust 2016 ∙ Chalease Consumer Finance Co., Ltd. ∙ Chalease International Finance Corporation ∙ Chalease International Financial Services Co., Ltd. ∙ Chalease International Financial Services (Liberia) Corp. ∙ Grand Pacific Holdings Corp. ∙ Chalease Insurance Brokers Co., Ltd. ∙ Chalease Berjaya Finance Corp. ∙ Chalease Royal Leasing Plc. ∙ Chalease Power Technology Co., Ltd. ∙ Sing Chuang Limited Partnership ∙ Chuang Ju Limited Partnership ∙ Apex Credit Solutions Inc. ∙ Asia Sermkij Leasing Public Co., Ltd. ∙ Bangkok Grand Pacific Lease Public Company Limited ∙ Chalease International Leasing Company Limited (Vietnam)	3	Operating revenues and non-operating income	151,624	Same as normal transactions	0.37 %
2	Chalease Finance (B.V.I) Co., Ltd.	Chalease International Financial Services Co., Ltd. ∙ Chalease International Financial Services (Liberia) Corp.	3	Financing and interest receivable	4,826,350	"	1.47 %
2	"	Chalease International Financial Services Co., Ltd. ∙ Chalease International Financial Services (Liberia) Corp.	3	Interest revenue-loans	44,327	"	0.11 %
3	Chalease International Finance Corporation	Chalease Finance Co., Ltd. ∙ Jirong Real Estate Co., Ltd.	3	Other current financial liabilities	228,744	"	0.07 %
3	"	"	3	Operating expense	63,003	"	0.15 %
4	Golden Bridge(B.V.I) Corp.	Chalease Finance Co., Ltd.	3	Other current financial liabilities	38,587	"	0.01 %
4	"	Chalease International Company (Malaysia) Limited ∙ My Leasing (B.V.I) Corp. ∙ My leasing (Mauritius) Corp.	3	Borrowings and interest payable	2,193,145	"	0.67 %
5	My leasing (Mauritius) Corp.	Golden Bridge(B.V.I) Corp.	3	Financing and interest receivable	87,624	"	0.03 %

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No.	Name of Company	Counter-party	Nature of Relationship	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Total Consolidated Revenue or Total Assets
6	Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited - SK Insurance Broker Co., Ltd.	3	Other current financial assets	1,714,536	Same as normal transactions	0.52 %
7	Chailease International Financial Services Co., Ltd.	Chailease International Financial Services (Labuan) Co., Ltd. - Chailease International Company (Malaysia) Limited	3	Financing and interest receivable	970,399	"	0.30 %
7	"	Chailease International Financial Services (Labuan) Co., Ltd.	3	Capital leases receivable	533,044	"	0.16 %
7	"	Chailease Finance (B.V.I.) Co., Ltd.	3	Borrowings and interest payable	4,388,729	"	1.34 %
7	"	Chailease Finance Co., Ltd. - Chailease Finance (B.V.I.) Co., Ltd.	3	Operating cost and Operating expense	54,036	"	0.13 %
8	Chailease International Company (Malaysia) Limited	Chailease International Company (UK) Limited - Golden Bridge (BVI) Corp.	3	Financing and interest receivable	1,491,735	"	0.46 %
8	"	Chailease International Financial Services Co., Ltd.	3	Borrowings and interest payable	965,437	"	0.29 %

Note 1: Descriptions of numbers are as follows:

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

Note 2: Nature of relationship is categorized as follows:

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

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

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

(b) Information on investees :

The information on investees of the Group for the three months ended March 31, 2018 is as follows (excluding information on investment in Mainland China) :

Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
The Company	Chailease International Company (Malaysia) Limited	Malaysia	Investment	16,694,424	16,694,424	1,022,247	100.00 %	30,215,234	1,432,886	1,432,886	
"	Chailease International Financial Services Co., Ltd.	British Virgin Islands	Installment sales, leasing overseas and financial consulting	2,386,610	2,386,610	82,000	100.00 %	4,405,892	262,135	262,135	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Financing, leasing, real estate, and mortgage	142,353	142,353	3,927	51.00 %	783,723	92,298	47,072	
"	Golden Bridge (B.V.I.) Corp. and its subsidiaries	British Virgin Islands	Investment	10,497,242	10,497,242	337,150	100.00 %	21,998,908	1,386,551	1,386,551	

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
Chalease International Company (Malaysia) Limited	Chalease International (B.V.I.) Corp.	British Virgin Islands	Investment	660,975	660,975	22,550	100.00 %	673,394	(3,879)	(3,879)	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	474,048	474,048	40,698	11.57 %	530,094	219,065	25,346	
"	Chalease International Company (UK) Limited	U.K.	Consulting, aircraft leasing and investment	19,426,518	19,426,518	346,567	100.00 %	27,634,438	1,405,816	1,405,816	
"	Chalease Berjaya Credit Sdn. Bhd.	Malaysia	Installment sales	381,465	381,465	-	70.00 %	416,643	17,220	12,054	
"	Chalease Royal Leasing Plc.	Cambodia	Leasing	87,315	61,121	-	60.00 %	81,940	1,970	1,182	
"	Yellowstone Holding AG	Swiss	Venture capital investment	106,733	106,733	350,000	35.00 %	95,736	(5,708)	(1,998)	
"	Chalease Berjaya Finance Corporation	Philippines	Leasing and financing	82,635	82,635	150,000	60.00 %	67,231	(9,733)	(5,840)	
Chalease Berjaya Credits Sdn. Bhd.	Chalease Agency Sdn. Bhd.	Malaysia	Insurance Brokers	727	727	100	100.00 %	4,044	1,016	1,016	
Chalease International Company (UK) Limited	Chalease Finance Co., Ltd.	Taiwan	Installment sales, leasing and factoring	21,729,074	21,729,074	1,369,500	100.00 %	27,889,835	1,535,523	1,535,523	
"	C&E Engine Leasing Limited	Ireland	Leasing	346,973	346,973	11,921	50.00 %	350,401	6,917	3,459	
Chalease International (B.V.I.) Corp.	CL Capital Management Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	(2,019)	-	
"	CL Investment Partners Company Limited	Cayman Islands	Investment consultant	-	-	-	48.00 %	-	(84)	-	
"	Chalease Greater China SME Fund, L.P.	Cayman Islands	Investment funds	378,086	378,086	-	48.00 %	427,367	(4,641)	6,115	
"	Diamond Rain Group Limited	British Virgin Islands	Investment funds	252,806	252,806	8,686	35.28 %	219,117	(28,421)	(10,027)	
Chalease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Taiwan	Installment sales, trading and factoring	5,891,242	5,891,242	431,528	100.00 %	10,455,344	454,065	454,065	
"	Chalease Specialty Finance Co., Ltd.	Taiwan	Installment sales	5,137,496	5,137,496	201,561	100.00 %	5,286,196	51,293	51,293	
"	My Leasing (B.V.I.) Corp.	British Virgin Islands	Investment	494,785	494,785	17,000	100.00 %	1,652,591	12,776	12,776	
"	Asia Sermkij Leasing Public Co., Ltd. and its subsidiaries	Thailand	Installment sales of automobiles	789,292	789,292	128,837	36.61 %	1,677,333	219,065	80,200	
"	Chalease Finance (B.V.I.) Co., Ltd.	British Virgin Islands	Installment sales, financing overseas and financial consulting	1,190,686	1,190,686	40,910	100.00 %	4,460,231	15,927	15,927	

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
Chailease Finance Co., Ltd.	Apex Credit Solutions Inc.	Taiwan	Accounts receivable management, debt management, valuation, trading in financial instruments	60,939	60,939	10,000	100.00 %	161,398	10,023	10,023	
"	Chung Hung Corp.	Taiwan	Foreign trade of machinery, equipment, transportation and leasing	1,000	1,000	100	28.57 %	1,320	34	10	
"	Chailease International Leasing Company Limited (Vietnam)	Vietnam	Leasing	603,859	603,859	-	100.00 %	1,053,130	37,376	37,376	
"	Chailease International Trading Company Limited (Vietnam)	Vietnam	Trading	127,995	127,995	-	100.00 %	134,188	6	6	
"	Chailease Auto Rental Co., Ltd.	Taiwan	Leasing	952,227	952,227	95,000	100.00 %	946,526	2,503	2,503	
"	Chailease Insurance Brokers Co., Ltd.	Taiwan	Personal and property insurance brokers	8,000	8,000	800	100.00 %	54,909	7,707	7,707	
"	Grand Pacific Holdings Corp. and its subsidiaries	U.S.	Leasing, real estate, and mortgage	119,584	119,584	3,773	49.00 %	752,989	92,298	45,226	
"	Chailease Cloud Service Co., Ltd.	Taiwan	Software of cloud products, leasing and installment sales	10,000	10,000	1,000	100.00 %	5,750	(23)	(23)	
"	Chailease Finance Securitization Trust 2014	Taiwan	Special purpose entity	1,034,797	1,034,797	-	- %	767,811	22,273	22,273	
"	Chailease Finance Securitization Trust 2016	Taiwan	Special purpose entity	880,589	880,589	-	- %	788,175	66,248	66,248	
"	Yun Tang Inc.	Taiwan	Solar power business	445,000	445,000	-	100.00 %	504,912	12,715	12,715	
"	Chailease Energy Integration Co., Ltd.	Taiwan	Solar power business	50,000	50,000	5,000	100.00 %	643,318	147,271	147,271	
"	Chailease Power Technology Co., Ltd.	Taiwan	Solar power business	250,000	250,000	25,000	100.00 %	249,640	(167)	(167)	
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd.	Taiwan	Installment sales and factoring	2,652,436	1,652,436	197,100	100.00 %	3,496,323	69,480	69,480	
"	Chailease Credit Services Co., Ltd.	Taiwan	Installment sales and factoring	10,001	10,001	1,000	100.00 %	9,727	133	133	
Chailease Consumer Finance Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	1,800,000	800,000	-	- %	1,816,140	12,303	12,303	(Note 2)
Chailease Specialty Finance Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	1,500,000	-	-	- %	1,513,178	9,077	9,077	(Note 3)
Chailease Credit Services Co., Ltd.	Chuang Ju Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10	-	-	(Note 2)
Chailease Cloud Service Co., Ltd.	Sing Chuang Limited Partnership	Taiwan	Installment sales and leasing	10	-	-	- %	10	-	-	(Note 3)

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Name of Investor Company	Name of Investee Company	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Notes
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
Chailase International Financial Services Co., Ltd.	Chailase International Financial Services (Liberia) Corp.	Liberia	Leasing	291	291	-	100.00 %	118,171	7,387	7,387	shareholding less than 1,000 shares
"	Chailase International Financial Services (Labuan) Corp.	Malaysia	Leasing	873	873	30	100.00 %	6,981	235	235	"

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

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

Note 3: Chailase Specialty Financial Co., Ltd. is limited partner, and Chailase Cloud Services Co., Ltd. is general partner.

(c) Information on investment in Mainland China:

1.Related information on investment in Mainland China:

Name of the Investee Company	Principal Business Activities	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income (Losses) of the Investee	Percentage of Ownership	Share of profits/losses (Note 2)	Carrying Amount as of March 31, 2018	Accumulated Inward Remittance of Earnings as of March 31, 2018
					Outflow	Inflow						
Chailase International Finance Corporation	Leasing	9,022,550	(2)	-	-	-	-	1,430,834	100.00 %	1,430,834	23,788,594	2,997,815
Chailase International Corp.	Leasing	1,164,200	(2)	-	-	-	-	153,234	100.00 %	153,234	3,314,874	-
Chailase International Corp.	Trading	929,400	(2)	-	-	-	-	207,085	100.00 %	207,085	3,108,667	-
Jirong Real Estate Co., Ltd.	House property leasing and management	789,990	(2)	-	-	-	-	2,083	100.00 %	2,083	828,259	-
DMC Energy Management Services (Shenzhen) Co., Ltd.	Environmental business	116,175	(2)	-	-	-	-	(1,014)	20.00 %	(203)	20,770	-

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

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

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

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

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

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

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

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

3.Significant transactions:

The aforementioned inter company transaction have been eliminated upon consolidation for the three months ended March 31, 2018, please refer to Note (13) (a).

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(14) Segment Information

Operating segments financial information:

<u>For the three months ended March 31, 2018</u>	<u>Taiwan</u>	<u>China</u>	<u>ASEAN</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 5,062,897	5,335,692	978,752	161,063	-	11,538,404
Intersegment revenue	262,292	20,148	29,161	13,257	(324,858)	-
Total revenue	\$ 5,325,189	5,355,840	1,007,913	174,320	(324,858)	11,538,404
Reportable segment profit or loss	\$ 1,634,850	1,399,355	265,904	(150,536)	-	3,149,573
<u>For the three months ended March 31, 2017</u>						
Revenue						
Revenue from external customers	\$ 4,624,051	3,871,077	783,176	92,747	-	9,371,051
Intersegment revenues	225,347	19,670	-	7,727	(252,744)	-
Total revenue	\$ 4,849,398	3,890,747	783,176	100,474	(252,744)	9,371,051
Reportable segment profit or loss	\$ 1,350,018	817,521	188,052	(117,092)	-	2,238,499