Stock Code：5871

(English Translation of Financial Report Originally Issued in Chinese)

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

The Board of Directors of Chailease Holding Company Limited：

We have audited the accompanying consolidated balance sheets of Chailease Holding Company Limited and its subsidiaries (the Group) as of December 31, 2014 and 2013, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chailease Holding Company Limited and its subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in conformity with the related financial accounting standards of the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), IFRIC Interpretations and SIC Interpretations which are endorsed by Financial Supervisory Commission R.O.C.

KPMG

CPA： Wan Wan, Lin
Yi Chun, Chen

Taipei, Taiwan, R.O.C.
March 26, 2015

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards approved by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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 auditors' report and financial statements, the Chinese version shall prevail.

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2014 and 2013,

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets	2014.12.31 Amount	%	2013.12.31 Amount	%
	Current assets :				
1100	Cash and cash equivalents (Notes (6)(a) and (7))	$ 8,338,117	4	7,586,221	4
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	205,992	-	264,569	-
1130	Current held-to-maturity financial assets (Note (6)(b))	6,723,295	3	4,838,385	3
1135	Current derivative financial for hedging (Notes (6)(b))	37,759	-	-	-
1170	Accounts receivable, net (Notes (6)(d),(7)and(8))	164,933,842	69	133,718,307	68
1320	Inventories (Notes (6)(e)and(7))	207	-	567,752	-
1476	Other current financial assets (Notes (7) and (8))	3,587,175	2	5,000,217	3
1479	Other current assets — others (Notes (6)(f) and (7))	3,259,333	1	2,323,739	1
		187,085,720	79	154,299,190	79
	Non-current assets :				
1510	Non-current financial assets at fair value through profit or loss (Notes (6)(b) and (6)(c))	710,059	-	1,699,947	1
1523	Non-current available-for-sale financial assets (Note (6)(b) and (8))	1,569,885	1	1,728,104	1
1528	Non-current held-to-maturity financial assets (Note (6)(b))	2,408,525	1	485,855	-
1550	Investments accounted under equity method (Notes (6)(g) and (8))	183,215	-	29,480	-
1600	Property, plant and equipment (Notes (6)(i) and (8))	8,997,856	4	7,186,367	4
1780	Intangible assets (Note (6)(j))	35,591	-	22,612	-
1840	Deferred tax assets (Note (6)(o))	2,334,571	1	1,535,509	1
1930	Long-term accounts receivable, net (Notes (6)(d) , (7)and(8))	33,539,103	14	28,019,446	14
1995	Other non-current assets – others (Notes (7) and (8))	1,072,032	-	769,440	-
		50,850,837	21	41,476,760	21
	TOTAL ASSETS	$ 237,936,557	100	195,775,950	100

	LIABILITIES AND EQUITY	2014.12.31 Amount	%	2013.12.31 Amount	%
	Current Liabilities :				
2100	Short-term borrowings (Notes (6)(k) , (7)and(8))	$ 66,974,084	28	57,141,701	29
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	769	-	9,150	-
2125	Current derivative financial liabilities for hedging (Note (6)(b))	2,820	-	39,920	-
2150	Accounts and notes payable	2,344,572	1	2,383,535	1
2230	Current tax liabilities	1,381,461	1	618,258	-
2305	Other current financial liabilities (Note (7))	23,243,396	10	19,830,779	10
2312	Advance real estate receipts (Note (6)(e)and(7))	-	-	307,563	-
2320	Long-term liabilities – current portion (Notes (6)(k), (6)(l), (7) and (8))	59,244,773	25	49,511,658	25
2399	Other current liabilities – others	902,357	-	869,514	-
		154,094,232	65	130,712,078	65
	Non-current Liabilities :				
2530	Bonds payable (Notes (6)(l), (7)and(8))	9,299,257	4	5,004,993	3
2540	Long-term borrowings (Note (6)(k),(7)and(8))	34,252,478	14	26,447,339	14
2570	Deferred tax liabilities (Note6(o))	1,574,717	1	1,344,068	1
2600	Other non-current liabilities (Note (6)(n))	2,286,792	1	1,826,279	1
		47,413,244	20	34,622,679	19
	Total Liabilities	201,507,476	85	165,334,757	84
	Equity attributable to owners of parent : (Note (6)(p))				
3110	Share capital	10,954,134	4	9,958,304	5
3200	Capital surplus	9,407,459	4	9,411,698	5
3320	Special reserve	-	-	64,865	-
3350	Unappropriated retained earnings	12,132,818	5	8,215,781	4
3400	Other equity items	1,844,301	1	973,795	1
	Total equity attributable to owners of parent	34,338,712	14	28,624,443	15
36XX	**Non-controlling interests**	2,090,369	1	1,816,750	1
	Total equity	36,429,081	15	30,441,193	16
	TOTAL LIABILITIES AND EQUITY	$ 237,936,557	100	195,775,950	100

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2014		2013	
		Amount	%	Amount	%
	Operating revenue：(Note (7))				
4111	Sales revenue	$ 8,546,786	25	7,172,933	24
4810	Interest revenue - installment sales	6,485,014	19	6,005,667	20
4820	Interest revenue - capital leases	7,732,557	22	7,296,824	24
4300	Rental revenue - operating leases	1,905,331	6	2,270,196	7
4230	Interest revenue - loans	2,122,796	6	1,552,638	5
4240	Other interest revenue	1,819,017	5	1,126,463	4
4830	Building and land sales revenue	750,535	2	832,060	3
4800	Other operating revenue	5,190,638	15	4,154,899	13
		34,552,674	100	30,411,680	100
	Operating costs：(Note (7))				
5111	Cost of sales	7,445,911	21	6,430,492	21
5240	Interest expense (Note (6)(e))	4,357,416	13	3,985,775	13
5300	Cost of rental revenue	1,354,572	4	1,766,902	6
5800	Other operating costs	1,320,394	4	1,184,117	4
		14,478,293	42	13,367,286	44
	Gross profit from operation	20,074,381	58	17,044,394	56
6000	**Operating expenses(Note(7))**	11,508,104	33	9,153,989	30
6500	**Net other income and expenses (Note (6)(r))**	190,463	-	152,225	1
	Operating profit	8,756,740	25	8,042,630	27
	Non-operating income and expenses：				
7100	Interest income	89,186	-	127,842	-
7130	Dividend revenue	33,691	-	33,876	-
7020	Other gains and losses (Notes (6)(s))	808,174	3	374,692	1
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method(Note6 (g))	(11,077)	-	(2,459)	-
		919,974	3	533,951	1
7900	**Profit before income tax**	9,676,714	28	8,576,581	28
7950	**Less:Income tax expense (Note (6)(n))**	2,521,945	7	2,368,593	8
	Profit for the period	7,154,769	21	6,207,988	20
8300	**Other comprehensive income (loss)：**				
8310	Exchange differences on translation of foreign financial statements	1,228,190	3	866,066	3
8325	Unrealized (losses) gains on available-for-sale financial assets	(147,405)	-	533,829	2
8330	Gains (losses) of effective portion of cash flow hedges	74,858	-	(28,523)	-
8340	Losses of effective portion of hedges of net investment in foreign operations	(163,818)	-	(27,080)	-
8360	Defined benefit plan actuarial gains	17,181	-	36,743	-
8390	Other comprehensive income (loss) - other	49,141	-	(124,614)	-
8399	Less:Income tax relating to components of other comprehensive income (loss)	63,160	-	44,869	-
8300	**Other comprehensive income (loss) for the period, net of tax**	994,987	3	1,211,552	5
8500	**Total comprehensive income for the period**	$ 8,149,756	24	7,419,540	25
	Profit attributable to：				
8610	Owners of parent	$ 6,825,408	20	5,883,044	19
8620	Non-controlling interests	329,361	1	324,944	1
		$ 7,154,769	21	6,207,988	20
	Comprehensive income attributable to：				
8710	Owners of parent	$ 7,710,169	23	7,166,836	24
8720	Non-controlling interests	439,587	1	252,704	1
		$ 8,149,756	24	7,419,540	25
9750	**Basic earnings per share (NT dollars) (Note (6)(q))**	$	6.23		5.37

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Stock		Retained Earning		Other equity items							
	Share capital	Capital surplus	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedge of net investment in foreign operations	Others	Equity attributable to owners of the parent	Non controlling interests	Total equity
Balance as of January 1, 2013	$ 9,053,004	9,411,771	-	5,082,354	(138,522)	(234,099)	(11,396)	29,695	75,473	23,268,280	1,743,341	25,011,621
Net income for the year	-	-	-	5,883,044	-	-	-	-	-	5,883,044	324,944	6,207,988
Other comprehensive income for the year	-	-	-	31,148	899,032	533,829	(28,523)	(27,080)	(124,614)	1,283,792	(72,240)	1,211,552
Total comprehensive income for the year	-	-	-	5,914,192	899,032	533,829	(28,523)	(27,080)	(124,614)	7,166,836	252,704	7,419,540
Earnings distribution and appropriation												
Special reserve appropriated	-	-	64,865	(64,865)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(1,810,600)	-	-	-	-	-	(1,810,600)	-	(1,810,600)
Stock dividends of ordinary share	905,300	-	-	(905,300)	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(73)	-	-	-	-	-	-	-	(73)	-	(73)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(179,295)	(179,295)
Balance as December 31, 2013	9,958,304	9,411,698	64,865	8,215,781	760,510	299,730	(39,919)	2,615	(49,141)	28,624,443	1,816,750	30,441,193
Net income for the year	-	-	-	6,825,408	-	-	-	-	-	6,825,408	329,361	7,154,769
Other comprehensive income for the year	-	-	-	14,255	1,057,730	(147,405)	74,858	(163,818)	49,141	884,761	110,226	994,987
Total comprehensive income for the year	-	-	-	6,839,663	1,057,730	(147,405)	74,858	(163,818)	49,141	7,710,169	439,587	8,149,756
Earnings distribution and appropriation:												
Cash dividends of ordinary share	-	-	-	(1,991,661)	-	-	-	-	-	(1,991,661)	-	(1,991,661)
Stock dividends of ordinary share	995,830	-	-	(995,830)	-	-	-	-	-	-	-	-
Reversal of Special reserve	-	-	(64,865)	64,865	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(4,239)	-	-	-	-	-	-	-	(4,239)	-	(4,239)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(165,968)	(165,968)
Balance as of December 31, 2014	$ 10,954,134	9,407,459	-	12,132,818	1,818,240	152,325	34,939	(161,203)	-	34,338,712	2,090,369	36,429,081

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

CHAILEASE HOLDING COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

(Amounts Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31, 2014	2013
Cash flows from operating activities :			
Profit before income tax	$	9,676,714	8,576,581
Adjustments :			
Adjustments to reconcile profit before income tax to net cash provided by operating activities :			
Depreciation expense		1,325,494	1,491,409
Amortization expense		72,513	87,491
Loss on financial assets and liabilities at fair value through profit or loss		60,735	81,398
Interest expense		4,357,416	3,985,775
Interest income		(18,248,570)	(16,109,434)
Dividend income		(33,691)	(33,876)
Share of loss of associates and joint ventures accounted for using equity method		11,077	2,459
Gain on disposal of property, plant and equipment		(107,378)	(30,222)
Gain on disposal of foreclosed assets		(70,648)	(2,967)
Gain on disposal of investments		(67,388)	(53,627)
Impairment loss on financial assets		3,972,869	2,802,759
Impairment loss on non-financial assets		297,167	427,690
Total adjustments to reconcile (profit) loss		(8,430,404)	(7,351,145)
Change in operating assets and liabilities :			
Change in operating assets :			
Decrease (Increase) in financial assets held for trading		107,633	(14,114)
Decrease in financial assets at fair value through profit or loss-non-current		895,104	-
Increase in accounts receivable		(45,103,441)	(40,611,358)
Proceeds from financial assets securitization		4,737,057	8,786,354
Decrease (Increase) in other current financial assets		2,603,487	(514,222)
Decrease in inventories		567,545	203,751
Decrease (Increase) in other current assets		50,113	(1,179,379)
Proceeds from sales of operating lease assets		1,002,597	1,540,606
Purchase of operating lease assets		(4,079,846)	(2,267,588)
Increase in other non-current assets – others		(318,576)	(64,857)
Total changes in operating assets		(39,538,327)	(34,120,807)
Changes in operating liabilities :			
(Decrease) Increase in accounts payable		(641,650)	575,688
Increase in long-term and short-term debts		165,765,553	129,610,388
Repayment of long-term and short-term debts		(134,027,158)	(106,953,630)
Increase in other current financial liabilities		3,412,617	2,507,546
Increase (Decrease) in accrued pension liabilities		2,864	(13,514)
Increase (Decrease) in other current liabilities-others		454,183	(285,513)
Increase in non-current liabilities-others		32,843	403,828
Total changes in operating liabilities		34,999,252	25,844,793
Total changes in operating assets and liabilities		(4,539,075)	(8,276,014)
Total adjustments		(12,969,479)	(15,627,159)
Cash outflow generated from operation		(3,292,765)	(7,050,578)
Interest received		17,887,100	16,216,739
Dividend received		33,791	33,876
Interest paid		(4,277,275)	(3,945,232)
Income taxes paid		(2,288,378)	(1,810,093)
Net cash provided by operating activities		8,062,473	3,444,712
Cash flows from investing activities :			
Proceeds from disposal of available-for-sale financial assets		56,491	60,664
Proceeds from return of capital by available-for-sale financial assets		2,062	621
Acquisition of held-to-maturity financial assets		(6,894,322)	(5,076,240)
Disposal of held-to-maturity financial assets		2,982,157	2,239,100
Acquisition of investments accounted for using equity method		(168,745)	(127,441)
Net cash folow from acquisition of subsidiaries (Note 6(h))		(407,979)	-
Acquisition of property, plant and equipment		(162,770)	(1,709,535)
Disposal of property, plant and equipment		20,057	3,910
Acquisition of intangible assets		(4,863)	(2,267)
Net cash used in investing activities		(4,577,912)	(4,611,188)
Cash flows from financing activities :			
Distribution of cash dividend		(1,991,661)	(1,810,600)
Changes in non-controlling interests		(165,968)	(184,132)
Net cash used in financing activities		(2,157,629)	(1,994,732)
Effect of exchange rate changes on cash and cash equivalents		(498,865)	598,624
Net increase (decrease) in cash and cash equivalents		828,067	(2,562,584)
Cash and cash equivalents, beginning of year		7,502,137	10,064,721
Cash and cash equivalents, end of year	$	8,330,204	7,502,137

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

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

(1) Overview

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

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

As of December 31, 2014 and 2013, the Company had outstanding common stock of $10,954,134 and $9,958,304 divided into 1,095,413,456 shares and 995,830,415 shares, respectively.

(2) Financial Statements Authorisation Date and Authorisation Process

The consolidated financial statements were reported to and approved by the Board of Directors and issued on March 26, 2015.

(3) New Standards and Interpretations not yet Adopted

(a) Impact of the 2013 version of the International Financial Reporting Standard ("IFRS") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not effective

According to the official letter No.1030010325 issued on April 3, 2014 by the FSC, listed, over-the-counter, and emerging stock companies are required to conform to the 2013 version of IFRS endorsed by the FSC (IFRS 9 Financial instruments is excluded) in preparing financial statements.

The new standards and amendments issued by the International Accounting Standards Board ("IASB") were as follows:

New Standards and amendments	Effective date per IASB
Amended IFRS 1 *"Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"*	July 1, 2010
Amended IFRS 1 *"Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"*	July 1, 2011
Amended IFRS 1 *"Government Loans"*	January 1, 2013
Amended IFRS 7 *"Disclosure – Transfers of Financial Assets"*	July 1, 2011
Amended IFRS 7 *"Disclosure – Offsetting Financial Assets and Financial Liabilities"*	January 1, 2013
IFRS10 *"Consolidated Financial Statements"*	January 1, 2013 (Investment Entities amendments, effective 1 January 2014.)
IFRS 11 *"Joint arrangements"*	January 1, 2013
IFRS 12 *"Disclosure of Interests in Other Entities"*	January 1, 2013
IFRS 13 *"Fair Value Measurement"*	January 1, 2013

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

New Standards and amendments	Effective date per IASB
Amended IAS 1 *"Presentation of Items of Other Comprehensive Income"*	July 1, 2012
Amended IAS 12 *"Deferred Tax: Recovery of Underlying Assets"*	January 1, 2012
Amended IAS 19 *"Employee Benefits"*	January 1, 2013
Amended IAS 27 *"Separate Financial Statements"*	January 1, 2013
Amended IAS 32 *"Offsetting Financial Assets and Financial Liabilities"*	January 1, 2014
IFRIC20 — *"Stripping Costs in the Production Phase of a Surface Mine"*	January 1, 2013

The Group had assessed that the 2013 version of the IFRS may not have significant impact on the consolidated financial statements except for the following:

A. IAS 1 Presentation of Financial Statements

This standard requires the presentation in other comprehensive income section the line items which are classified according to their nature, and grouped between those items that will or will not be reclassified to profit and loss in subsequent periods. Allocation of income tax of the two categories mentioned above should be separately disclosed. The Group is expecting that adoption of this new standard will change the presentation of comprehensive income statements .

B. IFRS 12 Disclosure of Interests in Other Entities

The standard requires a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is expecting that the adoption of this standard will increase disclosures of the information in the consolidated and unconsolidated entities.

C. IFRS 13 Fair value measurement

The standard defines fair value and provides a framework for measuring fair value and requires disclosures on fair value measurement. Based on its assessment, the Group is not expecting that the adoption of this standard will have a significant impact on the financial position and the results of operations, but is expecting to increase the disclosures relating to fair value measurement.

(b) Impact of IFRSs issued by IASB but not yet endorsed by the FSC

The 2013 version of the IFRS issued by the IASB but not yet endorsed by the FSC were as follows：

New Standards and amendments	Effective date per IASB
IFRS 9 *"Financial instruments"*	January 1, 2018
IFRS 10 and IAS28 *"Dealing with the Sale or Contribution of Assets between an Investor and Its Joint Venture or Associate"*	January 1, 2016

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

New Standards and amendments	Effective date per IASB
Amended IFRS 10, IFRS 12 and IAS 28 *"Investment Entities: Applying the Consolidation Exception"*	January 1, 2016
Amended IFRS 11 *"Acquisition of an interest in a joint operation"*	January 1, 2016
IFRS 14 *"Regulatory Deferral Accounts"*	January 1, 2016
IFRS 15 *"Agreement for contracts with customers"*	January 1, 2017
Amended IAS 1 *"Disclosure Initiative"*	January 1, 2016
Amended IAS 16 and 38 *"Clarification of Acceptable Methods of Depreciation and Amortization"*	January 1, 2016
Amended IAS 16 and 41 *"Bearer plants"*	January 1, 2016
Amended IAS 19 *"Define Benefit Plans: Employee Contributions"*	July 1, 2014
Amended IAS 27 *"Equity Method in Separate Financial Statements"*	January 1, 2016
Amended IAS 36 *"Recoverable Amount Disclosures for Non-Financial Assets"*	January 1, 2014
Amended IAS 39 *"Novation of Derivatives and Continuation of Hedge Accounting"*	January 1, 2014
Amended IFRIC 21 *"Levies"*	January 1, 2014

As the standards and amendments above have not been endorsed by the FSC, the Group is in the process of assessing the impact on the financial position and the results of operations. Related impact will be disclosed following the completion of its assessments.

(4) Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows:

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

(a) Statement of compliance

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

(b) Basis of preparation

1.Basis of measurement

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

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

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

3) Derivative financial instruments are measured at fair value;

4) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

2.Functional and presentation currency

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

(c) Basis of consolidation

1.Principle of preparation of the interim consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Income (losses) applicable to non controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

1) Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2) Special purpose entities

Special purpose entities (SPE) are established for trading and investment purpose. The Group do not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group conclude that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

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

2.Subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2014.12.31	Shareholding Ratio 2013.12.31	Note
The Company	Chailease International Company (Malaysia) Limited	Investment	100.00 %	100.00 %	
〃	Golden Bridge (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
〃	Chailease International Financial Services Co., Ltd.	Installment sales, leasing overseas and financial consulting	100.00 %	100.00 %	
Golden Bridge (B.V.I.) Corp. and My Leasing (B.V.I.) Corp.	My Leasing (Mauritius) Corp.	Investment	100.00 %	100.00 %	
My Leasing (Mauritius) Corp.	Chailease International Finance Corporation	Leasing	100.00 %	100.00 %	
My Leasing (Mauritius) Corp. and Chailease International Finance Corporation	Chailease Finance International Corp.	Leasing	100.00 %	100.00 %	
Chailease International Finance Corporation	Chailease International Corp.	Trading	100.00 %	100.00 %	
〃	Jirong Real Estate Co., Ltd.	House property leasing and management	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited	Chailease Finance Co., Ltd.	Installment sales, leasing, and factoring	100.00 %	100.00 %	
〃	Chailease International (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
Chaileas International Financial Services Co., Ltd.	Chailease International Financial Services (Liberia) Corp.	Leasing	100.00 %	- %	The subsidary was established on November 24,2014.
Chailease Finance Co., Ltd.	Fina Finance & Trading Co., Ltd.	Installment sales, trading, and factoring	99.54 %	99.53 %	
〃	China Leasing Co., Ltd.	Installment sales	100.00 %	100.00 %	
〃	My Leasing (B.V.I.) Corp.	Investment	100.00 %	100.00 %	
Chailease International Company (Malaysia) Limited and Chailease Finance Co., Ltd.	Asia Sermkij Leasing Public Co., Ltd.	Installment sales of automobiles	48.18 %	48.18 %	The subsidiary was consolidated due to the Company's power to control and govern the financial, operating and personnel policies of the subsidiary, despite its ownership was lower than 50% of the subsidiary's outstanding shares.

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2014.12.31	Shareholding Ratio 2013.12.31	Note
Chailease Finance Co., Ltd.	Chailease Finance (B.V.I.) Co., Ltd.	Installment sales, leasing overseas, and financial consulting	100.00 %	100.00 %	
〃	Chailease International Leasing Company Limited (Vietnam)	Leasing	100.00 %	100.00 %	
〃	Chailease Auto Rental Co., Ltd.	Leasing	100.00 %	100.00 %	
〃	Chailease Credit Services Co., Ltd.	Installment sales and leasing	100.00 %	100.00 %	
〃	Apex Credit Solutions Inc.	Accounts receivable management, debt management, valuation, trading in financial instruments	100.00 %	100.00 %	
〃	Chailease Insurance Brokers Co., Ltd.	Personal and property insurance brokers	100.00 %	100.00 %	
〃	Chailease Cloud Service Co., Ltd.	Software of cloud products, leasing, and installment sales	100.00 %	100.00 %	
〃	Chailease Finance Securitization Trust 2014	Special Purpose Entity	- %	- %	The subsidiary was established on July 24, 2014.
〃	Yun Tang Inc.	Solar Power business	100.00 %	- %	The subsidiary was owned by acquiring 100% of the capital contribution on September 30, 2014.
Fina Finance & Trading Co., Ltd.	Chailease Consumer Finance Co., Ltd	Factoring and installment sales	100.00 %	100.00 %	
The Company and Chailease Finance Co., Ltd.	Grand Pacific Holdings Corp.	Leasing, real estate, and mortgage	100.00 %	100.00 %	

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2014.12.31	2013.12.31	Note
Grand Pacific Holdings Corp.	Grand Pacific Financing Corp. (California)	Financing, leasing and financial consulting	100.00 %	100.00 %	
〃	Grand Pacific Main Street Development, Inc.	Real estate development	100.00 %	100.00 %	
〃	Grand Pacific Warehouse Funding Corp.	Real estate development	100.00 %	100.00 %	
〃	Grand Pacific Business Loan LLC. 2005-1	Special Purpose Entity	- %	- %	The subsidiary was established on June 27, 2005.
Grand Pacific Warehouse Funding Corp.	Grand Pacific Warehouse Funding LLC.	Special Purpose Entity	100.00 %	100.00 %	
Grand Pacific Business Loan LLC. 2005-1	Grand Pacific Business Loan Trust 2005-1	Special Purpose Entity	- %	- %	The subsidiary was established on June 27, 2005.
Asia Sermkij Leasing Public Co., Ltd.	Bangkok Grand Pacific Lease Public Company Limited	Leasing and financing consulting	99.99 %	99.99 %	

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

(d) Foreign Currency

1.Foreign currency transaction

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

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

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

1) available-for-sale equity investment;

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

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

2.Foreign operations

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

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

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

3.Hedge of a net investment in foreign operation

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

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

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

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

1.It is expected to be realized, or sold or consumed, in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is expected to be realized within twelve months after the reporting period; or

4.The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1.It is expected to settled in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is due to be settled within twelve months after the reporting period; or

4.It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

1.Financial assets

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

1) Financial assets at fair value through profit or loss

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

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

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

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

C.Hybrid contains one or more embedded derivatives

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

2) Available-for sale financial assets

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

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

3) Held-to-maturity financial assets

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

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

4) Loans and receivables

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

5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

6) Derecognition of financial assets

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

2.Financial liabilities and equity instruments

1) Financial liabilities at fair value through profit or loss

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

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

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

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

C.Hybrid instrument contains one or more embedded derivatives.

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

2) Other financial liabilities

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

3.Derivative financial instruments, including hedge accounting

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

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

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

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

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

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

1) Fair value hedge

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

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

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

2) Cash flow hedge

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

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

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

3) Hedge of a net investment in a foreign operation

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

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

(h) Financial assets securitization

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

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

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

(i) Investment in associates

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

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

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

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

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

(j) Property, plant, and equipment

1.Recognition and measurement

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

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

2.Subsequent cost

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

3.Depreciation

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

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

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

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

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

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

(k) Leases

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

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

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

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

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

(l) Intangible assets

1.Goodwill

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

2.Other intangible assets

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

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

Reversal of an impairment loss for goodwill is prohibited.

(n) Revenue recognition policies for the various businesses activities

1.Sales revenue

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

2.Installment sales revenue

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

3.Leasing business

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

4.Loans receivable

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

5.Accounting for factoring of accounts receivable

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

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

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

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

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

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

6.Fee and commission

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

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

Cost or expense arising from providing the above service is recognized when such cost or expense is incurred.

(o) Employee benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

All subsequent actuarial gains and losses from defined benefit plans are recognized in other comprehensive income.

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

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee salary expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards, the grant-date fair value of the share-based payment considers such non-vesting conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(q) Income taxes

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

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

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

1.Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2.Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3.Initial recognition of goodwill.

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

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

1.the entity has the legal right to settle tax assets and liabilities on a net basis; and

2.the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

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

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

(r) Business combination

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

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

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

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

(s) Earnings per share

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

(t) Operating segments

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

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

The preparation of the consolidated financial statements 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.

Management continuously monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates in the period and of changes .

Critical judgments made in applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements were as follows:

(a) Financial asset and liability classification

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

1. Financial assets or liabilities are designated as "trading", if they meet the criteria for being classified as trading assets and liabilities as set out in accounting policy disclosure Note 4(g).
2. Financial assets or liabilities are designated as at fair value through profit or loss, if they met one of the criteria for being designated as such as set out in accounting policy disclosure Note 4(g).
3. Financial assets are designated as held-to-maturity, if the Group have both the positive intention and ability to hold the assets until their maturity date in accordance with the accounting policy disclosure Note 4(g).

(b) Securitizations

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

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

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

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

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

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

(a) Impairment losses on loans and receivables

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

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

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

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

(b) Impairment losses on non-financial assets

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

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

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

(c) Impairment of available for sale investment securities

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

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

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2014.12.31	2013.12.31
Cash and demand deposits	$ 8,274,421	7,382,547
Time deposits	42,685	196,670
Cash equivalents-RP bills	21,011	7,004
Cash and cash equivalents	8,338,117	7,586,221
Bank overdraft	(7,913)	(84,084)
Cash and cash equivalents in consolidated statements of cash flows	$ 8,330,204	7,502,137

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

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

(b) Financial instruments

1.Details of financial assets were as follows：

	2014.12.31	2013.12.31
Financial assets at fair value through profit or loss		
Held for trading		
Securities of listed companies	$ 177,256	264,083
Derivative instruments not used for hedging	28,736	486
Sub-total	205,992	264,569
Designated as at fair value through profit or loss		
2010 securitization	-	868,490
2011 securitization	710,059	831,457
Sub-total	710,059	1,699,947
	916,051	1,964,516
Available-for-sale financial assets		
Securities of listed companies	40,427	-
Emerging stock	1,012,241	1,210,419
Private equity	517,217	517,685
Sub-total	1,569,885	1,728,104
Held-to-maturity financial assets		
Investment in debt securities	9,131,820	5,324,240
Derivative financial assets used for hedging	37,759	-
Total	$ 11,655,515	9,016,860

2.Sensitivity analysis— equity price risk：

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

	For the years ended December 31,			
	2014		2013	
Equity price at reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increase 7%	$ 109,948	12,408	121,020	18,486
Decrease 7%	$ (109,948)	(12,408)	(121,020)	(18,486)

Based on the results of the Group's assessment, impairment loss of $2,325 and $2,877 were recognized on available-for-sale financial assets for the years ended December 31, 2014 and 2013, respectively.

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

The Group purchased debt securities issued by real estate trust. These debt securities have maturity dates between 2015 and 2018, and bear effective annual interest rate ranging from 3.43%~8.83%.

Portion of investments in equity securities 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).

3.Details of financial liabilities were as follows:

	2014.12.31	2013.12.31
Financial liabilities at fair value through profit or loss		
Held for trading		
Derivative instruments not used for hedging	$ (769)	(9,150)
Derivative financial liabilities used for hedging	(2,820)	(39,920)
Total	$ (3,589)	(49,070)

4.Derivative instrument not used for hedging

Derivative financial instruments are used to manage certain interest risk, arising from the Group's operating, financing and investing activities. As of December 31, 2014 and 2013, derivative financial instruments accounted for as held-for-trading financial liabilities were as follows:

Cross currency swap contracts

	2014.12.31			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~
CNY 123,510				2016.04.29
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~
CNY 183,300				2016.04.29
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~
CNY 121,580				2016.04.29

	2013.12.31			
Nominal Amount	Currency	Interest Rate Payable	Interest Rate Receivable	Contract Period
USD 20,000	USD to CNY	3.700%	90 Days LIBOR + 1.8%	2013.04.29~
CNY 123,510				2016.04.29
USD 30,000	USD to CNY	3.800%	90 Days LIBOR + 1.8%	2013.10.21~
CNY 183,300				2016.04.29
USD 20,000	USD to CNY	3.600%	90 Days LIBOR + 1.8%	2013.12.18~
CNY 121,580				2016.04.29

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

Interest rate swap contracts

Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
	2014.12.31			
CNY 300,000	2012.03.20~2015.03.20	2.960 %	Interest rate of one-year time deposit	3 years

Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
	2013.12.31			
CNY 300,000	2012.03.20~2015.03.20	2.960%	Interest rate of one-year time deposit	3 years

5.Derivative instruments used for hedging

As of December 31, 2014, and 2013, the Group held derivative instruments qualified for hedge accounting as follows:

Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
	2014.12.31			
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years

Nominal Amount	Contract Period	Interest Rate Payable	Interest Rate Receivable	Swap Period
	2013.12.31			
TWD 400,000	2010.11.17~2015.11.17	3%	90 days CP+1.2%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.1%	5 years
TWD 50,000	2011.01.19~2016.01.19	3%	90 days CP+1.0%	5 years

1) Cash flow hedge

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

Hedged item	Hedge Instrument	Fair Value 2014.12.31	Fair Value 2013.12.31	Expected Cash flow Period	Hedge Period
Unsecured corporate bonds	Interest Swap	$ (2,820)	(6,777)	2010~2016	2010~2016
CNY loans receivable	Cross Currency Swap contract	37,759	(33,143)	2013~2016	2013~2016

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

Item	For the years ended December 31, 2014	2013
The fair value adjustment to other comprehensive income	$ 74,858	(28,523)

2) Hedge of net investment in foreign operation

The fair value of the equity investment in foreign investee, Golden Bridge (B.V.I) Corp., may be influenced by the fluctuation of USD exchange rate. The Company designated its USD borrowings to hedge the exchange rate fluctuation risk from this investment. The details of net investment hedge in foreign operation and designated derivatives as of December 31, 2014 and 2013, were as follows:

	Designated Hedging Instrument		
		Fair Value	
Hedged Item	Hedge Instrument	2014.12.31	2013.12.31
Equity investment measured in USD	Foreign currency borrowings	$ 2,152,200	2,562,115

There were no effects of ineffectiveness recognized in profit or loss that arises from hedges of net investments in foreign operation, Golden Bridge (B.V.I) Corp., for the years ended December 31, 2014 and 2013.

(c) Financial assets securitization

1. 2011 Securitization

In 2011, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of $5,000,229. Such securitization was made by way of offering the securities in the form of beneficiary certificates, with the Land Bank of Taiwan as the Trustee. Accordingly, the Group received $4,154,000 in cash from issuing these beneficiary certificates, resulting in a loss of $9,533 from this asset securitization. These beneficiary certificates are redeemable for the period from November 24, 2011 to November 24, 2018. Specific terms and conditions of the beneficiary certificates are as follows:

Class of beneficiary certificates issued	Order of principal repayment	Issue amount /par value	Issue price	Interest rate	Payment frequency
twAAA	1st	3,830,000	3,830,000	2.20 %	Monthly
twA	2nd	324,000	324,000	3.00 %	Monthly
Subordinated	3rd	846,229	991,210	None	Monthly

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

Key assumptions at the securitization date:

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

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

1) Key assumptions used in measuring retained interests:

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

	2014.12.31	2013.12.31
Repayment rate	13.85 %	9.30 %
Expected return rate on securitized financial assets	8.63 %	9.03 %
Weighted-average life (in years)	1.92	2.92
Expected credit loss rate (Note)	1.85%~6.30%	1.85%~6.30%
Discount rate for residual cash flows	4.00 %	4.00 %

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

2) Sensitivity analysis

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

	2014.12.31	2013.12.31
Carrying amount of retained interests	710,059	831,457
Weighted — average life (in years)	1.92	2.92
Repayment rate	13.85 %	9.30 %
Effect on fair value with 10% adverse change	(11,279)	(19,772)
Effect on fair value with 20% adverse change	(20,911)	(36,796)
Expected credit losses	4.58%	4.58%
Effect on fair value with 10% adverse change	(20,673)	(23,017)
Effect on fair value with 20% adverse change	(41,336)	(46,038)
Discount rate for residual cash flows	4.00 %	4.00 %
Effect on fair value with 10% adverse change	(3,670)	(6,004)
Effect on fair value with 20% adverse change	(7,318)	(11,951)

3) Expected static pool credit losses

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

4) Cash flows

The cash flows received from securitization trusts were as follows:

	For the years ended December 31,	
	2014	2013
Other cash flows received on retained interests	$ 334,531	356,970
Service fees received	4,760	4,760

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

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

2.2010 Securitization

In 2010, the Group securitized its financial assets, consisting of conditional sales receivable, installment sales receivable, and capital leases receivable, with an aggregate carrying amount of $5,274,997. 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 $4,255,000 in cash from issuing these beneficiary certificates, resulting in a gain of $43,516 from this asset securitization. These beneficiary certificates are redeemable for the period from August 13, 2010 to August 26, 2017. 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	3,880,000	3,880,000	2.80 %	Monthly
twA	2nd	375,000	375,000	3.50 %	Monthly
Subordinated	3rd	1,019,997	1,124,727	None	Monthly

Key assumptions at the securitization date:

	August 13, 2010 (securitization date)
Repayment rate	8.5600 %
Expected return rate on securitized financial assets	9.4843 %
Weighted-average life (in years)	3.83
Expected credit loss rate	2.26%～4.20%
Discount rate for cash flows	3.08 %

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

1) Key assumptions used in measuring retained interests:

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

	2013.12.31
Repayment rate	17.10 %
Expected return rate on securitized financial assets	8.76 %
Weighted average life (in years)	1.67
Expected credit loss rate (Note)	1.85%~6.30%
Discount rate for residual cash flows	4.00 %

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

2) Sensitivity analysis

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

	2013.12.31
Carrying amount of retained interests	868,490
Weighted－average life (in years)	1.67
Repayment rate	17.10 %
Effect on fair value with 10% adverse change	(6,194)
Effect on fair value with 20% adverse change	(11,538)
Expected credit losses	5.20%
Effect on fair value with 10% adverse change	(17,031)
Effect on fair value with 20% adverse change	(34,065)
Discount rate for residual cash flows	4.00 %
Effect on fair value with 10% adverse change	(3,230)
Effect on fair value with 20% adverse change	(6,445)

3) Expected static pool credit losses

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

4) Cash flows

The cash flows received from securitization trusts were as follows:

	For the years ended December 31,	
	2014	2013
Other cash flows received on retained interests	$ 96,510	331,897
Service fees received	1,395	4,782

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

5) The special purpose trust has fully redeemed beneficiary certificates twAAA and twA on August 26, 2014. As the process of its liquidation was completed on September 22, 2014, the Group received $895,104 from the return of subordinated certificates.

On September 17, 2014, the Group entered into an agreement with the said Special Purpose Entity to repurchase its receivable of $613,677.

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

(d) Accounts receivable, net

		2014.12.31	2013.12.31
Current			
Accounts receivable	$	10,089,740	7,814,469
Less: Allowance for impairment		(624,129)	(512,465)
		9,465,611	7,302,004
Installment sales receivable		64,169,367	53,111,829
Less: Unearned interests		(5,907,409)	(5,062,691)
Allowance for impairment		(1,846,027)	(1,603,860)
		56,415,931	46,445,278
Leases receivable (included operating leases)		78,653,219	62,561,613
Less: Unearned revenue		(9,809,078)	(7,170,892)
Allowance for impairment		(2,637,123)	(2,062,883)
		66,207,018	53,327,838
Loans receivable		33,734,391	27,453,995
Less: Allowance for impairment		(889,109)	(810,808)
		32,845,282	26,643,187
Sub total of current accounts		164,933,842	133,718,307
Non Current			
Accounts receivable		2,652,563	2,172,940
Less: Allowance for impairment		(53,292)	(46,774)
		2,599,271	2,126,166
Installment sales receivable		26,136,991	23,306,532
Less: Unearned interests		(2,296,764)	(2,182,181)
Allowance for impairment		(304,723)	(227,778)
		23,535,504	20,896,573
Leases receivable		6,232,235	3,018,968
Less: Unearned revenue		(1,685,203)	(237,356)
Allowance for impairment		(59,099)	(44,969)
		4,487,933	2,736,643
Loans receivable		2,988,244	2,349,297
Less: Allowance for impairment		(71,849)	(89,233)
		2,916,395	2,260,064
Sub total of non current accounts		33,539,103	28,019,446
Total accounts receivable	$	198,472,945	161,737,753

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

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

	For the years ended December 31,	
	2014	2013
Opening balance	$ 5,398,770	4,666,258
Impairment loss recognized	3,970,544	2,799,882
Amounts written off	(3,128,886)	(2,189,182)
Foreign exchange gains	244,923	121,812
Ending balance	$ 6,485,351	5,398,770

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

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

	Gross investment in the leases	Unearned revenue	Present value of minimum leases receivable
December 31, 2014			
Within operating cycle	$ 78,562,748	(9,809,078)	68,753,670
Beyond one operating cycle to 5 years	3,959,475	(649,594)	3,309,881
Over 5 years	2,272,760	(1,035,609)	1,237,151
	$ 84,794,983	(11,494,281)	73,300,702
December 31, 2013			
Within operating cycle	$ 62,457,079	(7,170,892)	55,286,187
Beyond one operating cycle to 5 years	3,018,968	(237,356)	2,781,612
	$ 65,476,047	(7,408,248)	58,067,799

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 electric power generated will be only sold to Taiwan Power Company from the day the power plants are invested into commercial operation. The average lease term is set about twenty years.

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

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

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

		2014.12.31	2013.12.31
Within operating cycle	$	1,873,886	1,429,788
Beyond one operating cycle to 5 years		2,413,712	1,369,613
Over 5 years		197,198	-
	$	4,484,796	2,799,401

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

		Gross investment in the installment sales	Unearned interests	Present value of installment sales receivable
December 31,2014				
Within operating cycle	$	64,169,367	(5,907,409)	58,261,958
Beyond one operating cycle to 5 years		26,104,458	(2,295,861)	23,808,597
Over 5 years		32,533	(903)	31,630
	$	90,306,358	(8,204,173)	82,102,185

		Gross installment investment in the leases	Unearned interest	Present value of minimum leases receivable
December 31, 2013				
Within operating cycle	$	53,111,829	(5,062,691)	48,049,138
Beyond one operating cycle to 5 years		23,186,893	(2,178,503)	21,008,390
Over 5 years		119,639	(3,678)	115,961
	$	76,418,361	(7,244,872)	69,173,489

(e) Inventories and advance real estate receipts

In 2010, the subsidiaries namely, Chailease Finance Co., Ltd. and a related party,Chailease Construction & Development Corp., entered into an agreement with a related party, Yi Mao International Development Corp. for joint venture construction of housing units. Under this agreement, Yi Mao International Development Corp. invested its land for use in the construction. For the proceeds from the sale of the housing units, Yi Mao, the Group and Chailease Construction & Development Corp. share 18.11%, 40.945% and 40.945%, respectively. The housing units has been sold out as of December 31, 2014.

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

1.Inventories

	2014.12.31	2013.12.31
Construction for sale (Tianmu area)	$ -	543,970
Merchandise inventories	207	23,782
Allowance for valuation losses	-	-
	$ 207	567,752

2.Advance real estate receipts

	2014.12.31	2013.12.31
Tianmu area	$ -	307,563

3.The details of construction in progress-capitalized interest

	2013
Interest expense before capitalization	$ 3,990,026
Capitalized interest	4,251
Capitalized interest rate	1.51 %

(f) Other current assets - others

	2014.12.31	2013.12.31
Prepayments	$ 1,383,417	755,373
Prepaid expenses	1,493,040	1,338,455
Foreclosed assets	65,806	75,159
Others	317,070	154,752
	$ 3,259,333	2,323,739

As of December 31, 2014 and 2013, foreclosed assets held by the Group were as follows:

	2014.12.31	2013.12.31
Foreclosed assets	$ 107,426	92,976
Less: Accumulated impairment	(41,620)	(17,817)
	$ 65,806	75,159

For the years ended December 31, 2014 and 2013, the Group recognized an impairment loss of $22,086 and $8,114, respectively, for foreclosed assets. Certain foreclosed assets were disposed to non-related parties and recognized a disposal gain thereon of $70,648 and $2,967 for the years ended December 31, 2014 and 2013, respectively.

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

(g) Investments accounted under equity method

	2014.12.31	2013.12.31
Investments in associates	$ 183,215	29,480

For the years ended December 31, 2014 and 2013, the Group's share in the profit (loss) of associates was as follows:

	For the years ended December 31,	
	2014	2013
The Group's share in profit of associates	$ (11,077)	(2,459)

The related financial information of associates were as follows (before adjustments to the Group's proportionate share):

	2014.12.31	2013.12.31
Total assets	$ 490,064	117,747
Total liabilities	$ 48,720	60,263

	For the years ended December 31,	
	2014	2013
Operating revenue	$ 27,364	39,124
Profit	$ (27,330)	(27,645)

Portion of its 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).

(h) Acquisition of Subsidiaries

On September 30, 2014, the Group obtained control of Yun Tang Inc. by acquiring 100% of the capital contribution from the original owner, General Energy Solutions Inc.. After this equity ownership, the Group hence acquired the seventy-one solar power plants of Yun Tang Inc..

This acquisition not only provides the Group with long-term and stable power-generating revenues for twenty years, and diversifies the Group's business, but also helps expand the Group's existing product value chain. Moreover, it also enables the Group to respond to the government's renewable energy policy that advocates solar power energy.

The consideration for this business acquisition and the fair values of identifiable assets and liabilities acquired on acquisition date were as follows:

1. The consideration amounted to $445,000, which was based on net assets as of September 30, 2014.

2. The Group is required to pay the consideration in accordance with the terms and conditions described in the agreements for the business acquisition above. However, General Energy Solutions Inc. or any designated party is responsible for purchasing back any defective solar equipment or installations from Yun Tang Inc. on the effective date of the above business acquisition agreement.

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

3.Identifiable assets and liabilities acquired.

The fair values of identifiable assets acquired and liabilities assumed at the date of acquisition were as follows:

Cash and cash equivalents	$	37,021
Leases receivable		1,323,383
Other financial assets and other current assets		367,998
Other non-current assets		30,141
Accounts payable and other payables		(1,322,495)
	$	436,048

4.Goodwill arising from the business acquisition was recognized as follows:

Fair value of the consideration transferred	$	445,000
Less: Fair value of identifiable net assets		(436,048)
Goodwill	$	8,952

The goodwill is attributable to the profitability of the electricity procurement agreements with Taiwan Power Company.

None of the goodwill recognized is expected to be deductible for tax purposes.

5.Consideration paid for business acquisition

Fair value of the consideration transferred	$	445,000
Less: Cash at the acquisition date		(37,021)
The cash outflow from acquisition of the subsidiary	$	407,979

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group as of and for the years ended December 31, 2014 and 2013, were as follows:

		Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Cost:						
Balance at January 1, 2014	$	2,965,915	5,482,214	2,992,112	121,105	11,561,346
Additions		37,996	4,054,204	145,991	4,425	4,242,616
Reclassification		-	1,991	-	-	1,991
Disposals		-	(1,507,224)	(2,137,722)	-	(3,644,946)
Effect of movements in exchange rate		56,295	24,373	98,148	393	179,209
Balance at December 31, 2014	$	3,060,206	8,055,558	1,098,529	125,923	12,340,216

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

		Land and buildings	Transportation equipment	Machinery and miscellaneous equipment	Leasehold improvements	Total
Balance at January 1, 2013	$	1,442,907	4,350,680	6,925,300	99,431	12,818,318
Additions		1,519,858	2,236,035	199,436	21,795	3,977,124
Reclassification		-	1,249	(3,262)	(232)	(2,245)
Disposals		-	(1,133,798)	(4,486,699)	-	(5,620,497)
Effect of movements in exchange rate		3,150	28,048	357,337	111	388,646
Balance at December 31, 2013	$	2,965,915	5,482,214	2,992,112	121,105	11,561,346
Depreciation and impairment losses:						
Balance at January 1, 2014	$	384,074	1,586,301	2,322,279	82,325	4,374,979
Depreciation for the year		51,836	1,046,759	215,176	11,723	1,325,494
Impairment loss		-	273,125	1,956	-	275,081
Disposals		-	(954,630)	(1,779,431)	-	(2,734,061)
Effect of movements in exchange rate		2,426	15,287	82,871	283	100,867
Balance at December 31, 2014	$	438,336	1,966,842	842,851	94,331	3,342,360
Balance at January 1, 2013	$	385,366	1,180,325	4,675,224	72,708	6,313,623
Depreciation for the year		33,449	848,418	599,837	9,705	1,491,409
Impairment loss (reversal)		(35,000)	218,181	236,395	-	419,576
Reclassification		-	-	(2,721)	(183)	(2,904)
Disposals		-	(668,225)	(3,438,569)	-	(4,106,794)
Effect of movements in exchange rate		259	7,602	252,113	95	260,069
Balance at December 31, 2013	$	384,074	1,586,301	2,322,279	82,325	4,374,979
Carrying amounts:						
Balance at December 31, 2014	$	2,621,870	6,088,716	255,678	31,592	8,997,856
Balance at December 31, 2013	$	2,581,841	3,895,913	669,833	38,780	7,186,367

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

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

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(j) Intangible assets

The costs of intangible assets, amortization, and the impairment loss of the Group as of and for the years ended December 31, 2014 and 2013, were as follows:

	Goodwill	Software	Total
Cost:			
Balance at January 1, 2014	$ 3,728	35,907	39,635
Acquisition from combination	8,952	-	8,952
Additions	-	4,863	4,863
Reclassification	-	1,788	1,788
Effect of movements in exchange rate	-	1,932	1,932
Balance at December 31, 2014	$ 12,680	44,490	57,170
Balance at January 1, 2013	$ 3,728	33,370	37,098
Additions	-	2,267	2,267
Reclassification	-	1,547	1,547
Effect of movements in exchange rate	-	(1,277)	(1,277)
Balance at December 31, 2013	$ 3,728	35,907	39,635
Amortization and impairment losses:			
Balance at January 1, 2014	$ -	17,023	17,023
Amortization for the year	-	3,599	3,599
Effect of movements in exchange rate	-	957	957
Balance at December 31, 2014	$ -	21,579	21,579
Balance at January 1, 2013	$ -	14,011	14,011
Amortization for the year	-	3,709	3,709
Effect of movements in exchange rate	-	(697)	(697)
Balance at December 31, 2013	$ -	17,023	17,023
Carrying amounts:			
Balance at December 31, 2014	$ 12,680	22,911	35,591
Balance at December 31, 2013	$ 3,728	18,884	22,612

For the years ended December 31, 2014 and 2013, the amortization of intangible assets amounted to $3,599 and $3,709, respectively. This amortization was accounted for as operating expense of the statement of profit or loss.

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

(k) Long-term and short-term borrowings

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

	2014.12.31			
	Currency	Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.30%~1.65%	2015~2019	$ 837,802
〃	USD	2.00%~4.00%	2015~2017	1,486,428
〃	THB	2.80%~4.75%	2015~2017	8,886,730
〃	CNY	3.93%~7.69%	2015~2017	14,476,088
〃	VND	3.60%~7.50%	2015~2016	1,320,356
Unsecured bank loans	TWD	0.92%~1.97%	2015~2017	73,316,182
〃	USD	1.41%~2.92%	2015~2016	18,587,366
〃	EUR	1.37%	2015	100,022
〃	THB	2.67%~7.38%	2015~2016	7,588,035
〃	JPY	1.20%~1.25%	2015~2016	226,890
〃	CNY	3.93%~7.69%	2015~2017	19,697,786
Other unsecured loans	THB	2.90%~3.00%	2015	2,570,343
〃	TWD	7.83%	2015	7,541
Notes payable from securitization	TWD	1.85%~2.65%	2019	5,465,000
〃	USD	0.71%~0.81%	2030	247,556
Total				$ 154,814,125
Current				$ 120,561,647
Non-current				34,252,478
Total				$ 154,814,125

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

	2013.12.31			
	Currency	Interest Rate	Years of Maturity	Amount
Secured bank loans	TWD	1.32%~1.65%	2014~2015	$ 407,865
〃	USD	2.00%~4.50%	2014~2015	1,537,121
〃	THB	2.92%~4.75%	2014~2017	7,180,110
〃	CNY	4.01%~7.68%	2014~2016	6,928,597
〃	VND	4.50%~9.50%	2014~2016	884,773
Unsecured bank loans	TWD	1.10%~2.00%	2014~2017	59,295,776
〃	USD	1.14%~2.95%	2014~2017	15,915,355
〃	EUR	1.38%~1.39%	2014	19,312
〃	THB	2.92%~3.45%	2014~2016	4,030,148
〃	JPY	1.20%~1.30%	2014~2016	129,173
〃	CNY	4.01%~7.68%	2014~2019	19,047,306
Other unsecured loans	THB	2.65%~3.20%	2014	8,244,284
Notes payable from securitization	USD	0.67%~0.71%	2030	387,552
Total				$ 124,007,372
Current				$ 97,560,033
Non-current				26,447,339
Total				$ 124,007,372

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

1.Securities for bank loans

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

2.Financial covenants of significant loans and borrowings

1) A subsidiary, Chailease Finance Co., Ltd., entered into several syndicated credit agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, self-owned asset ratio, etc.) Otherwise, the loans are due and payable immediately.

2) A subsidiary, Chailease Finance (B.V.I.) Co., Ltd., also entered into several syndicated credit/loan agreements with financial institutions, under which, Chailease Finance Co., Ltd. shall maintain certain financial ratios on balance sheet date. (i.e. equity ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

3) A subsidiary, Asia Sermkij Leasing Public Co., Ltd., likewise entered into several credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, etc.) Otherwise, the loans are due and payable immediately.

4) A subsidiary, GPLA, entered into a syndicated credit agreement with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. interest coverage ratio, tangible net worth, etc.) Otherwise, the loan is due and payable immediately.

5) A subsidiary, Fina Finance & Trading Co., Ltd., entered into several syndicated credit/loan agreements with financial institutions, under which, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. current ratio, interest coverage ratio, tangible net worth, etc.) Otherwise, the loans are due and payable immediately.

6) A subsidiary, Chailease International Finance Corporation entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, equity ratio, interest coverage ratio, total risk assets to net assets ratio, overdue leased assets to leased assets ratio, leasing rental recovery ratio, etc.) Otherwise, the loans are due and payable immediately.

7) A subsidiary, Chailease Finance International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, this subsidiary shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, risk assets to net assets ratio, etc.) Otherwise, the loans are due and payable immediately.

8) A subsidiary, Chailease International Corp., entered into several credit/loan agreements with financial institutions. Under these agreements, the Company shall maintain certain financial ratios on balance sheet date. (i.e. liabilities to equity ratio, recovery of account receivable, etc.) Otherwise, the loans are due and payable immediately.

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

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

As of December 31, 2014 and 2013, the Group were in compliance with the financial covenants mentioned above.

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(l) Bonds payable

Period	Interest Rate	Principal Amount		Repayment Terms	2014.12.31 Within Operating Cycle	2014.12.31 Beyond Operating Cycle	Collateral
2010.11.17~ 2015.11.17	2.058%~ 2.088%		400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	$ 400,000	-	None
2011.01.19~ 2016.01.19	1.858%~ 1.897%		50,000	〃	50,000	-	〃
2011.01.19~ 2016.01.19	1.958%~ 1.997%		50,000	〃	50,000	-	〃
2012.06.05~ 2017.06.05	1.500%		2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	1,000,000	1,000,000	〃
2013.07.22~ 2018.07.22	1.600%		1,400,000	〃	-	1,400,000	〃
2014.06.16~ 2019.06.16	1.500%		450,000	〃	-	450,000	〃
2014.10.30~ 2024.10.30	2.05%~ 2.30%		2,000,000	Payable in lump sum. Interest rate is fixed. Interest is payable annually.	-	2,000,000	〃
2013.02.22~ 2015.08.21	4.550%	THB	350,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	338,450	-	〃
2014.05.09~ 2016.05.16	3.820%	THB	240,000	〃	-	232,080	〃
2013.06.27~ 2016.06.27	4.500%	THB	1,300,000	〃	-	1,257,100	〃
2014.04.30~ 2017.04.28	4.150%	THB	100,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	96,700	〃
2014.05.15~ 2017.06.08	4.100%	THB	210,000	〃	-	203,070	〃
2014.05.27~ 2017.05.09	4.050%	THB	150,000	〃	-	145,050	〃
2014.06.27~ 2017.07.10	4.050%	THB	220,000	〃	-	212,740	〃
2014.07.17~ 2016.07.11	3.790%	THB	215,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	-	207,905	〃

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

Period	Interest Rate	Principal Amount		Repayment Terms	2014.12.31 Within Operating Cycle	2014.12.31 Beyond Operating Cycle	Collateral
2014.07.18~ 2017.07.25	4.050%	THB	500,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	-	483,500	None
2014.07.25~ 2017.08.08	4.050%	THB	320,000	〃	-	309,440	〃
2014.09.26~ 2017.10.10	3.950%	THB	200,000	〃	-	193,400	〃
2014.09.26~ 2017.09.25	3.950%	THB	250,000	〃	-	241,750	〃
2014.09.29~ 2017.09.25	3.950%	THB	100,000	〃	-	96,700	〃
2014.11.07~ 2016.11.07	3.700%	THB	160,000	〃	-	154,720	〃
2014.11.10~ 2017.11.10	3.950%	THB	200,000	〃	-	193,400	〃
2014.11.24~ 2017.12.07	3.850%	THB	130,000	〃	-	125,710	〃
2014.11.25~ 2016.11.25	3.700%	THB	120,000	〃	-	116,040	〃
2014.12.03~ 2016.12.07	3.700%	THB	190,000	〃	-	183,730	〃
2012.04.05~ 2015.04.05	5.000%	CNY	750,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	3,818,889	-	〃
Bonds payable (Gross)					5,657,339	9,303,035	
Discounts on bonds payable					(129)	(3,778)	
					$ 5,657,210	9,299,257	

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

					2013.12.31		
Period	Interest Rate		Principal Amount	Repayment Terms	Within Operating Cycle	Beyond Operating Cycle	Collateral
2010.11.17~ 2015.11.17	2.081%~ 2.099%		400,000	Payable in lump sum. Interest rate is floating. Interest is payable annually.	$ 400,000	-	None
2011.01.19~ 2016.01.19	1.891%~ 1.899%		50,000	〃	-	50,000	〃
2011.01.19~ 2016.01.19	1.991%~ 1.999%		50,000	〃	-	50,000	〃
2011.08.30~ 2014.08.30	1.750%		4,000,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	4,000,000	-	〃
2012.06.05~ 2017.06.05	1.500%		2,000,000	Principal amount is payable in two equal installments at the end of the fourth and fifth year. Interest rate is fixed. Interest is payable annually.	-	2,000,000	〃
2013.07.22~ 2018.07.22	1.600%		1,400,000	〃	-	1,400,000	〃
2012.11.09~ 2014.11.10	4.550%	THB	1,000,000	Payable in lump sum. Interest rate is fixed. Interest is payable quarterly.	913,500	-	〃
2013.02.22~ 2015.08.21	4.550%	THB	350,000	〃	-	319,725	〃
2013.06.27~ 2016.06.27	4.500%	THB	1,300,000	〃	-	1,187,550	〃
2013.12.26~ 2014.03.26	3.000%	THB	100,000	〃	91,350	-	〃
2012.04.05~ 2015.04.05	5.000%	CNY	750,000	Payable in lump sum. Interest rate is fixed. Interest is payable semi - annually.	3,689,263	-	〃
Bonds payable (Gross)					9,094,113	5,007,275	
Discounts on bonds payable					(787)	(2,282)	
					$ 9,093,326	5,004,993	

Financial covenants of significant loans and borrowings:

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

As of December 31, 2014 and 2013, Chailease Finance Co., Ltd., a subsidiary, was in compliance with the financial covenants mentioned above.

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

(m) Operating Leases

1.Leases entered into as lessee

Non-cancellable operating lease payables were as follows:

		2014.12.31	2013.12.31
Within 1 year	$	241,054	195,278
Beyond 1 year but up to 5 years		673,384	182,207
Over 5 years		130,977	-
	$	**1,045,415**	**377,485**

(n) Employee benefits

1.Defined benefit plans

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

		2014.12.31	2013.12.31
Total present value of benefit obligations	$	1,489,673	1,426,182
Fair value of plan assets		(678,300)	(616,982)
Deficit in the plan		811,373	809,200
Recognized liabilities for defined benefit obligations	$	**811,373**	**809,200**

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

1) Composition of plan assets

The Group sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Fund, Ministry of Labor. Under these Regulations, minimum earnings from these pension funds shall be no less than the earnings from two year time deposits with interest rates normally offered by local banks.

At December 31, 2014, the Group's labor pension reserve account balance with the Bank of Taiwan amounted to $650,674. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

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

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31,	
	2014	2013
Defined benefit obligation at January 1	$ 1,426,182	1,409,178
Benefits paid by the plan assets	(3,961)	(21,325)
Current service costs and interest	83,467	81,504
Actuarial losses	(16,015)	(43,175)
Defined benefit obligation at December 31	$ 1,489,673	1,426,182

3) Movements of defined benefit plan assets

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

	For the years ended December 31,	
	2014	2013
Fair value of plan assets at January 1	$ 616,982	582,399
Contributions made	52,000	51,837
Benefits paid by the plan assets	(4,670)	(21,325)
Expected return on plan assets	12,822	10,503
Actuarial gains (losses)	1,166	(6,432)
Fair value of plan assets at December 31	$ 678,300	616,982

4) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2014	2013
Current service costs	$ 53,991	55,485
Interest on obligation	29,476	26,019
Expected return on plan assets	(12,822)	(10,503)
	$ 70,645	71,001
Cost of sales	$ 1,859	1,630
Operating expenses	$ 68,786	69,371
Actual return on assets	$ 13,988	4,071

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

5) Actuarial gains and losses recognized in other comprehensive income

The Group's actuarial gains and losses recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2014	2013
Cumulative amount at January 1	$ (55,548)	(92,291)
Recognized during the period	17,181	36,743
Cumulative amount at December 31	$ (38,367)	(55,548)

6) Actuarial assumptions

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

	For the years ended December 31,	
	2014	2013
Discount rate at December 31	2.00%~3.70%	2.00%~3.70%
Expected return on plan assets at January 1	2.00%	2.00%
Future salary increases	3.00%~6.00%	3.00%~6.00%

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

7) Experience adjustments on historical information

	2014.12.31	2013.12.31	2012.12.31	2012.1.1
Present value of defined benefit plans	$ 1,489,673	1,426,182	1,409,178	1,261,848
Fair value of plan assets	(678,300)	(616,982)	(582,399)	(559,075)
Net liabilities (assets) of defined benefit obligations	$ 811,373	809,200	826,779	702,773
Experience adjustments arising on the present value of defined benefit plans	$ (34,213)	(21,491)	13,477	-
Experience adjustments arising on the fair value of the plan assets	$ 1,166	(6,432)	(6,202)	-

8) When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

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

The Group are expecting $62,051 worth of contributions shall be paid for its benefit plans within a year after the reporting date of December 31, 2014.

As of December 31, 2014, the Group's accrued pension liabilities were $811,373. If the discount rate had increased or decreased by 0.25%, the Group's accrued pension liabilities would have decreased by $54,528 or increased by $56,875, respectively.

2.Defined contribution plans

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

The Group's pension costs under the defined contribution method were $116,760 and $61,824 for 2014 and 2013, respectively. Payment was made to the Bureau of the Labor Insurance.

(o) Income taxes

1.Income Tax Expense

The components of income tax in the years 2014 and 2013 were as follows:

	For the years ended December 31, 2014	2013
Current tax expense		
Current period	$ 3,148,851	1,787,130
Adjustment for prior periods	(7,585)	15,664
	3,141,266	1,802,794
Deferred tax expense	(619,321)	565,799
Income tax expense from continuing operations	$ 2,521,945	2,368,593

The amount of income tax recognized in other comprehensive income for years 2014 and 2013 was as follows:

	For the years ended December 31, 2014	2013
Foreign currency translation differences for foreign operations	$ (60,239)	(39,275)
Defined benefit plan actuarial gains (losses)	(2,921)	(5,594)
	$ (63,160)	(44,869)

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

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2014 and 2013 is as follows:

	For the years ended December 31,	
	2014	**2013**
Profit excluding income tax	$ 9,676,714	8,576,581
Income tax calculated on pre-tax financial income at a statutory tax rate applied by subsidiaries	3,163,775	2,378,940
Reduction in tax rate	(21,917)	(79,431)
Non-deductible expenses	(532,490)	83,663
Change in temporary differences	(79,838)	(30,243)
Under (over) provision in prior periods	(7,585)	15,664
Income tax expense	$ 2,521,945	2,368,593

2.Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Assets

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

	2014.12.31	2013.12.31
Tax effect of deductible Temporary Differences	$ 10,555	413,964
Tax losses	1,220,056	1,281,182
	$ 1,230,611	1,695,146

As of December 31, 2014, the Group did not recognize the prior years' loss carry-forwards as deferred tax assets. The expiry years of those loss carry forward benefits were as follows:

Year of loss	Unused amount	Year of expiry
2008	$ 80,375	2018&2028
2009	326,143	2019&2029
2010	1,594,953	2020&2030
2011	461,217	2021&2031
2012	254,896	2022&2032
2013	57,437	2023&2033
2014	29,691	2024&2034

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

2) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Defined Benefit Plans	Loss on uncollectible account	Unrealized gain on investment income	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2014	$ 852	-	1,341,934	1,282	1,344,068
Recognized in profit or loss	(703)	-	180,905	(1,141)	179,061
Recognized in other comprehensive income	838	-	-	-	838
Effect in exchange rate	-	-	50,742	8	50,750
Balance at December 31, 2014	$ 987	-	1,573,581	149	1,574,717
Balance at January 1, 2013	$ 412	-	925,128	50,550	976,090
Recognized in profit or loss	-	-	402,567	(49,271)	353,296
Recognized in other comprehensive income	440	-	-	-	440
Effect in exchange rate	-	-	14,239	3	14,242
Balance at December 31, 2013	$ 852	-	1,341,934	1,282	1,344,068
Deferred Tax Assets:					
Balance at January 1, 2014	$ 141,147	975,874	-	418,488	1,535,509
Recognized in profit or loss	2,956	948,998	-	(153,572)	798,382
Recognized in other comprehensive income	(2,083)	-	-	(60,239)	(62,322)
Effect in exchange rate	878	58,888	-	3,236	63,002
Balance at December 31, 2014	$ 142,898	1,983,760	-	207,913	2,334,571
Balance at January 1, 2013	$ 142,871	790,525	-	805,788	1,739,184
Recognized in profit or loss	4,091	161,250	-	(377,844)	(212,503)
Recognized in other comprehensive income	(5,154)	-	-	(39,275)	(44,429)
Effect in exchange rate	(661)	24,099	-	29,819	53,257
Balance at December 31, 2013	$ 141,147	975,874	-	418,488	1,535,509

3.The income tax returns of the subsidiaries, Chailease Finance Co., Ltd., Fina Finance & Trading Co., Ltd., Apex Credit Solutions Inc., China Leasing Co., Ltd., Chailease Auto Rental Co., Ltd., Chailease Insurance Brokers Co., Ltd., and Chailease Credit Services Co., Ltd., have been assessed by the Tax Authority through 2012.

(p) Share capital and other equity accounts

1.Share capital

As of December 31, 2014 and 2013, the Company's authorized capital consisted of 1,500,000 thousand shares and issued shares worth $10,954,134 and $9,958,304, respectively, with par value of $10 (NT dollars) per share.

On May 30, 2014, pursuant to the resolutions approved by the stockholders during their meeting, the Company increased its capital by $995,830 divided into 99,583 thousand shares, from unappropriated retained earnings, with August 3, 2014 as the record date. On August 20, 2014, the Company's relevant registration process thereon was completed.

On May 30, 2013, pursuant to the resolutions approved by the stockholders during their meeting, the Company increased its capital by $905,300, divided into 90,530 thousand shares, from unappropriated retained earnings, with September 2, 2013 as the record date. On September 16, 2013, the Company's relevant registration process thereon was completed.

Due to the capital needs for investing in subsidiaries and repaying bank loans, the board of directors of the Company resolved to increase the Company's capital by issuing common shares of stock through the offering of global depositary shares overseas, and the offering was approved by the Financial Supervisory Commission (FSC) on August 3, 2012. As of October 9, 2012, these global depositary shares were priced at US$8.59 per unit, and the Company issued 120,000,000 common shares of stock from the conversion of 24,000,000 units of global depositary shares. Each unit of global depositary shares represents 5 common shares of stock. As of December 31, 2014 and December 31, 2013, the Company has listed, 2,612,562 and 2,763,243 units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. Major terms and conditions for GDRs were as follows:

1) Voting rights exercised

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

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

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

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

2.Capital surplus

The components of capital surplus were as follows:

	2014.12.31	2013.12.31
Share capital	$ 9,387,469	9,387,469
Change in equity of associates accounted for using equity method	19,990	24,229
	$ 9,407,459	9,411,698

3.Retained earnings

According to the Articles of Association, which was revised through a resolution approved by the stockholders' meeting on May 30, 2014, 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. The remaining earnings for each accounting period and the accumulated unappropriated retained earnings are distributed according to the stockholder's approval in compliance with the following order of distribution:

a) between 0.01% and 1% of such remaining amount as employees' bonus for each accounting period;

b) between 0.01% and 0.1% of such remaining amount as directors' bonus for each accounting period; and

c) dividends of at least 20% of such remaining amount of which cash dividends shall not be less than 30% of the total amount of dividends .

1) Special reserve

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

2) Earnings distribution

In its financial statements for the years 2014 and 2013, the Company accrued employee benefits of $1,024 and $882, and the board of directors' remuneration of $5,460 and $4,706, respectively. These amounts were estimated from the Company's net profit of 2014 and 2013, according to the earnings allocation method, priority and factor for employee benefits and the board of directors' remuneration as stated under the Articles of Association. These benefits are charged to profit or loss under operating expense in the years 2014 and 2013. There were no differences between the actual distributions of the year 2013 earnings in the year 2014 and those estimated and accrued in the financial statements.

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

Amounts to distributed for employee benefits and the board of directors' remuneration for 2014 are yet to be administered by the board of directors or decided by the meeting of shareholders.

Related information would be available at the Market Observation Post System on the internet after the convening of the meeting of shareholders.

According to management, the difference, if any, between the amounts accrued in the year 2014 financial statements and the actual appropriations of the year 2014 earnings, shall be accounted for under profit or loss in the year 2015 when the actual distribution of such earnings are determined by the meeting of shareholders.

During their meeting on May 30, 2014, and 2013, the stockholders approved to distribute the years 2013 and 2012 earnings, respectively. These earnings were distributed as dividends as follows:

	2013		2012	
	Dividend per share ($)	Amount	Dividend per share ($)	Amount
Dividends distributed to common shareholders				
Cash	$ 2.00	1,991,661	2.00	1,810,600
Stock	1.00	995,830	1.00	905,300
Total		$ 2,987,491		2,715,900

The information on prior year's distribution of the Company's earnings will be announced through the Market Observation Post System on the internet.

4.Other equity accounts(net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedge of net investment in foreign operations	Others	Total
Balance at January 1, 2014	$ 760,510	299,730	(39,919)	2,615	(49,141)	973,795
Effective portion of hedge of net investment in foreign operations	-	-	-	(163,818)	-	(163,818)
Exchange differences on translation of foreign financial statements	1,050,730	-	-	-	-	1,050,730
Unrealized gains (losses) on available-for-sale financial assets	-	(147,405)	-	-	-	(147,405)
Effective portion of cash hedges	-	-	74,858	-	-	74,858
Advanced cash receipts	-	-	-	-	49,141	49,141
Balance at December 31, 2014	$ 1,811,240	152,325	34,939	(161,203)	-	1,837,301

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) of effective portion of cash flow hedges	Gains (losses) of effective portion of hedge of net investment in foreign operations	Others	Total
Balance at January 1, 2013	(138,522)	(234,099)	(11,396)	29,695	75,473	(278,849)
Effective portion of hedge of net investment in foreign operations	-	-	-	(27,080)	-	(27,080)
Exchange differences on translation of foreign financial statements	899,032	-	-	-	-	899,032
Unrealized gains (losses) on available-for-sale financial assets	-	533,829	-	-	-	533,829
Effective portion of cash hedges	-	-	(28,523)	-	-	(28,523)
Advanced cash receipts	-	-	-	-	(124,614)	(124,614)
Balance at December 31, 2013	$ 760,510	299,730	(39,919)	2,615	(49,141)	973,795

5.Non-controlling interests

	For the years ended December 31, 2014	2013
Blance of beginning	$ 1,816,750	1,743,341
Comprehensive income attributable to non-controlling interests		
Profit for the year	329,361	324,944
Exchange differences on translation of foreign financial statements	110,221	(72,239)
Defined benefit plan actuarial gains(losses)	5	(1)
Decrease in non-controlling interests	(165,968)	(179,295)
Balance of ending	$ 2,090,369	1,816,750

(q) Earnings per share

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

	For the years ended December 31, 2014	2013
Profit attributable to common stockholders of the Company	$ 6,825,408	5,883,044
Weighted average number of ordinary shares	1,095,413	1,095,413
Weighted average number of ordinary shares (Diluted)	1,095,434	1,095,428

Note: Potential ordinary shares have no dilutive effects.

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

(r) Net other income and expenses

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

	For the years ended December 31, 2014	2013
Gain on disposal of foreclosed assets	$ 70,648	2,967
Impairment loss of foreclosed assets	(22,086)	(8,114)
Gain on doubtful debt recoveries	141,657	157,372
Others	244	-
	$ 190,463	152,225

(s) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31, 2014	2013
Foreign exchange losses	$ (114,088)	(94,337)
Net gains on disposal of properly plant, and equipment	1,836	2,348
Net gains on disposal of available-for-sale financial assetst	67,388	53,627
Net losses on valuation of financial assets (liabilities) measured at fair value through profit or loss	(60,735)	(81,398)
Impairment losses on available-for-sale financial assets	(2,325)	(2,877)
Others	916,098	497,329
	$ 808,174	374,692

(t) Adjustments to other comprehensive income

	For the years ended December 31, 2014	2013
Available-for-sale financial assets	$	
Net change in fair value	(108,865)	552,930
Net change in fair value reclassified to profit or loss	(38,540)	(19,101)
Net change in fair value recognized in other comprehensive income	$ (147,405)	533,829

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

(u) Financial instruments

1. Financial instruments:

Financial assets:		2014.12.31	2013.12.31
Financial assets at fair value through profit or loss:			
Held for trading	$	205,992	264,569
Designated as at fair value through profit or loss		710,059	1,699,947
sub-total		916,051	1,964,516
Available-for-sale financial assets		1,569,885	1,728,104
Held-to-maturity financial assets		9,131,820	5,324,240
Derivative financial assets for hedging		37,759	-
Loans and receivables:			
Cash and cash equivalents		8,338,117	7,586,221
Accounts receivable		198,472,945	161,737,753
Other financial assets		1,458,091	1,747,704
Refundable deposits		799,339	565,340
Restricted cash in banks		2,200,387	3,299,295
sub-total		211,268,879	174,936,313
Total	$	**222,924,394**	**183,953,173**

Financial liabilities:			
Financial liabilities at fair value through profit or loss:			
Held for trading	$	769	9,150
sub-total		769	9,150
Derivative financial liabilities for hedging		2,820	39,920
Financial liabilities are measured at cost:			
Bank overdraft		7,913	84,084
Secured bank loans		27,007,404	16,938,466
Unsecured bank loans		119,508,368	98,352,986
Other unsecured loans		2,577,884	8,244,284
Notes payable from securitization		5,712,556	387,552
Bonds payable		14,956,467	14,098,319
Accounts payable		5,850,340	5,899,299
Deposits relating to collateral of customers		22,114,780	18,507,840
sub-total		197,735,712	162,512,830
Total	$	**197,739,301**	**162,561,900**

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

2. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Group. As of December 31, 2014 and 2013, the maximum exposure to credit risks amounted to \$237,672,494 and \$195,389,382, respectively.

The non-performing loans (net of allowance for doubtful accounts) amounted to \$210,194 and \$262,361 as of December 31, 2014 and 2013, respectively.

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

	Taiwan	Thailand	China	Others	Total
December 31, 2014					
Gross loans and receivables:					
Neither past due nor impaired	\$ 98,780,352	25,084,959	66,283,452	4,384,331	194,533,094
Past due	117,518	-	-	178,836	296,354
Impaired	2,506,388	3,392,786	3,545,628	413,946	9,858,748
	\$101,404,258	28,477,745	69,829,080	4,977,113	204,688,196
Allowance for impairment					
Collectively assessed	\$ 1,151,027	317,347	1,299,025	353,968	3,121,367
Individually assessed	1,347,087	279,503	1,461,598	215,890	3,304,078
	\$ 2,498,114	596,850	2,760,623	569,858	6,425,445
December 31, 2013					
Gross loans and receivables:					
Neither past due nor impaired	\$ 79,759,656	23,780,427	51,695,376	3,860,029	159,095,488
Past due	132,092	-	-	270,526	402,618
Impaired	2,115,012	2,045,735	2,744,555	414,887	7,320,189
	\$ 82,006,760	25,826,162	54,439,931	4,545,442	166,818,295
Allowance for impairment					
Collectively assessed	\$ 1,129,054	219,901	1,159,308	387,289	2,895,552
Individually assessed	1,047,058	257,289	919,013	223,991	2,447,351
	\$ 2,176,112	477,190	2,078,321	611,280	5,342,903

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

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

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

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

3) Loans and receivables which were past due

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

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

	2014.12.31	2013.12.31
Past due up to 30 days	$ 210,027	168,779
31 to 90 days	86,327	233,839
	$ 296,354	402,618

4) Impaired loans and receivables

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

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

3.Liquidity risks

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

	Carrying amount	Contractual cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	On demand
December 31, 2014								
Non-derivative financial liabilities								
Bank overdraft	$ 7,913	7,913	-	-	-	-	-	7,913
Secured bank loans	27,007,404	27,589,820	2,963,808	1,548,762	9,486,254	13,590,996	-	-
Unsecured bank loans	119,508,368	120,556,771	35,117,657	22,153,946	26,064,880	37,220,288	-	-
Other unsecured loans	2,577,884	2,593,299	320,165	1,338,505	934,629	-	-	-
Notes payable from securicization	5,712,556	6,161,043	8,850	17,701	79,652	5,785,623	269,217	-
Bonds payables	14,956,467	15,954,622	13,780	36,821	4,815,208	8,925,413	2,163,400	-
Other payables	5,850,340	5,850,978	3,932,919	828,760	592,150	347	-	496,802
Deposits relating to collateral of customers	22,114,780	22,347,787	458,034	739,035	5,663,802	14,868,608	-	618,308
Derivative financial liabilities								
Derivative instruments not used for hedging	769	769	-	-	-	769	-	-
	$ 197,736,481	201,063,002	42,815,213	26,663,530	47,636,575	80,392,044	2,432,617	1,123,023
December 31, 2013								
Non-derivative financial liabilities								
Bank overdraft	$ 84,084	84,084	-	-	-	-	-	84,084
Secured bank loans	16,938,466	17,663,246	3,036,015	1,405,455	4,572,495	8,649,281	-	-
Unsecured bank loans	98,352,986	99,316,048	22,079,489	23,357,028	27,811,233	25,572,531	495,767	-
Other unsecured loans	8,244,284	8,293,746	2,194,307	3,706,983	2,392,456	-	-	-
Bonds payables	387,552	433,619	229	458	2,061	10,994	419,877	-
Other payables	14,098,319	14,587,944	1,946	136,445	4,176,727	10,272,826	-	-
Notes payable from securicization	5,899,299	5,914,010	4,316,890	590,516	488,972	329	-	517,303
Deposits relating to collateral of customers	18,507,840	18,515,357	173,537	540,458	4,790,408	12,397,256	1,728	611,970
Derivative financial liabilities								
Derivative instruments not used for hedging	9,150	9,150	-	-	-	9,150	-	-
	$ 162,521,980	164,817,204	31,802,413	29,737,343	44,234,352	56,912,367	917,372	1,213,357

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

4.Currency risks

1) Exposure to currency risks

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

	2014.12.31			
	Foreign currency (In thousand)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 3,267.05	USD：TWD	31.6500	103,402
	7,615.68	USD：VND	22,056	241,036
CNY	2,544.70	CNY：USD	0.1609	12,958
Financial liabilities				
Monetary items				
USD	68,518.56	USD：TWD	31.6500	2,168,612
	6,164.55	USD：VND	22,056	195,108
CNY	750,000.00	CNY：USD	0.1609	3,819,000

	2013.12.31			
	Foreign currency (In thousands)	Exchange rate		Functional currency
Financial assets				
Monetary items				
USD	$ 3,292.15	USD：TWD	29.8050	98,122
Financial liabilities				
Monetary items				
USD	87,112.72	USD：TWD	29.8050	2,596,395
	5,532.57	USD：VND	21,755	164,898
CNY	750,000.00	CNY：USD	0.1650	3,689,263

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 $6,475 and $4,971, for the years ended December 31, 2014 and 2013, respectively. The analysis is performed on the same basis for both years.

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

5.Interest analysis

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

				Fixed rate			
Ending balance as of December 31, 2014	Effective interest rate	Total	Floating rate	Within 1 year	1~5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and cash equivalents	1.69 %	$ 8,338,117	6,052,982	713,754	-	-	1,571,381
Debt securities	6.19 %	9,841,879	710,059	4,577,469	4,554,351	-	-
Total accounts receivables	10.39 %	204,958,296	23,380,889	97,512,314	73,687,255	1,184,436	9,193,402
Cross currency swap contracts	1.68 %	66,495	66,495	-	-	-	-
		223,204,787	30,210,425	102,803,537	78,241,606	1,184,436	10,764,783
Financial liabilities							
Secured bank loans	5.67 %	27,007,404	17,256,211	4,786,967	4,964,226	-	-
Unsecured bank loans	2.64 %	119,508,368	62,886,707	45,360,961	11,260,700	-	-
Bonds payables	3.71 %	14,956,467	500,000	4,157,210	8,299,257	2,000,000	-
Bank overdraft	7.50 %	7,913	7,913	-	-	-	-
Other unsecured loans	2.93 %	2,577,884	-	2,577,884	-	-	-
Notes payable from securitization	1.86 %	5,712,556	247,556	-	5,465,000	-	-
Deposits relating to collateral of customers	0.64 %	22,114,780	-	2,090,956	3,240,707	-	16,783,117
Interest rate swap contracts	0.94 %	3,589	3,589	-	-	-	-
		191,888,961	80,901,976	58,973,978	33,229,890	2,000,000	16,783,117
Net exposure		$ 31,315,826	(50,691,551)	43,829,559	45,011,716	(815,564)	(6,018,334)

				Fixed rate			
Ending balance as of December 31, 2013	Effective interest rate	Total	Floating rate	Within 1 year	1~5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and cash equivalents	1.69 %	$ 7,586,221	6,650,254	203,674	-	-	732,293
Debt securities	6.47 %	7,024,187	1,699,947	51,728	5,272,512	-	-
Total accounts receivables	11.66 %	167,136,523	19,692,077	78,169,622	62,338,257	115,961	6,820,606
Interest rate swap contract	0.04 %	486	486	-	-	-	-
		181,747,417	28,042,764	78,425,024	67,610,769	115,961	7,552,899
Financial liabilities							
Secured bank loans	5.47 %	16,938,466	11,174,281	283,185	5,481,000	-	-
Unsecured bank loans	2.76 %	98,352,986	73,300,818	19,104,238	5,947,930	-	-
Bonds payables	3.41 %	14,098,319	500,000	5,004,063	8,594,256	-	-
Bank overdraft	7.38 %	84,084	84,084	-	-	-	-
Other unsecured loans	3.16 %	8,244,284	-	8,244,284	-	-	-
Notes payable from securitization	0.71 %	387,552	387,552	-	-	-	-
Deposits relating to collateral of customers	0.59 %	18,507,840	-	1,604,863	2,435,996	1,728	14,465,253
Cross currency swap contracts	0.96 %	42,293	42,293	-	-	-	-
Interest rate swap contracts	1.36 %	6,777	6,777	-	-	-	-
		156,662,601	85,495,805	34,240,633	22,459,182	1,728	14,465,253
Net exposure		$ 25,084,816	(57,453,041)	44,184,391	45,151,587	114,233	(6,912,354)

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

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 $142,284 and $103,722 for the years ended 2014 and 2013, respectively. This analysis assumes that all other variables remain constant.

6.Fair value

1) Fair value and carrying amount

Other than those listed below, the Group consider the carrying amounts of its financial assets and financial liabilities measured at amortized cost as a reasonable approximation of fair value:

	2014.12.31		2013.12.31	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Accounts receivable	$ 198,472,945	199,213,560	161,737,753	158,519,447
Financial liabilities:				
Bonds Payable	14,956,467	14,847,652	14,098,319	13,808,705
Deposits relating to collateral of customers	22,114,780	22,039,941	18,507,840	18,466,364
Secured loans	32,719,960	32,734,318	17,326,018	17,304,893
Unsecured loans	122,094,165	122,068,759	106,681,355	106,655,251

2) Interest rates used in fair value determination

The interest rates used to discount the estimated cash flows of certain financial assets and liabilities were as follows:

	As of December 31,	
	2014	2013
Accounts receivable	10.39 %	11.66 %
Long-term debts and short-term debts	3.63 %	3.45 %
Deposits relating to collateral of customers	0.64 %	0.59 %
Bonds payable	3.71 %	3.41 %

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

3) Fair value hierarchy

The table below provides the different levels of fair value hierarchy in determining the fair value of financial instruments carried at fair value.

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

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

C.Level 3: prices for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Current financial assets at fair value through profit or loss	$ 177,256	28,736	-	205,992
Current derivative financial assets used for hedging	-	37,759	-	37,759
Non-current financial assets at fair value through profit or loss	-	-	710,059	710,059
Non-current available-for-sale financial assets	40,427	1,012,241	517,217	1,569,885
	217,683	1,078,736	1,227,276	2,523,695
Current financial liabilities at fair value through profit or loss	-	(769)	-	(769)
Current derivative financial liabilities used for hedging	-	(2,820)	-	(2,820)
	-	(3,589)	-	(3,589)
	$ 217,683	1,075,147	1,227,276	2,520,106
December 31, 2013				
Current financial assets at fair value through profit or loss	$ 264,083	486	-	264,569
Non-current financial assets at fair value through profit or loss	-	-	1,699,947	1,699,947
Non-current available-for-sale financial assets	-	1,210,419	517,685	1,728,104
	264,083	1,210,905	2,217,632	3,692,620
Current financial liabilities at fair value through profit or loss	-	(9,150)	-	(9,150)
Current derivative financial liabilities used for hedging	-	(39,920)	-	(39,920)
	-	(49,070)	-	(49,070)
	$ 264,083	1,161,835	2,217,632	3,643,550

For the year ended December 31,2014, the fair value hierarchy for available-for-sale financial assets of $40,427 had been changed from level 2 to level 1 because the Group was able to obtain their active market prices periodically. There was no transfer between the fair value levels for the years ended December 31, 2013.

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

The following table shows the movements in Level 3 of the fair value hierarchy for the years ended December 31, 2014 and 2013:

		At fair value through profit or loss	Available-for-sale financial assets	
		Designated at initial recognition	Unquoted equity instruments	Total
Opening balance, January 1, 2014	$	1,699,947	517,685	2,217,632
Total gains and losses recognized:				-
In profit or loss		(94,784)	(2,325)	(97,109)
In other comprehensive income		-	1,857	1,857
Disposal		(895,104)	-	(895,104)
Ending balance, December 31, 2014	$	710,059	517,217	1,227,276
Opening balance, January 1, 2013	$	1,791,558	505,939	2,297,497
Total gains and losses recognized:				
In profit or loss		(91,611)	(2,877)	(94,488)
In other comprehensive income		-	15,244	15,244
Disposal		-	(621)	(621)
Ending balance, December 31, 2013	$	1,699,947	517,685	2,217,632

For the years ended December 31, 2014 and 2013, total gains and losses arising from the valuation of investments under Level 3 of the fair value hierachy that were included in "other gains and losses" and "unrealized gains and losses from available-for-sale financial assets were as follows:

		For the years ended December 31,	
		2014	2013
Total gains and losses recognized :			
In profit or loss, and included "other gains and losses"	$	(94,784)	(94,471)
In other comprehensive income, and included "unrealized gains (losses) on available-for-sale financial assets "		1,857	15,254

(v) Financial risk management

1.Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

2.Risk management framework

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

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

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

3.Credit risk

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

1) non-payment or delay in payment of customers' downstream accounts

2) poor operating and financial performance due to macroeconomic factors

3) poor investment decisions made by customers

4) poor business management

5) high default rate of private loans to small and medium enterprises

6) to a lesser extent, other factors, such as misappropriation by employees, malicious bankruptcies, sudden tightening of credit lines from banks, debt burden resulting from guarantee obligations, litigation and major exchange rate losses.

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

4.Liquidity risk

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

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

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

The Group's liquidity and funding management process includes:

1) projecting cash flows under various stress scenarios and considering the level of liquid assets comprising mainly cash and cash equivalents

2) maintaining a diverse range of funding sources with back-up facilities

3) managing the concentration and profile of debt maturities

4) maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises, while minimizing adverse long-term implications for the business.

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

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

5.Market risk

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

1) Management of market risk

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

2) Currency risk

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

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

3) Interest rate risk

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

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

4) Other market price risks

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

(w) Capital Management

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

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

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

	2014.12.31	2013.12.31
Total Liabilities	$ 201,507,476	165,334,757
Less: cash and cash equivalents	(8,338,117)	(7,586,221)
Net debt	193,169,359	157,748,536
Total Equity	36,429,081	30,441,193
Amounts accumulated in equity relating to cash flow hedges	(34,939)	39,919
Adjusted capital	$ 229,563,501	188,229,648
Debt to equity ratio	84.15 %	83.81 %

As of December 31, 2014, according to the Company's management, there were no changes in the Group's approach to capital management.

(7) Related Party Transactions

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

(b) Related-party transactions

1.Operating revenue

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

	For the years ended December 31, 2014	2013
Affiliates	$ 77,337	85,348

2. Receivables from related parties

Receivables of the Group from related parties were as follows：

Account	Categories of related parties	2014.12.31	2013.12.31
Capital leases receivable	Affiliates	$ 435	659
Accounts receivable	Affiliates	6,723	1,525
Other receivables	Affiliates	13,138	807,638
Other current financial assets	Affiliates	1,000	1,000
Other non-current financial assets	Affiliates	5,100	5,600
		$ 26,396	816,422

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

3. Payable to related parties

Payable of the Group from related parties were as follows：

Account	Categories of related parties	2014.12.31	2013.12.31
Other current financial liabilities	Affiliates	$ 3,275	146,285

4. Asset transactions

The Group purchased leasehold improvements from affiliates of $3,904 and $13,305 for the years ended December 31, 2014 and 2013 respectively.

5. Related-Party Financing

Financing to related parties was as follows：

	2014.12.31	2013.12.31
Affiliates	$ 349,409	343,940

The loans receivable bear interest at rates ranging from 3.23% to 4.00%. As of December 31, 2014 and 2013, interest receivable from the loans receivable from affiliates amounted to $7,935 and $4,860, respectively. For the years ended December 31, 2014 and 2013, interest revenue from the loans receivable from affiliates amounted to $11,843 and $11,919, respectively.

6. Interest bearing borrowings

Borrowings of the Group from related parties were as follows：

	2014.12.31	2013.12.31
Affiliates	$ 2,493,104	2,778,909

The borrowings from affiliates bear interest at rates ranging from 2.83% to 7.38%. As of December 31, 2014 and 2013, interest payable from the interest bearing borrowings from affiliates amounted to $475 and $786, respectively. For the years ended December 31, 2014 and 2013, interest expense from the interest bearing borrowing from affiliates amounted to $116,621 and $132,335, respectively.

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

	2014.12.31	2013.12.31
Affiliates	$ 48,350	45,675

The bonds payable bear interest at rate 4.50%. As of December 31, 2014 and 2013, interest payable from bonds payable to affiliates amounted to $30 and $28, respectively. For the years ended December 31, 2014 and 2013, interest expenses from bonds payable to affiliates amounted to $2,111 and $1,613, respectively.

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

7. Others

1) As of December 31, 2014 and 2013, bank deposits in financial institutions which are related parties of the Group amounted to $241,293 and $275,405, respectively. For the years ended December 31, 2014 and 2013, interest revenue from the deposits in affiliates amounted to $496 and $787, respectively.

2) Other revenue and expense with related parties：

		For the years ended December 31,	
		2014	2013
Affiliates			
Rent expense	$	28,954	23,809
Commission and service costs		573	453
Other operating costs		69,387	48,620
	$	**98,914**	**72,882**

3) In 2010, Chailease Finance Co., Ltd. and Chailease Construction & Development Corp. entered into an agreement with a related party, Yi Mao International Development Corp. for joint venture construction of housing units. Under this agreement, Yi Mao International Development Corp. invested its land for use in the construction. Yi Mao, the Company and Chailease Construction & Development Corp share 18.11%, 40.945% and 40.945%, respectively, from the proceeds of the sale of the housing units. Please refer to Note (6)(e) for related information.

(c) Key management personnel compensation

		For the years ended December 31,	
		2014	2013
Short-term employee benefits	$	168,711	223,538
Post-employment benefits		1,422	2,266
	$	**170,133**	**225,804**

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

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2014.12.31	2013.12.31
Restricted cash in banks			
Restricted account for loans repayment (demand deposits)	Issuance of short-term bills and as guarantee for short-term and long-term borrowings(Note)	$ 2,246,966	3,297,140
Time deposits	Alliance contract guarantee	1,900	1,900
Property and equipment, and assets held for lease	As guarantee for short-term and long-term borrowings	4,119,420	3,649,672
Equity securities	Issuance of short-term bills and as guarantee for short-term and long-term borrowings	1,134,360	1,190,724
Refundable deposits	Provincial court seizure etc.	591,965	310,348
Notes receivable	Issuance of short-term bills, corporate bonds and as guarantee for short-term and long-term borrowings	25,904,308	21,128,592
Accounts receivable and loans	As guarantee for short-term and long-term borrowings	61,799,923	45,484,808
Total		$ 95,798,842	75,063,184

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 are required to assume their loan obligations and pay these loans on behalf of these customers. As of December 31, 2014 and 2013 , the balance of unexpired payments from these alliance transactions amounted to $14,342,389 and $11,481,602, respectively.

(b) Chailease Finance Co., Ltd. (CFC), together with third parties/co-facilitators, entered into an agreement with CFC customers for purposes of facilitating the extension of loans to these customers by financial institutions, under which, CFC will share with these co-facilitators in the facilitating fee that they earn from this agreement. If the customers default on their payments, CFC is required to pay to the financial institutions its share of the loans on behalf of these customers. As of December 31, 2014 and 2013, the payable balance from these transactions amounted to $171,396 and $401,295, respectively.

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

(c) The Group facilitated the extension of financing by financial institutions on behalf of its certain customers under factoring agreements. Such facilitation enables the customers to obtain desired financing from financial institutions. As of December 31, 2014 and 2013, the balance of financing obtained from such facilitation amounted to $50,769 and $37,138, respectively.

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

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Other

(a) Liquidity analysis of assets and liabilities：

	2014.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
Cash and cash equivalents	$ 8,338,117	-	8,338,117
Current financial assets at fair value through profit or loss	205,992	-	205,992
Current held-to-maturity financial assets	4,438,860	2,284,435	6,723,295
Current derivative financial assets for hedging	37,759	-	37,759
Accounts receivable, net	104,481,515	60,452,327	164,933,842
Inventories	207	-	207
Other current financial assets	3,587,175	-	3,587,175
Other current assets – others	3,259,333	-	3,259,333
	$ 124,348,958	62,736,762	187,085,720

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

	2014.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current liabilities			
Short-term borrowings	$ 66,974,084	-	66,974,084
Current financial liabilities at fair value through profit or loss	769	-	769
Current derivative financial liabilities for hedging	2,820	-	2,820
Accounts and notes payable	2,344,572	-	2,344,572
Current tax payable	1,381,461	-	1,381,461
Other current financial liabilities	4,694,368	18,549,028	23,243,396
Long-term liabilities – current portion	35,081,973	24,162,800	59,244,773
Other current liabilities – others	902,357	-	902,357
	$ 111,382,404	42,711,828	154,094,232

	2013.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current assets			
Cash and cash equivalents	$ 7,586,221	-	7,586,221
Current financial assets at fair value through profit or loss	264,569	-	264,569
Current held-to-maturity financial assets	1,500,728	3,337,657	4,838,385
Accounts receivable, net	85,240,004	48,478,303	133,718,307
Inventories	567,752	-	567,752
Other current financial assets	5,000,217	-	5,000,217
Other current assets – others	2,323,739	-	2,323,739
	$ 102,483,230	51,815,960	154,299,190

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

	2013.12.31		
	Expected to be collected or paid within 12 months	Expected to be collected or paid after12 months	Total
Current liabilities			
Short-term borrowings	$ 57,141,701	-	57,141,701
Current financial liabilities at fair value through profit or loss	9,150	-	9,150
Current derivative financial liabilities for hedging	39,920	-	39,920
Accounts and notes payable	2,383,535	-	2,383,535
Current tax payable	618,258	-	618,258
Other current financial liabilities	8,449,271	11,381,508	19,830,779
Advance real estate receipts	307,563	-	307,563
Long-term liabilities – current portion	29,111,158	20,400,500	49,511,658
Other current liabilities – others	869,514	-	869,514
	$ 98,930,070	31,782,008	130,712,078

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

By function / By item	For the year ended December 31, 2014			For the year ended December 31, 2013		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	47,595	3,450,578	3,498,173	53,094	3,119,566	3,172,660
Labor and health insurance	3,703	197,978	201,681	3,200	196,182	199,382
Pension	1,859	185,546	187,405	1,630	131,195	132,825
Others	-	231,049	231,049	-	218,404	218,404
Depreciation	1,185,033	140,461	1,325,494	1,375,200	116,209	1,491,409
Amortization	-	72,513	72,513	-	87,491	87,491

(13) Segment Information

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

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

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

Operating segments financial information:

	For the year ended December 31, 2014					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 14,474,324	16,679,819	2,517,284	881,247	-	34,552,674
Intersegment revenues	890,672	-	-	-	(890,672)	-
Interest revenue	3,069	72,345	355	13,417	-	89,186
Total revenue	$ 15,368,065	16,752,164	2,517,639	894,664	(890,672)	34,641,860
Interest expenses	$ 1,598,703	1,732,362	863,072	163,279	-	4,357,416
Depreciation and amortization	$ 1,016,621	355,025	23,514	2,847	-	1,398,007
Share of profit of equity-accounted investees (associates, and jointly controlled entities)	$ 111	-	-	(11,188)	-	(11,077)
Reportable segment profit or loss	$ 4,055,349	2,793,782	629,663	(324,025)	-	7,154,769
Reportable segment assets	$ 137,257,419	78,802,111	28,493,045	5,527,535	(12,143,553)	237,936,557
Reportable segment liabilities	$ 120,111,450	62,030,523	24,506,466	7,002,590	(12,143,553)	201,507,476

	For the year ended December 31, 2013					
	Taiwan	China	Thailand	Others	Elimination	Total
Revenue						
Revenue from external customers	$ 12,040,798	15,088,912	2,384,604	897,366	-	30,411,680
Intersegment revenues	935,433	353,738	-	-	(1,289,171)	-
Interest revenue	2,852	110,817	496	13,677	-	127,842
Total revenue	$ 12,979,083	15,553,467	2,385,100	911,043	(1,289,171)	30,539,522
Interest expenses	$ 1,255,778	1,788,470	819,623	121,904	-	3,985,775
Depreciation and amortization	$ 803,416	750,925	21,498	3,061	-	1,578,900
Share of profit of equity-accounted investees (associates, and jointly controlled entities)	$ 111	-	-	(2,570)	-	(2,459)
Reportable segment profit or loss	$ 3,500,144	2,233,149	622,079	(147,384)	-	6,207,988
Reportable segment assets	$ 107,486,813	64,716,529	25,925,692	5,555,046	(7,908,130)	195,775,950
Reportable segment liabilities	$ 92,533,609	48,977,764	22,457,669	8,874,503	(7,508,788)	165,334,757

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

(c) Information about the products and services

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

	For the years ended December 31,	
Products and services	**2014**	**2013**
Sales revenue	$ 8,546,786	7,172,933
Interest revenue - installment sales	6,485,014	6,005,667
Interest revenue - cpital lease	7,732,557	7,296,824
Rental revenue - operating leases	1,905,331	2,270,196
Interest revenue - loans	2,122,796	1,552,638
Other interest revenue	1,819,017	1,126,463
Building and land sales revenue	750,535	832,060
Other operating revenue	5,190,638	4,154,899
Total	$ 34,552,674	30,411,680

(d) Geographical information

In presenting information is based on the geographical location of customers (Note13(b)).

(e) Information about major customers

The Group does not have more than 10% corporate income from single customer.