China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan

Tel :+886 (2) 2545-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and shareholders
China Development Financial Holding Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Development Financial Holding Corporation (the Corporation) and subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of June 30, 2017, December 31, 2016 and June 30, 2016, and the related consolidated statements of comprehensive income for the three and six months ended June 30, 2017 and 2016, changes in equity and cash flow for the six months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2017, December 31, 2016 and June 30, 2016,the consolidated financial performance for the three and six months ended June 30, 2017 and 2016, and its consolidated cash flows for the six months ended 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Discounts, Loans and Receivables

As stated in Note 5, to determine the impairment loss of discounts, loans and receivables, the management should 1) judge whether there is any objective evidence of impairment, 2) estimate the expected future cash flow based on historical loss on assets with similar credit risk, and 3) review periodically the methodology and assumptions adopted for both expected future cash flow and its timing to decrease the difference between estimated and actual amount of impairment. The methodology and assumptions adopted for the assessment of objective evidence of impairment and the amount and timing of future cash flows (e.g. impairment occurrence rate and recovery rate) require the exercise of critical judgments and estimates; therefore, the impairment of discounts, loans and receivables is deemed to be a key audit matter for the six months ended June 30, 2017.

Refer to Notes 4, 5 and 54 for the critical accounting policy, judgment, estimation uncertainty and related disclosure of the impairment for discounts, loans and receivables.

We understood and assessed KGI Bank Co., Ltd.'s (KGI Bank) internal controls related to the discounts, loans and receivables. We verified whether methodology used in impairment model and parameters of the assumptions reflected actual outcome appropriately. We assessed the consistency of the impairment occurrence rate and recovery rate, etc. used in estimating expected future cash flows and evaluating values of collateral. Finally, we performed sampling on discounts, loans and receivables to verify whether the allowance thereof complies with the law and related regulations issued by the authorities.

Impairment of Financial Assets Measured at Cost

When objective evidence indicates that financial assets measured at cost are impaired, the amount of the loss has to be recognized. CDIB Capital Group and subsidiaries determines occurrence of the impairment by the calculation of the valuation models. The valuation models and conditions of the assumptions are critical estimates of the management; therefore, the impairment of financial assets measured at cost is identified as a key audit matter for the six months ended June 30, 2017.

Refer to Notes 4, 5 and 54 for the critical accounting policy, estimation uncertainty and related disclosure of the impairment of financial assets measured at cost.

We understood and assessed CDIB Capital Group's internal control related to the impairment of financial assets measured at cost and its operation effectiveness. We entrusted our firm's internal valuation specialist with the task of sampling from the financial assets measured at cost then valuating the appropriateness of the parameters used in the valuation models of the sample by re-performing the selection of comparable companies and testing the reasonability of the multiplier. Finally, we assessed the reasonability of the impairment loss recognized resulting from the existence of objective evidence.

Other Matter

We also audited the parent company only financial statements of the Corporation as of and for the six months ended June 30, 2017 and 2016 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Mei-Hui and Kuo, Cheng-Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 28, 2017

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017		December 31, 2016		June 30, 2016	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 47)	$ 27,423,457	3	$ 28,312,347	3	$ 18,598,200	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7, 47 and 48)	43,762,617	5	71,884,564	8	75,352,677	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 15, 47 and 48)	143,084,925	15	159,280,102	18	193,217,805	22
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10 and 48)	163,291,013	18	106,359,065	12	74,766,450	8
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	31,215,380	3	29,883,158	3	28,466,075	3
RECEIVABLES, NET (Notes 12, 47, 48 and 53)	95,619,610	10	92,190,214	10	107,906,015	12
CURRENT TAX ASSETS	958,766	-	855,145	-	847,015	-
DISCOUNT AND LOANS, NET (Notes 13, 47 and 53)	276,521,855	30	252,376,992	28	233,103,615	26
HELD-TO-MATURITY FINANCIAL ASSETS, NET	300,000	-	300,000	-	300,000	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 14 and 15)	14,318,552	1	12,675,804	2	11,829,981	1
RESTRICTED ASSETS (Notes 16, 48 and 49)	27,357,080	3	27,933,924	3	30,310,600	3
FINANCIAL ASSETS MEASURED AT COST (Notes 15 and 17)	18,105,404	2	19,491,762	2	20,488,884	2
OTHER FINANCIAL ASSETS (Notes 18, 47 and 48)	43,801,452	5	44,793,314	5	48,717,187	6
INVESTMENT PROPERTY, NET (Notes 19 and 48)	2,346,787	-	2,179,356	-	2,040,602	-
PROPERTY AND EQUIPMENT, NET (Notes 20 and 48)	14,404,188	2	14,512,916	2	14,675,663	2
INTANGIBLE ASSETS, NET (Note 21)	7,568,685	1	7,948,378	1	8,280,660	1
DEFERRED TAX ASSETS (Note 44)	4,572,385	-	4,912,053	1	5,547,069	1
OTHER ASSETS, NET (Notes 22 and 48)	14,406,447	2	16,308,415	2	18,743,425	2
TOTAL	$ 929,058,603	100	$ 892,197,509	100	$ 893,191,923	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Notes 23 and 47)	$ 29,482,333	3	$ 31,078,769	4	$ 19,606,788	2
Financial liabilities at fair value through profit or loss (Notes 8 and 47)	64,337,288	7	51,565,266	6	51,168,387	6
Notes and bonds issued under repurchase agreements (Notes 8, 10, 24 and 47)	125,874,397	14	119,560,443	13	133,927,908	15
Commercial paper payable, net (Notes 25 and 48)	27,206,408	3	17,549,797	2	19,600,478	2
Payables (Notes 26 and 47)	72,823,079	8	60,337,328	7	77,959,588	9
Current tax liabilities	729,382	-	826,620	-	846,507	-
Deposits and remittances (Notes 27 and 47)	320,884,564	34	315,451,964	35	294,809,658	33
Bonds payable (Note 28)	22,719,875	2	27,684,236	3	28,617,667	3
Other borrowings (Notes 29, 47 and 48)	19,751,368	2	19,878,458	2	23,872,369	3
Provisions (Notes 30 and 31)	1,343,711	-	1,373,667	-	1,394,990	-
Principal received on structured notes	27,246,391	3	26,299,389	3	25,749,387	3
Customers' equity accounts - futures (Note 47)	35,178,285	4	36,066,932	4	37,432,320	4
Other financial liabilities (Note 49)	366,047	-	387,509	-	389,492	-
Deferred tax liabilities (Note 44)	1,537,408	-	1,487,885	-	1,462,289	-
Other liabilities (Note 32)	15,121,843	2	15,552,208	2	14,618,087	2
Total liabilities	764,602,379	82	725,100,471	81	731,455,915	82
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 33 and 34)						
Capital						
Common stock	149,757,428	16	149,744,203	17	149,740,122	17
Advance receipts for capital stock	-	-	10	-	-	-
Capital surplus	1,109,577	-	1,104,521	-	1,095,973	-
Retained earnings						
Legal reserve	5,606,606	1	5,014,298	1	5,014,298	1
Special reserve	2,078,602	-	3,228,296	-	3,228,296	-
Unappropriated earnings	5,157,591	-	8,556,188	1	4,663,601	-
Other						
Exchange differences on translation of foreign financial statements	(1,502,196)	-	494,377	-	694,195	-
Unrealized gain (loss) on available-for-sale financial assets	1,177,777	-	(2,255,818)	-	(3,880,301)	-
Others	(19,087)	-	(21,211)	-	(42,946)	-
Treasury shares	(2,376,747)	-	(2,376,747)	(1)	(2,376,747)	-
Total equity attributable to owners of the parent	160,989,551	17	163,488,117	18	158,136,491	18
NON-CONTROLLING INTERESTS (Note 33)	3,466,673	1	3,608,921	1	3,599,517	-
Total equity	164,456,224	18	167,097,038	19	161,736,008	18
TOTAL	$ 929,058,603	100	$ 892,197,509	100	$ 893,191,923	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 35 and 47)	$ 3,323,116	46	$ 2,767,530	52	$ 6,325,408	45	$ 5,640,092	48
INTEREST EXPENSE (Notes 35 and 47)	(1,255,542)	(17)	(1,054,556)	(20)	(2,452,616)	(17)	(2,220,292)	(19)
INTEREST PROFIT, NET	2,067,574	29	1,712,974	32	3,872,792	28	3,419,800	29
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Notes 36 and 47)	2,020,019	28	1,817,367	34	4,037,755	29	3,613,119	31
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 37)	1,448,545	20	293,155	5	2,865,424	20	1,550,535	13
Realized gain on available-for-sale financial assets, net (Note 38)	752,252	11	596,988	11	513,253	4	958,219	8
Foreign exchange gain (loss), net	(285,513)	(4)	216,268	4	(447,212)	(3)	135,464	1
Impairment loss on assets, net (Note 39)	(290,132)	(4)	(518,541)	(10)	(353,598)	(3)	(565,699)	(5)
Share of the profit of associates and joint ventures	202,335	3	257,064	5	1,403,000	10	297,786	3
Gain on financial assets measured at cost, net (Notes 17 and 40)	656,176	9	409,789	8	952,004	7	875,393	8
Consulting service revenue (Note 47)	297,650	4	298,740	6	552,536	4	578,365	5
Others (Notes 41 and 47)	300,524	4	292,078	5	574,973	4	817,128	7
Total noninterest profits and gains, net	5,101,856	71	3,662,908	68	10,098,135	72	8,260,310	71
TOTAL NET REVENUES	7,169,430	100	5,375,882	100	13,970,927	100	11,680,110	100
ALLOWANCE FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	(456,639)	(6)	(42,356)	(1)	(545,148)	(4)	(372,542)	(3)
OPERATING EXPENSES (Notes 4, 31, 42, 43 and 47)								
Employee benefits	(2,950,825)	(41)	(2,663,333)	(49)	(5,868,374)	(42)	(5,450,963)	(47)
Depreciation and amortization	(378,574)	(6)	(365,911)	(7)	(747,234)	(5)	(728,963)	(6)
Other general and administrative expenses	(1,509,708)	(21)	(1,450,956)	(27)	(2,839,964)	(20)	(3,006,035)	(26)
Total operating expenses	(4,839,107)	(68)	(4,480,200)	(83)	(9,455,572)	(67)	(9,185,961)	(79)
NET PROFIT BEFORE INCOME TAX	1,873,684	26	853,326	16	3,970,207	29	2,121,607	18
INCOME TAX EXPENSE (Notes 4 and 44)	(300,251)	(4)	(65,343)	(1)	(549,996)	(4)	(178,326)	(1)
NET PROFIT FOR THE YEAR	1,573,433	22	787,983	15	3,420,211	25	1,943,281	17

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of foreign financial statements	$ 203,192	3	$ (121,237)	(2)	$ (1,784,539)	(13)	$ (964,687)	(8)
Unrealized gain on available-for-sale financial assets	922,247	13	171,791	3	2,811,601	20	476,477	4
Share of the other comprehensive income of associates and joint ventures	231,477	3	57,402	1	421,854	3	14,008	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 44)	139	-	(267)	-	(457)	-	(865)	-
Other comprehensive income for the year, net of income tax	1,357,055	19	107,689	2	1,448,459	10	(475,067)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,930,488	41	$ 895,672	17	$ 4,868,670	35	$ 1,468,214	13
NET PROFIT ATTRIBUTABLE TO:								
Owners of parent	$ 1,729,869	24	$ 761,743	14	$ 3,538,286	25	$ 1,888,158	16
Non-controlling interests	(156,436)	(2)	26,240	1	(118,075)	(1)	55,123	1
	$ 1,573,433	22	$ 787,983	15	$ 3,420,211	24	$ 1,943,281	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	$ 3,074,984	43	$ 871,850	16	$ 4,975,308	36	$ 1,416,696	12
Non-controlling interests	(144,496)	(2)	23,822	1	(106,638)	(1)	51,518	1
	$ 2,930,488	41	$ 895,672	17	$ 4,868,670	35	$ 1,468,214	13
EARNINGS PER SHARE (Note 45)								
Basic	$ 0.12		$ 0.05		$ 0.24		$ 0.13	
Diluted	$ 0.12		$ 0.05		$ 0.24		$ 0.13	

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Equity Attributable to Owners of the Parent												
	Capital			Retained Earnings			Other Equity						
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 151,124,071	$ 1,370	$ 654,803	$ 4,161,475	$ 765,041	$ 13,580,644	$ 1,741,670	$ (4,456,314)	$ (32,187)	$ (2,376,747)	$ 165,163,826	$ 3,606,912	$ 168,770,738
Appropriation of the 2015 earnings													
Legal reserve	-	-	-	852,823	-	(852,823)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	2,463,255	(2,463,255)	-	-	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	(7,487,006)	-	-	-	-	(7,487,006)	-	(7,487,006)
	-	-	-	852,823	2,463,255	(10,803,084)	-	-	-	-	(7,487,006)	-	(7,487,006)
Other change in capital surplus	-	-	161,616	-	-	-	-	-	-	-	161,616	-	161,616
Net profit for the six months ended June 30, 2016	-	-	-	-	-	1,888,158	-	-	-	-	1,888,158	55,123	1,943,281
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(1,047,475)	576,013	-	-	(471,462)	(3,605)	(475,067)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	1,888,158	(1,047,475)	576,013	-	-	1,416,696	51,518	1,468,214
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	(1,150,440)	(1,150,440)	-	(1,150,440)
Cancellation of treasury shares	(1,430,100)	-	279,660	-	-	-	-	-	-	1,150,440	-	-	-
Share-based payments	46,151	(1,370)	(106)	-	-	(2,117)	-	-	(10,759)	-	31,799	-	31,799
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(58,913)	(58,913)
BALANCE AT JUNE 30, 2016	$ 149,740,122	$ -	$ 1,095,973	$ 5,014,298	$ 3,228,296	$ 4,663,601	$ 694,195	$ (3,880,301)	$ (42,946)	$ (2,376,747)	$ 158,136,491	$ 3,599,517	$ 161,736,008
BALANCE AT JANUARY 1, 2017	$ 149,744,203	$ 10	$ 1,104,521	$ 5,014,298	$ 3,228,296	$ 8,556,188	$ 494,377	$ (2,255,818)	$ (21,211)	$ (2,376,747)	$ 163,488,117	$ 3,608,921	$ 167,097,038
Appropriation of the 2016 earnings													
Legal reserve	-	-	-	592,308	-	(592,308)	-	-	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	(7,487,871)	-	-	-	-	(7,487,871)	-	(7,487,871)
Special reserve reversed	-	-	-	-	(949,694)	949,694	-	-	-	-	-	-	-
	-	-	-	592,308	(949,694)	(7,130,485)	-	-	-	-	(7,487,871)	-	(7,487,871)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	3,538,286	-	-	-	-	3,538,286	(118,075)	3,420,211
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	(1,996,573)	3,433,595	-	-	1,437,022	11,437	1,448,459
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	3,538,286	(1,996,573)	3,433,595	-	-	4,975,308	(106,638)	4,868,670
Reorganization	-	-	(93)	-	-	-	-	-	-	-	(93)	-	(93)
Share-based payments	13,225	(10)	5,149	-	-	(6,398)	-	-	2,124	-	14,090	-	14,090
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(35,610)	(35,610)
Trading loss reserve of subsidiaries reversed	-	-	-	-	(200,000)	200,000	-	-	-	-	-	-	-
BALANCE AT JUNE 30, 2017	$ 149,757,428	$ -	$ 1,109,577	$ 5,606,606	$ 2,078,602	$ 5,157,591	$ (1,502,196)	$ 1,177,777	$ (19,087)	$ (2,376,747)	$ 160,989,551	$ 3,466,673	$ 164,456,224

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 3,970,207	$ 2,121,607
Adjustments to reconcile net profit		
Depreciation expenses	319,062	299,069
Amortization expenses	428,172	429,894
Allowance for bad debts and losses on guarantees, net	545,148	372,542
Interest expense	2,452,616	2,220,292
Interest income	(6,325,408)	(5,640,092)
Dividend income	(312,966)	(293,131)
Share of profit of associates and joint ventures	(381,566)	(302,990)
Gain on disposal of investments	(1,995,125)	(1,025,173)
Loss on financial asset impairment	354,091	564,128
Others	4,896	31,495
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	12,500,948	(16,007,046)
Financial assets at fair value through profit or loss	16,195,177	(35,437,720)
Available-for-sale financial assets	(54,335,636)	(3,880,595)
Securities purchased under resell agreements	-	(351,193)
Receivables	(787,988)	(7,552,287)
Discount and loans	(24,412,550)	(15,392,490)
Other financial assets	1,803,277	(10,255,937)
Other assets	1,915,704	3,137,899
Deposits from the Central Bank and banks	(1,596,436)	9,582,389
Financial liabilities at fair value through profit or loss	12,772,022	11,270,208
Notes and bonds issued under repurchase agreements	6,313,954	14,316,040
Payables	(691,024)	1,109,539
Deposits and remittances	5,432,600	(30,502,474)
Other financial liabilities	2,422,549	14,081,974
Other liabilities	891,493	5,357,726
Interest received	6,292,554	5,872,949
Dividend received	184,384	587,935
Interest paid	(2,119,459)	(2,247,600)
Income tax paid	(256,208)	(202,096)
Net cash used in operating activities	(18,415,512)	(57,735,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated upon initial recognition as at fair value through profit or loss	(327,912)	-
Acquisition of available-for-sale financial assets	(485,985)	(361,513)
Proceeds on sale of available-for-sale financial assets	1,109,525	819,323
Acquisition of financial assets measured at cost	(662,386)	(836,038)

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2017	**2016**
Proceeds on financial assets measured at cost	$ 1,459,329	$ 1,444,514
Proceeds from sale of equity-method investments	1,063,663	36,282
Acquisition of equity-method investments	(1,438,608)	(1,253,718)
Acquisition of property and equipment	(284,921)	(209,456)
Others	288,767	(81,686)
Net cash generated from (used in) investing activities	721,472	(442,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	334,406	1,657,520
Increase in commercial paper payable	9,656,611	6,461,276
Repayments of corporate bonds	(6,000,000)	-
Proceeds of long-term borrowings	238,926	998,933
Repayments of long-term borrowings	(700,422)	(593,543)
Cash dividends paid	-	(7,487,006)
Purchase of treasury shares	-	(1,150,440)
Changes in non-controlling interests	(34,251)	(59,121)
Net cash generated from (used in) financing activities	3,495,270	(172,381)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(978,896)	(429,341)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,177,666)	(58,779,152)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	93,213,826	135,637,871
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 78,036,160	$ 76,858,719

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2017 and 2016:

	June 30	
	2017	**2016**
Cash and cash equivalents in consolidated balance sheets	$ 27,423,457	$ 18,598,200
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	19,397,323	38,529,006
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	31,215,380	19,731,513
Cash and cash equivalents in consolidated statements of cash flows	$ 78,036,380	$ 76,858,719

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

1. GENERAL INFORMATION

The Corporation was established by CDIB Capital Group (formerly China Development Industrial Bank) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB Capital Group became a wholly owned subsidiary of the Corporation after the share swap.

The Corporation acquired First Taiwan Securities Corporation (First Taiwan) and Grand Cathay Securities Corporation (Grand Cathay) through a share swap on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

On April 30, 2012, the Corporation's board of the directors approved the acquisition of 100% shares of KGI Securities through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares during the public tender offer period. The Corporation acquired KGI Securities' remaining shares through a share swap and completed on January 18, 2013. Thus, KGI Securities is a 100% subsidiary of the Corporation. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On September 15, 2014, the Corporation acquired KGI Bank through a share swap. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

On March 13, 2017, the Corporation hold China Development Asset Management Corporation which was held by CDIB Capital Group directly.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval.

On May 1, 2015, CDIB Capital Group's board of the directors approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB Capital Group and (b) CDIB Capital Group's holdings of shares in the CDIB Capital Group's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation.

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and CDIB Capital Group will continue to expand its assets management business. The FSC approved the conversion on March 10, 2017 with Official Letter No. 1600025880.

CDIB Capital Group's main operations included securities investment, investment financial related business, venture capital and other activities approved by the authorities.

KGI Securities was established on September 14, 1988. It merged with Jen-Hsin Securities Co., Ltd., Ta Ya Securities Co., Ltd., and Feng Yuan Securities Co., Ltd. in 2002; with Tai-Yu Securities Co., Ltd. in 2003, with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of June 30, 2017, KGI Securities had a head office and 83 branches which included head office.

KGI Securities operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992. As of June 30, 2017, KGI Bank had a main office, international banking department, a trust department, various business departments, an offshore banking unit (OBU), and 52 domestic branches.

KGI Bank engages in banking operations are regulated under the banking Act.

China Development Asset Management Corporation was established on September 27, 2001, and its operation includes acquiring, valuation, auction and management of debts from financial institution, acquiring of accounts receivable, management of overdue accounts receivable, and leasing and investment of real estate.

For more information on the organization and business of the consolidated entities, please refer to Table 8 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on August 28, 2017.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting

   The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS) would not have any material impact on the Group's accounting policies, except for the following:

   1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

      The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

2) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 “Operating Segments” requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 “Investment Property” was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group is deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017, please refer to Note 47.

b. The Regulations Governing the Preparation of Financial Reports by Financial Holding Company and the IFRSs endorsed by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures,” were amended in this annual improvement.

The amendment to IFRS 12 clarified that when the Group’s interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. However, all other requirements in IFRS 12 apply to interests in entities classified as held for sale in accordance with IFRS 5. the Group will apply the aforementioned amendment retrospectively.

The amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, the Group that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Group may elect to measure that investment at fair value through profit or loss. The Group shall make this election separately for each associate or joint venture at the initial recognition of the associate or joint venture.

Furthermore, the amendment to IAS 28 clarified that when the Group (non-investment entity) applies the equity method to account for investment in an associate or a joint venture that is an investment entity, the Group may elect to retain the fair value of the investment in subsidiaries of the investment entity associate or joint venture. The election should be made separately for each investment entity associate or joint venture, at the later of the date (a) the investment entity associate or joint venture is initially recognized, (b) the associate or joint venture becomes an investment entity, or (c) the investment entity associate or joint venture first becomes a parent.

2) IFRS 9 "Financial Instruments"

Recognition, measurement and impairment of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

3) IFRS 15 "Revenue from Contracts with Customers" and its amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

a) Identify the contract with the customer;
b) Identify the performance obligations in the contract;
c) Determine the transaction price;
d) Allocate the transaction price to the performance obligations in the contracts; and
e) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expect to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

In assessing deferred tax asset, the Group currently assumes it will recover the asset at its carrying amount when estimating probable future taxable profit; the amendment will be applied retrospectively in 2018.

5) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

6) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB (Note 2)
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: In June 2015, IASB has decided to postpone the application of IFRS 10 and IAS 28 which issued in September 2014. Early application is permitted.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence control in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated.

2) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in their income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess their judgments and estimates if facts and circumstances change.

The Group may elect to apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of these consolidated financial statements please refer to the consolidated financial statements for the year ended December 31, 2016, except for those described below.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" endorsed by the FSC. Disclosure information included in the interim financial report is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The operating cycle in the banking industry cannot be reasonably identified; thus, asset and liability accounts included in the consolidated financial statements of KGI Bank were not classified as current or noncurrent. Nevertheless, these accounts were properly categorized in accordance with the nature of each account and sequenced according to their liquidity, and the maturity analysis of these assets and liabilities were disclosed in the Note 54. Except as stated above, unrestricted cash and cash equivalents and other assets to be converted into cash or consumed within one year are classified as current. Properties, intangible assets and other noncurrent assets are classified as noncurrent. Liabilities to be liquidated or settled within one year are classified as current. All other liabilities are classified as noncurrent. The banking industry accounts, however, make up a large portion of the consolidated financial statements. Thus, all the consolidated accounts were categorized according to the nature of each account and sequenced by their liquidity rather than classified as current or noncurrent assets/liabilities.

Principles for Preparing Consolidated Financial Statements

As of June 30, 2017, December 31, 2016 and June 30, 2016, the consolidated entities included in the consolidated financial statements included 68, 70 and 70 companies, respectively (please refer to the attached Tables 8).

Investments in Associates

Subsidiaries in the Group which are venture capital can choose to measure investments in associates by equity method or by fair value through profit or loss.

Financial Instruments

Impairment of financial assets

a. Financial assets measured at amortized cost

The Group's discounts and loans, held-to-maturity financial assets, accounts receivable, interest receivable, acquired loans, and other receivables are assessed for impairment at each balance sheet date and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the above credit losses, the estimated future cash flows of the asset have been affected. Loans and receivables that are assessed as not impaired individually are further assessed for impairment on a collective basis.

For financial assets measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows (reflected the effect of collateral), discounted at the financial asset's original effective interest rate.

Based on the Regulatory Governing the procedures for Banking Industry to evaluate Assets and Deal with Non-performing/Non-annual loans issued by the Ministry of Finance (MOF), credit assets classified as normal (this balance should be net of the balance of borrowings by ROC government agencies from the Corporation), special mention, substandard, with doubtful collectability and uncollectable or loss incurring are evaluated on the basis of the borrowers'/clients' financial condition and delinquency record on interest payments.

The assets mentioned above have allowances at 1%, 2%, 10% and 50%, respectively, of outstanding credit. The minimum allowance for doubtful accounts and guarantees is equal to the book value of the above listed. The doubtful accounts of credit cards receivables are evaluated on the basis of Regulations Governing Institutions Engaging In Credit Card Business.

Based on the Order No. 10300329440 issued by the FSC, for the Group to have an enhanced risk coverage toward collateral exposures in Mainland China, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets before 2016. Based on the Order No. 10410001840 issued by the FSC, for the Group to have an enhanced control of the exposure to the risk in Mainland China, the minimum provision for the loan loss reserve is 1.5% of the credit include short-term trade finance that were granted to companies based in Mainland China before 2015 and classified as normal assets.

Credits from KGI Bank deemed uncollectable which is estimated by possibility of collection and collateral value may be written off under the approval of the board of directors.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

b. Financial assets measured at cost

When objective evidences indicate that financial assets measured at cost are impaired, the amount of the loss is recognized as "loss on asset impairment' and cannot be reversed.

Retirement Benefits

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment loss on loans and receivables

The management reviews loan portfolios to assess impairment periodically. To determine whether an impairment loss should be recognized, the management exercises its judgments on whether there is any indication of impairment. For the purpose of impairment assessment, the management determines the expected future cash flows based on historical loss on assets with similar credit risks. The management also reviews periodically the methodology and assumptions adopted for both expected future cash flow and its timing to decrease the difference between estimated and actual amount of impairment.

b. Impairment of financial assets measured at cost

When financial assets with no active market and financial assets measured at cost are assessed based on indication of impairment, their impairment losses are calculated by the estimated recoverable amount. Under such circumstances, the recoverable amount depends on the estimation of observable data and appropriate assumption; in the meantime, the management considers related market and industry situation to determine the reasonability of the assumption.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash in banks	$ 12,348,270	$ 18,662,103	$ 10,386,731
Due from banks	7,613,219	4,386,202	2,638,965
Short-term transactions instruments with maturities of up to three months	4,439,654	2,352,369	2,753,579
Future excess margin	1,549,855	1,044,184	1,110,120
Cash on hand	1,289,474	1,247,909	1,529,654
Check for clearing	182,985	619,580	179,151
	$ 27,423,457	$ 28,312,347	$ 18,598,200

Cash and cash equivalents as of December 31, 2016 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of June 30, 2016 and 2015:

	December 31, 2016
Cash and cash equivalents in consolidated balance sheet	$ 28,312,347
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7	35,018,321
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	29,883,158
Cash and cash equivalents in consolidated statement of cash flow	$ 93,213,826

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	June 30, 2017	December 31, 2016	June 30, 2016
Due from the Central Bank	$ 10,930,000	$ 37,130,000	$ 42,540,000
Call loans to banks	18,004,323	13,568,474	19,369,696
Deposit reserve - demand accounts	7,535,800	8,078,055	7,173,647
Deposit reserve - checking accounts	6,968,914	12,358,953	5,939,157
Due from the Central Bank - interbank settlement funds	183,574	600,599	181,661
Deposit reserve - foreign currencies	140,006	148,483	148,516
	$ 43,762,617	$ 71,884,564	$ 75,352,677

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve are determined monthly at prescribed rates based on average balance of the Bank’s deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

For the certificates of deposit issued by the Central Bank of the ROC and pledged as collateral for day-term overdraft, please refer to Note 48.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets held for trading			
Derivative instrument			
Interest rate swap contracts	$ 8,639,926	$ 10,239,924	$ 8,864,843
Currency swap contracts	8,153,984	11,634,089	6,834,286
Forward exchange contracts	3,429,905	1,125,916	2,550,536
Option and futures contracts	3,382,178	4,184,386	4,104,952
Others	1,062,082	1,036,037	389,762
Non-derivative financial assets			
Operating securities (Note 9)	65,489,580	55,752,957	98,137,096
Commercial papers	5,157,706	2,797,870	-
Convertible (exchangeable) corporate bonds	2,973,766	3,121,853	2,585,340
Bank debentures	2,300,654	20,819,329	21,347,064
Mutual funds	2,129,907	2,522,042	5,800,876
Others	429,632	4,508,628	2,476,558
	103,149,320	117,743,031	153,091,313
Financial assets designated as at FVTPL			
Government bonds	31,796,188	39,174,578	38,272,002
Others	8,139,417	2,362,493	1,854,490
	39,935,605	41,537,071	40,126,492
Financial assets at FVTPL	$ 143,084,925	$ 159,280,102	$ 193,217,805
Financial liabilities held for trading			
Derivative instrument			
Option and futures contracts	$ 10,100,801	$ 5,769,857	$ 6,134,276
Interest rate swap contracts	9,019,587	10,947,600	9,295,168
Currency swap contracts	7,878,566	11,275,914	6,981,196
Forward exchange contracts	3,369,402	924,187	2,525,008
Others	2,414,626	1,805,444	1,519,240
Non-derivative financial liabilities			
Borrowed securities payable	12,099,495	5,484,802	11,667,410
Others	1,032,203	2,361,581	871,974
	45,914,680	38,569,385	38,994,272
Financial liabilities designated as at FVTPL			
Bank debentures payable	17,405,435	11,892,012	10,493,907
Structured products	1,017,173	1,103,869	1,680,208
	18,422,608	12,995,881	12,174,115
Financial liabilities at FVTPL	$ 64,337,288	$ 51,565,266	$ 51,168,387

The Group's trust contract of stock of Capital Securities Corporation. Please refer to Note 10.

As of June 30, 2017, December 31, 2016 and June 30, 2016, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	June 30, 2017	December 31, 2016	June 30, 2016	Issuance Period	Method of Paying Principles and Interests	Interest Rate
15KGIB1	$ 3,226,216	$ 3,421,574	$ 3,422,316	March 24, 2015 - March 24, 2045 (Note 1)	Principal due on maturity	0%
P16KGIB1	3,347,960	3,550,690	3,551,460	May 3, 2016 - May 3, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB2	3,347,960	3,550,690	3,551,460	May 27, 2016 - May 27, 2046 (Note 2)	Principal due on maturity	0%
P16KGIB3	2,434,880	2,582,320	-	November 8, 2016 - November 8, 2046 (Note 1)	Principal due on maturity	0%
P17KGIB1	6,087,200	-	-	January 23, 2017 - January 23, 2047 (Note 1)	Principal due on maturity	0%
	18,444,216	13,105,274	10,525,236			
Valuation adjustments	(1,038,781)	(1,213,262)	(31,329)			
	$ 17,405,435	$ 11,892,012	$ 10,493,907			

Note 1: Base on 100% of the carry value of each bond principal plus the interest shall be payable early redemption since the expiration of two year from the issue date (inclusive).

Note 2: Base on 100% of the carry value of each bond principal plus the interest shall be payable early redemption since the expiration of one year from the issue date (inclusive).

The contract (nominal) amounts of the Group's outstanding derivative financial instruments as of June 30, 2017, December 31, 2016 and June 30, 2016 are summarized as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Currency swap contracts	$ 1,358,366,072	$ 1,240,148,072	$ 1,133,471,016
Interest rate swap contracts	1,053,039,327	1,020,801,145	704,079,221
Option and Futures contracts	321,091,015	286,325,519	305,342,458
Forward exchange contracts	121,285,131	119,730,494	172,373,857
Cross-currency swap contracts	38,515,704	23,941,077	30,616,277
Structured note contracts	27,871,229	11,537,615	11,317,732
Assets swap contracts	10,670,072	12,387,775	12,860,344
Credit default swap contracts	6,015,021	5,679,224	5,163,417
Non-deliverable forward contracts	1,097,719	852,483	1,343,347
Commodity swap	714,051	104,891	163,167
Equity derivative financial contracts	518,690	21,471	197,739

As of June 30, 2017, December 31, 2016 and June 30, 2016, financial assets held for trading with aggregate carrying values of $64,313,306 thousand, $90,931,440 thousand and $107,751,469 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 48.

9. OPERATING SECURITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Dealing			
Oversea securities	$ 26,790,555	$ 22,465,807	$ 30,353,524
Corporate bonds	12,785,045	12,777,415	15,177,678
Listed, OTC and emerging market stocks	6,654,931	7,441,187	8,241,490
Government bonds	5,572,021	6,718,872	36,602,460
Others	35,282	209,542	627,778
	51,837,834	49,612,823	91,002,930
Underwriting			
Listed and OTC stocks	1,093,043	1,226,436	825,718
Corporate bonds	422,996	292,668	496,925
Others	18,000	149,705	-
	1,534,039	1,668,809	1,322,643
Hedge positions			
Listed and OTC stocks	11,500,232	3,875,537	4,963,250
Oversea securities	600,656	592,084	797,664
Listed and OTC warrant	15,043	3,704	50,609
Others	1,776	-	-
	12,117,707	4,471,325	5,811,523
	$ 65,489,580	$ 55,752,957	$ 98,137,096

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds	$ 62,794,257	$ 65,878,067	$ 30,197,092
Corporate bonds	27,682,679	5,161,140	7,853,065
Negotiable certificates of deposit	25,802,540	-	-
Listed, OTC and emerging market stocks	23,557,335	21,758,314	19,732,269
Bank debentures	22,650,383	13,051,597	16,086,121
Others	803,819	509,947	897,903
	$ 163,291,013	$ 106,359,065	$ 74,766,450

As of June 30, 2017, December 31, 2016 and June 30, 2016, available-for-sale financial assets, with aggregate carrying values of $59,731,319 thousand, $28,629,003 thousand and $20,829,209 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Group signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015, entrusting shares of Capital Securities Corporation to them. The trustee deals with the shares in accordance with the contract during the contract period.

For the information on available-for-sale financial assets pledged as collateral for the Group, please refer to Note 48.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Bank debentures	$ 12,324,454	$ 15,151,082	$ 6,155,993
Government bonds	9,161,121	9,135,147	11,880,473
Corporate bonds	8,821,709	4,851,085	7,645,108
Commercial papers	908,096	745,844	2,784,501
	$ 31,215,380	$ 29,883,158	$ 28,466,075
Resold amounts	$ 31,231,234	$ 29,910,667	$ 28,471,311
Last maturity date	July 2017	February 2017	August 2016

12. RECEIVABLES, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Receivables on margin loans, refinancing margin and refinancing deposits receivable	$ 31,383,891	$ 28,686,768	$ 29,413,526
Receivable accounts for settlement	23,354,389	17,058,010	37,132,426
Accounts receivable factoring without recourse	8,916,480	9,590,021	2,002,681
Trading securities receivable	8,681,067	6,901,611	4,825,742
Accounts receivable - forfeiting	5,468,843	7,912,584	15,000,285
Lease receivables	4,984,138	6,424,942	6,600,210
Settlement price	3,178,064	6,798,639	4,325,882
Others	12,612,318	12,113,019	11,817,679
	98,579,190	95,485,594	111,118,431
Less: Unrealized interest revenue	(274,745)	(378,214)	(423,889)
Allowance for bad debts	(2,684,835)	(2,917,166)	(2,788,527)
	$ 95,619,610	$ 92,190,214	$ 107,906,015

The Group’s changes in allowance for bad debts of receivables were as follows:

	For the Six Months Ended June 30	
	2017	2016
Balance, January 1	$ 2,917,166	$ 3,006,575
Allowance (reversal)	329,827	(73,660)
Loans reclassified to nonperforming loans	(255,236)	(1,200)
Write-off	(265,224)	(118,967)
Recovery of written-off credit	16,743	-
Effect of exchange rate changes	(58,441)	(24,221)
Balance, June 30	$ 2,684,835	$ 2,788,527

For the information on impairment loss analysis of receivables, please refer to Note 54.

The amount of receivables pledged as collateral for the Group, please refer to Note 48.

13. DISCOUNTS AND LOANS, NET

	June 30, 2017	December 31, 2016	June 30, 2016
Short-term loans	$ 70,985,769	$ 60,824,456	$ 51,194,844
Medium-term loans	163,069,985	152,145,653	144,056,024
Long-term loans	45,536,728	42,061,948	40,580,500
Loans reclassified to nonperforming loans	628,991	708,046	558,998
Export negotiations	141,489	139,441	63,309
	280,362,962	255,879,544	236,453,675
Less: Allowance for bad debts	(3,773,595)	(3,429,672)	(3,266,846)
Discounts on loans	(67,512)	(72,880)	(83,214)
	$ 276,521,855	$ 252,376,992	$ 233,103,615

The Group's changes in allowance for bad debts of discounts and loans were as follows:

	For the Six Months Ended June 30	
	2017	2016
Balance, January 1	$ 3,429,672	$ 3,115,696
Allowance	267,687	69,203
Recovery of written-off credits	371,366	374,420
Write-off	(232,162)	(264,008)
Reduction and exemption	(15,189)	(14,249)
Effects of exchange rate changes	(47,779)	(14,216)
Balance, June 30	$ 3,773,595	$ 3,266,846

For the information on impairment loss analysis of discounts and loans, please refer to Note 54.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Associates that are not individually material:

	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
CDIB & Partners Investment Holding Corporation	$ 5,442,149	34	$ 4,988,044	34	$ 4,679,979	34
CDIB Capital Asia Partners L.P.	2,663,211	-	2,109,639	-	2,060,547	-
KGI Securities (Thailand) Public Company Limited	1,995,868	35	2,160,555	35	1,997,250	35
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	1,648,862	-	1,165,320	-	1,211,645	-
CPEC Huachuang Private Management Equity (Kunshan) Enterprise (Limited Partnership)	1,355,254	-	960,603	-	557,662	-
CDIB Biomedical Venture Capital Corporation	581,912	34	582,599	34	581,525	34
CDIB CME Fund Ltd.	554,006	40	568,380	40	577,013	40
Others	77,290		140,664		164,360	
	$ 14,318,552		$ 12,675,804		$ 11,829,981	

Investments accounted for using the equity method and the Group’s share of earnings and other comprehensive income of CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees had not been audited, there would have been no significant effect on the consolidated financial statements.

There are no any investments under equity method was pledged as collateral.

15. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in private equity fund

The Corporation’s subsidiaries have equities of structured entities which the Corporation’s subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Investment in private equity fund			
Financial assets measured at cost	$ 6,031,615	$ 6,135,403	$ 6,556,495
Maximum exposure	$ 6,031,615	$ 6,135,403	$ 6,556,495

b. Management on private equity fund

The Corporation’s subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation’s subsidiaries have significant influence over the above investments.

The funding of unconsolidated structured entities are from the Corporation’s subsidiaries and external third parties.

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Management on private equity fund			
Total assets	$ 20,439,576	$ 15,250,696	$ 14,010,151
Total liabilities	90,719	17,840	239,930
Investments accounted for using the equity method	5,667,327	4,235,562	3,829,854
Financial assets at fair value through profit or loss	174,269	-	-
Maximum exposure	5,841,596	4,235,562	3,829,854

16. RESTRICTED ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Restricted demand deposits	$ 26,936,004	$ 27,519,235	$ 29,884,917
Stocks	149,392	149,392	149,392
Accounts receivables	104,257	105,831	120,609
Checking accounts - restricted for agent's stock transfer purposes	77,258	62,566	65,407
Impound account	45,595	48,012	40,123
Accrued revenue	44,574	35,879	35,880
Due from banks	-	13,009	14,272
	$ 27,357,080	$ 27,933,924	$ 30,310,600

The above restricted demand deposits refer to amounts received from clients for the securities brokerage business and the deposit guarantee for engaging in derivatives transactions from the Corporation's subsidiaries in overseas.

After the filing of a certain civil action against Morgan Stanley & Co. International PLC (Morgan Stanley) (Note 49), CDIB Capital Group could not access the following financial assets of the fund in connection with transactions made with Morgan Stanley because of its unauthorized disposition: Accounts receivable, deposits, cash security on CDS contracts, available-for-sale stock investments and the related accrued revenue. These financial assets were reclassified as "restricted assets" because of the inaccessibility of it.

For the information on restricted assets pledged as collateral for the Group, please refer to Note 48.

17. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2017	December 31, 2016	June 30, 2016
Unlisted stocks - common stock	$ 6,878,472	$ 7,818,874	$ 7,509,186
Unlisted overseas partnership fund	6,031,615	6,135,403	6,556,495
Others	5,195,317	5,537,485	6,423,203
	$ 18,105,404	$ 19,491,762	$ 20,488,884
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 16,941,776	$ 18,043,472	$ 18,921,384
Financial assets at FVTPL	1,163,628	1,448,290	1,567,500
	$ 18,105,404	$ 19,491,762	$ 20,488,884

CDIB Capital Group and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $392,436 thousand, $212,757 thousand, $538,474 thousand and $862,718 thousand during the three and six months ended June 30, 2017 and 2016, respectively, recognizing disposal gain of $580,721 thousand, $289,770 thousand, $811,990 thousand and $687,288 thousand, respectively.

18. OTHER FINANCIAL ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Guarantee deposits received on futures contracts	$ 34,271,598	$ 36,201,863	$ 37,570,047
Time deposits with original maturities over three months	4,471,738	5,573,703	8,502,908
Debt instruments with no active market	3,820,432	2,083,503	1,875,479
Pledged time deposit	1,137,183	744,223	612,244
Others	100,501	190,022	156,509
	$ 43,801,452	$ 44,793,314	$ 48,717,187

For the information on other financial assets pledged as collateral for the Group, please refer to Note 48.

19. INVESTMENT PROPERTY

	June 30, 2017	December 31, 2016	June 30, 2016
Land	$ 2,041,365	$ 1,879,859	$ 1,777,359
Buildings and facilities	305,422	299,497	263,243
	$ 2,346,787	$ 2,179,356	$ 2,040,602

The changes in the Group's investment properties were as follows:

	For the Six Months Ended June 30	
	2017	2016
Cost		
Beginning balance	$ 2,838,006	$ 2,682,688
Disposal	(1,652)	(2,321)
Reclassification	192,486	1,458
Ending balance	3,028,840	2,681,825
Accumulated depreciation		
Beginning balance	(160,115)	(134,095)
Depreciation	(5,420)	(3,971)
Disposal	203	254
Reclassification	(18,233)	(3,682)
Ending balance	(183,565)	(141,494)
Accumulated impairment		
Beginning balance	(498,535)	(500,282)
Reversal of impairment	47	553
Ending balance	(498,488)	(499,729)
Carrying amount	$ 2,346,787	$ 2,040,602

The above items of investment property were depreciated on a straight-line basis at economics lives estimated as follows:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years

The fair values of the Group's investment property as of June 30, 2017, December 31, 2016 and June 30, 2016 were $4,395,156 thousand, $4,147,015 thousand and $3,583,448 thousand, respectively. Investment property was categorized into Level 3.

KGI Bank and subsidiaries, as well as CDIB Capital Group and subsidiaries, arrived at the fair value of their investment property by using reports of external appraisers that are not identified as related parties, and instead of evaluating by independent professional, the subsidiaries' management other than KGI Bank and CDIB Capital Group of the Group apply valuation models which market participants commonly use in determining the fair value. Sales comparison approach compares a subject property's characteristics with those of comparable properties which have recently sold in the similar transaction; Income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged for the Group to secure borrowings were reflected in Note 48.

20. PROPERTY AND EQUIPMENT

	June 30, 2017	December 31, 2016	June 30, 2016
Land	$ 8,669,096	$ 8,831,716	$ 8,915,882
Buildings and facilities	4,277,319	4,368,108	4,476,553
Computer equipment	531,752	525,987	541,840
Transportation equipment	2,680	3,363	21,342
Other equipment	217,494	236,998	224,693
Leasehold improvements	296,940	302,598	260,747
Leased assets	376,171	240,303	227,843
	14,371,452	14,509,073	14,668,900
Prepayments for acquisition of properties	32,736	3,843	6,763
	$ 14,404,188	$ 14,512,916	$ 14,675,663

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three and six months ended June 30, 2017 and 2016.

The above items of property and equipment were depreciated on a straight-line basis at economic lives estimated as follows:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	4-5 years
Computer equipment	1-8 years
Transportation equipment	2-15 years
Other equipment	
Office furniture and equipment	2-10 years
Others	10 years
Leasehold improvements	1-10 years
Leased assets	1-10 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 48.

21. INTANGIBLE ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Operation rights	$ 5,193,378	$ 5,527,201	$ 5,864,244
Goodwill	1,848,998	1,895,744	1,898,709
Computer software	489,913	489,037	481,311
Others	36,396	36,396	36,396
	$ 7,568,685	$ 7,948,378	$ 8,280,660

Except for depreciation recognized, the Group had no significant addition, disposal and impairment of property and equipment during the three and six months ended June 30, 2017 and 2016.

The above items of intangible assets were amortized on a straight-line basis at economic lives estimated as follows:

Operation rights	7-20 years
Computer software	3-6 years

22. OTHER ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Guarantee deposits paid	$ 6,598,205	$ 9,401,359	$ 8,561,612
Security borrowing margins	3,668,537	2,810,965	5,961,083
Operating guarantee deposits	1,426,710	1,417,056	1,417,399
Prepaid expense	944,198	987,651	1,068,374
Settlement funds	544,613	527,293	520,474
Others	1,224,184	1,164,091	1,214,483
	$ 14,406,447	$ 16,308,415	$ 18,743,425

For the information on other assets pledged as collateral for the Group, please refer to Note 48.

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2017	December 31, 2016	June 30, 2016
Call loans from banks	$ 28,278,621	$ 29,863,422	$ 18,385,750
Deposits from Chunghwa Post Co., Ltd.	1,203,712	1,215,347	1,221,038
	$ 29,482,333	$ 31,078,769	$ 19,606,788

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Bank debentures	$ 47,566,543	$ 51,255,621	$ 51,514,407
Corporate bonds	42,809,191	23,943,163	34,448,706
Government bonds	35,498,663	44,361,659	47,964,795
	$ 125,874,397	$ 119,560,443	$ 133,927,908
Repurchased amounts	$ 126,057,405	$ 119,817,493	$ 134,196,531
Last maturity date	September 2017	March 2017	August 2016

25. COMMERCIAL PAPER PAYABLE

	June 30, 2017	December 31, 2016	June 30, 2016
Commercial paper payable	$ 27,217,057	$ 17,558,460	$ 19,609,353
Less: Unamortized discount	(10,649)	(8,663)	(8,875)
	$ 27,206,408	$ 17,549,797	$ 19,600,478
Rate	0.39%-1.88%	0.48%-1.87%	0.32%-2.02%
Last maturity date	October 2017	October 2017	June 2017

As of June 30, 2017, Ta Ching Finance Corporation, China Bills Finance Corporation, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Taiwan Finance Corporation, International Bills Finance Corporation, Shanghai Commercial Bank, Sunny Bank, Union Bills Finance Corporation, Taiwan Business Bank, Taishin Bills Finance Corporation and Taiwan Cooperative Bank guaranteed the above commercial paper. However, some commercial paper which amounted to $18,590,737 thousand, had no guarantee.

As of December 31, 2016, China Bills Finance Corporation, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Dah Chang Bills Finance Corporation, International Bills Finance Corporation, Far Eastern International Bank, Mega Bank, Taipei Star Bank, Ta Chong Bank, Taiwan Finance Corporation, Syndicated Loans issued by China Bills Finance Corporation, Ta Ching Finance Corporation, Union Bank of Taiwan, Taishin International Bank, Hua Nan Commercial Bank, Taiwan Business Bank, Sunny Bank, Taiwan Cooperative Bank, Shanghai Commercial Bank and Union Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper, which amounted to $8,185,474 thousand, had no guarantee.

As of June 30, 2016, Mega Bills Finance Corporation, International Bills Finance Corporation, Far Eastern International Bank, Mega Bank, Taishin International Bank, Taipei Star Bank, Da Chong Bank, Ta Ching Finance Corporation, China Bills Finance Corporation and Taiwan Finance Corporation. However, some commercial paper, which amounted to $14,016,450 thousand, had no guarantee.

26. PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Accounts payable for settlement	$ 41,415,333	$ 35,954,518	$ 53,031,457
Guaranteed price deposits received from securities borrowers	10,325,104	10,869,488	13,111,086
Cash dividends payable	7,490,228	-	58,136
Settlement proceeds	4,333,286	2,875,364	3,171,217
Accrued expenses	2,536,763	3,528,890	2,211,322
Others	6,722,365	7,109,068	6,376,370
	$ 72,823,079	$ 60,337,328	$ 77,959,588

27. DEPOSITS AND REMITTANCES

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits	$ 177,882,341	$ 182,288,180	$ 170,846,687
Saving deposits	99,811,390	98,220,082	95,593,964
Demand deposits	36,528,204	29,969,608	25,908,045
Checking deposits	2,452,741	2,853,653	2,346,141
Negotiable CDs	4,155,000	1,896,300	67,200
Inward remittance	54,888	224,141	47,621
	$ 320,884,564	$ 315,451,964	$ 294,809,658

28. BONDS PAYABLE

	June 30, 2017	December 31, 2016	June 30, 2016
Corporate bonds payable	$ 19,000,000	$ 25,000,000	$ 25,969,660
Bank debentures payable	3,719,875	2,684,236	2,648,007
	$ 22,719,875	$ 27,684,236	$ 28,617,667

Corporate Bonds Payable

	June 30, 2017	December 31, 2016	June 30, 2016
1st corporate bonds in 2009 - the Corporation	$ -	$ 1,000,000	$ 1,000,000
1st corporate bonds in 2011 - the Corporation	1,000,000	6,000,000	6,000,000
1st corporate bonds in 2013 - the Corporation	3,000,000	3,000,000	3,000,000
1st corporate bonds in 2014 - the Corporation	6,000,000	6,000,000	6,000,000
1st corporate bonds in 2015 - the Corporation	2,000,000	2,000,000	2,000,000
1st corporate bonds in 2014 - KGI Securities	-	-	969,660
1st corporate bonds in 2015 - KGI Securities	7,000,000	7,000,000	7,000,000
	$ 19,000,000	$ 25,000,000	$ 25,969,660
Fair value	$ 19,205,561	$ 25,314,561	$ 26,366,997

In March 2010, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2009 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Five years.
Bond B: Seven years.

b. Issue coupon/interest rate:

Bond A: 1.80% fixed annual interest rate.
Bond B: 2.00% fixed annual interest rate.

c. Method of paying principal and interest:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in March 2015 and Bond B will mature in March 2017.

In March 2012, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2011 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Five years.
Bond B: Seven years.

b. Issue coupon/interest rate:

Bond A: 1.32% fixed annual interest rate.
Bond B: 1.42% fixed annual interest rate.

c. Method of paying principal and interest:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in March 2017 and Bond B will mature in March 2019.

In May 2013, the Corporation issued $3,000,000 thousand of 1st unsecured corporate bonds in 2013 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.37% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in May 2018.

In March 2015, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2014 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.42% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in March 2020.

In September 2015, the Corporation issued $2,000,000 thousand of 1st unsecured corporate bonds in 2015 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.37% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in September 2020.

In November 2014, KGI Securities issued RMB200,000 thousand of 1st unsecured corporate bonds in 2014 with par value of RMB1,000 thousand. The bond terms were as follows:

a. Issue period: Two years.

b. Issue coupon/interest rate: 3.50% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in November 2016.

In June 2015, KGI Securities issued $7,000,000 thousand of 1st unsecured corporate bonds in 2015 with par value of $10,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Three years.
Bond B: Five years.

b. Issue coupon/interest rate:
Bond A: 1.20% fixed annual interest rate.
Bond B: 1.42% fixed annual interest rate.

c. Method of paying principal and interest:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in June 2018 and Bond B will mature in June 2020.

Bank Debentures Payable

Name	June 30, 2017	December 31, 2016	June 30, 2016	Issue Year	Repayment Year	Interest Rate
04 KGIB2	$ 2,750,000	$ 2,750,000	$ 2,750,000	2008.01.09-2017.12.13	Principal due on maturity	0.00%
P06 KGIB1	1,000,000	-	-	2017.05.19-2020.05.19	Principal due on maturity interest payable annually	0.90%
	3,750,000	2,750,000	2,750,000			
Unamortized discount	(30,125)	(65,764)	(101,993)			
Net amount	$ 3,719,875	$ 2,684,236	$ 2,648,007			
Fair value	$ 3,715,655	$ 2,672,291	$ 2,632,119			

29. OTHER BORROWINGS

	June 30, 2017	December 31, 2016	June 30, 2016
Short-term credit borrowings	$ 8,021,422	$ 9,575,993	$ 14,068,815
Short-term secured borrowings	6,924,997	5,036,020	5,164,568
Note issuance facility	4,499,007	4,799,568	4,398,995
Long-term credit borrowings	305,942	466,877	239,991
	$ 19,751,368	$ 19,878,458	$ 23,872,369
Rate	0.50%-4.75%	0.65%-9.45%	0.36%-4.75%
Last maturity date	June 2020	December 2019	July 2018

30. PROVISIONS

	June 30, 2017	December 31, 2016	June 30, 2016
Provisions for employee benefits	$ 895,019	$ 931,377	$ 1,012,522
Provisions for guarantee liabilities	103,835	97,555	107,735
Others	344,857	344,735	274,733
	$ 1,343,711	$ 1,373,667	$ 1,394,990

31. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015, and recognized in their respective periods.

The Group recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $7,872 thousand, $10,239 thousand, $17,294 thousand and $20,577 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $96,193 thousand, $96,143 thousand, $185,455 thousand and $189,536 thousand, respectively for the three and six months ended June 30, 2017 and 2016.

32. OTHER LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
Guarantee deposits received	$ 11,280,261	$ 12,654,078	$ 10,437,994
Temporary receipts and suspense accounts	1,870,969	650,861	2,019,962
Collections for others	1,501,621	1,808,971	1,684,565
Others	468,992	438,298	475,566
	$ 15,121,843	$ 15,552,208	$ 14,618,087

33. EQUITY

a. Share capital

Common stock

	June 30, 2017	December 31, 2016	June 30, 2016
Numbers of shares authorized (in thousands)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully received (in thousands)	14,975,743	14,974,421	14,974,012
Shares issued	$ 149,757,428	$ 149,744,213	$ 149,740,122

b. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Arising from treasury stock transactions	$ 821,193	$ 821,193	$ 821,193
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	182,662	182,755	182,755
Share-based payments awards	85,320	81,539	72,751
Arising from share of changes in capital surplus of associates	13,728	13,728	13,728
Capital surplus-issue of stock in excess	6,674	5,306	5,546
	$ 1,109,577	$ 1,104,521	$ 1,095,973

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, thereof may be transferred to paid-in capital.

Under a directive issued by the SFB, whenever the components of shareholders' equity which includes unrealized gains or losses on financial instruments and cumulative translation adjustment but not treasury stock have debit balances, a special reserve equal to the total debit balance should be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, when transitioning to IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Corporation’s use of exemptions under IFRS 1. However, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed.

d. Appropriation of earnings

To continually expand the Corporation’s operations and increase its profitability as well as comply with the Corporation Act and relevant regulations, the Corporation adopts the residual dividend policy. The Corporation decides the conditions for time and amount of dividend allocation based on regulations and the Company’s Articles of Incorporation. Taking the Corporation’s business plan into account, the Corporation would pay dividends in the form of stock. In any case the cash dividends should not be less than 10% of total dividends distributed.

The board of director revised the proposal of the remaining net income and unappropriated accumulated earnings can cover previous years’ accumulated losses and related taxes, if any, are sequenced as follows legal reserve on the current year’s net income, followed by a special reserve or reversal defined by laws and plus the final remainder of the earnings as dividends to shareholders and the distribution for bonus with 30% to 100% of distribution given the unappropriated earnings at the beginning of the period, as proposed by the board of directors and approved in the shareholders’ meeting.

Legal reserve should be appropriated from earnings until the legal reserve equals the Corporation’s paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the Integrated Income Tax System, resident shareholders are allowed tax credits, based on the balance of the Imputation Credit Account (ICA) on the dividend distribution date, for the income tax paid by the Corporation on earnings generated since 1998.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

On June 16, 2017 and May 16, 2016, the board of the directors and shareholders’ meeting approved the resolution on the appropriations from the earnings of 2016 and 2015, respectively, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		**Dividends Per Share (NT$)**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 592,308	$ 852,823		
Special reserve (reversed)	(949,694)	2,463,255		
Cash dividends	7,487,871	7,487,006	$ 0.5	$ 0.5

Related information can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e. Non-controlling interests

	For the Six Months Ended June 30	
	2017	2016
Balance at January 1	$ 3,608,921	$ 3,606,912
Attributable to non-controlling interests		
Share of profit for the period	(118,075)	55,123
Exchange difference on translation of foreign financial statements	(2,028)	(2,484)
Unrealized losses on available-for-sale financial assets	13,465	(1,121)
Payment of cash dividends by subsidiaries	(35,827)	(59,476)
Others	217	563
Balance at June 30	$ 3,466,673	$ 3,599,517

34. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Year (In Thousands)	Share Decrease During the Year (In Thousands)	Shares at End of the Period (In Thousands)
For the six months ended June 30, 2017				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	323,232	-	-	323,232
For the six months ended June 30, 2016				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	323,232	-	-	323,232
Held by the Corporation to maintain its credit and shareholders' equity	-	143,010	143,010	-
	323,232	143,010	143,010	323,232

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition and share swap date respectively, were treated as treasury stock. The market prices of the shares were $2,671,833 thousand, $2,438,842 thousand and $2,351,092 thousand on June 30, 2017, December 31, 2016 and June 30, 2016, respectively. The Corporation's shares held by CDIB Capital Group are also treated as treasury stock and recognized book value on the swap date. The market prices of the shares were $182,305 thousand, $166,408 thousand and $160,421 thousand on June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

On January 25, 2016, the board of directors resolved to buy back 150,000 thousand of the Corporation's shares between January 26, 2016 and March 25, 2016 under the regulations of Article 28-2 of the Securities and Exchange Act. The purpose of this buyback was to maintain the Corporation's reputation and the shareholders' equity; the buyback price was set at NT$7.27 to NT$10.00 per share and the buyback would be continued even when the stock price went down below the lower bound of the price interval set, in compliance with Article 2 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The Corporation had repurchased 143,010 thousand shares at an average price of NT$8.04 per share and retired all the treasury stocks on June 27, 2016.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

35. INTEREST PROFIT, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Interest revenues				
Discounts and loans	$ 1,826,006	$ 1,597,679	$ 3,548,098	$ 3,229,549
Securities	559,908	263,393	900,971	533,792
Margin loans and refinancing margin	456,117	459,004	885,035	945,847
Due from and call loans to banks	92,725	136,546	187,891	261,936
Others	388,360	310,908	803,413	668,968
	3,323,116	2,767,530	6,325,408	5,640,092
Interest expenses				
Deposits	649,035	583,831	1,261,762	1,256,060
Notes and bonds issued under repurchase agreements	282,614	188,827	555,972	372,917
Borrowing interest expense	80,065	80,040	162,891	186,623
Corporate bonds	65,436	95,178	145,138	190,750
Others	178,392	106,680	326,853	213,942
	1,255,542	1,054,556	2,452,616	2,220,292
Interest profit, net	$ 2,067,574	$ 1,712,974	$ 3,872,792	$ 3,419,800

36. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Service fee revenue and commission income				
Brokerage	$ 1,858,122	$ 1,669,768	$ 3,650,198	$ 3,609,395
Commission income - insurance	223,852	305,272	507,989	519,848
Trust	111,695	80,006	221,940	144,407
Others	330,273	288,451	663,541	509,017
	2,523,942	2,343,497	5,043,668	4,782,667
Service fee expense and commission expense				
Brokerage	279,234	266,184	556,628	646,300
Consignment settlement and delivery	59,213	65,956	112,487	129,337
Agency	31,219	35,335	62,917	68,545
Commission expense - other	20,169	53,437	89,053	88,951
Dealing handling fee	15,795	36,538	38,464	89,264
Others	98,293	68,680	146,364	147,151
	503,923	526,130	1,005,913	1,169,548
Service fee and commission, net	$ 2,020,019	$ 1,817,367	$ 4,037,755	$ 3,613,119

37. GAIN ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Operating securities	$ 989,560	$ (401,048)	$ 1,562,645	$ 346,309
Derivatives	989,068	62,474	2,395,939	(48,233)
Bonds	(506,392)	512,095	29,396	1,294,622
Mutual funds	41,525	(61,849)	54,051	(397,145)
Call (put) warrants	36,334	180,739	37,004	317,943
Others	(101,550)	744	(1,213,611)	37,039
	$ 1,448,545	$ 293,155	$ 2,865,424	$ 1,550,535

For the three and six months ended June 30, 2017 and 2016, the Group’s financial assets and liabilities at fair value through profit or loss included interest revenue of $361,583 thousand, $559,057 thousand, $794,454 thousand and $1,134,424 thousand, respectively, dividend income of $101,507 thousand, $62,763 thousand, $107,096 thousand and $67,047 thousand, respectively and interest expense of $199,174 thousand, $78,770 thousand, $368,760 thousand and $123,326 thousand, respectively.

38. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Gain on stock disposal	$ 348,200	$ 223,343	$ 265,824	$ 372,417
Gain on bond disposal	335,278	296,446	165,387	492,493
Dividend income	64,543	75,819	77,100	90,614
Others	4,231	1,380	4,942	2,695
	$ 752,252	$ 596,988	$ 513,253	$ 958,219

39. IMPAIRMENT LOSS ON ASSETS, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Financial assets measured at cost	$ 290,601	$ 344,823	$ 353,601	$ 389,898
Available-for-sale financial assets	-	174,230	490	174,230
Others	(469)	(512)	(493)	1,571
	$ 290,132	$ 518,541	$ 353,598	$ 565,699

40. GAIN ON FINANCIAL ASSETS MEASURED AT COST, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Gain on security disposal	$ 566,327	$ 282,052	$ 821,993	$ 738,968
Dividend income	92,150	126,461	128,770	132,362
Others	(2,301)	1,276	1,241	4,063
	$ 656,176	$ 409,789	$ 952,004	$ 875,393

41. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Revenue from underwriting	$ 169,513	$ 132,170	$ 320,307	$ 261,862
Revenue from providing agency service for stock affairs	40,074	37,107	70,523	67,227
Rental income	39,877	28,163	69,689	56,589
Gain on sale of nonperforming loans	30,316	16,444	56,296	63,263

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Gain on debts investment without active market	$ -	$ (2,443)	$ -	$ 181,989
Others	20,744	80,637	58,158	186,198
	$ 300,524	$ 292,078	$ 574,973	$ 817,128

(Concluded)

42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Employee benefit expense				
Salaries and wages	$ 2,561,327	$ 2,273,062	$ 5,047,076	$ 4,637,392
Employee insurance	142,227	144,317	317,988	313,732
Pension	104,065	105,554	202,749	210,113
Others	143,206	140,400	300,561	289,726
	$ 2,950,825	$ 2,663,333	$ 5,868,374	$ 5,450,963
Depreciation and amortization expenses	$ 378,574	$ 365,911	$ 747,234	$ 728,963

The Company's Articles of Incorporation stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three and six months ended June 30, 2017 and 2016, the employees' compensation and the remuneration to directors and supervisors both were $16,977 thousand, $8,356 thousand, $34,210 thousand and $19,573 thousand, respectively.

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The employees' compensation bonus of employees and remuneration to directors and supervisors for 2016 and 2015 which have been approved in the shareholders' meetings on March 27, 2017 and March 28, 2016, respectively, were as follows. The employees' compensation bonus and remuneration of directors and supervisors for 2016 and 2015 were reported on the shareholders meeting on June 16, 2017 and May 16, 2016, respectively.

	For the Year Ended December 31	
	2016	2015
Employees' compensation to employees	$ 59,000	$ 87,000
Remuneration of directors and supervisors	58,000	75,000

There was no difference between the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015.

The information on the proposed and approved compensation to employees and directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

43. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Taxation	$ 307,302	$ 272,540	$ 593,269	$ 692,869
Rental	256,785	256,531	514,114	516,207
Computer information	162,125	181,817	348,210	359,513
Professional services	128,636	162,895	251,824	335,346
Postage	86,454	86,497	173,458	169,572
Security lending expense	74,953	80,914	152,649	127,073
Others	493,453	409,762	806,440	805,455
	$ 1,509,708	$ 1,450,956	$ 2,839,964	$ 3,006,035

44. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The accounting treatment applied to linked-tax system for income tax filings is to adjust the difference between the consolidated current/deferred taxes and the individual current/deferred taxes of the Group, and allocate income tax expense/benefit to the Corporation and each subsidiary's pro rata; related amounts are recognized as current tax assets or current tax liabilities.

a. Income tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Current income tax				
Current year	$ 80,030	$ 244,758	$ 201,974	$ 332,143
Prior years	(37,623)	(169,024)	(70,676)	(171,109)
	42,407	75,734	131,298	161,034
Deferred income tax	257,844	(10,391)	418,698	17,292
Income tax expense recognized in profit or loss	$ 300,251	$ 65,343	$ 549,996	$ 178,326

b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Deferred income tax				
Unrealized gain (loss) on available-for-sale financial assets	$ (139)	$ 267	$ 457	$ 865

c. Integrated income tax

	June 30, 2017	December 31, 2016	June 30, 2016
Imputation credits accounts - the Corporation	$ 733,600	$ 391,943	$ 368,650

The Corporation's creditable tax ratio for the distribution of earnings of 2016 and 2015 were 8.62% (estimated) and 12.51%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Corporation was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Corporation was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2016 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

The Corporation had no unappropriated earnings generated before January 1, 1997.

d. Income tax assessments

The Corporation's income tax returns through 2011 had been examined by the tax authorities. The Corporation disagreed with the tax authorities' assessments of its 2011 and 2010 tax returns and thus filed tax appeals.

CDIB Management Consulting Corporation and CDC Finance and Leasing Company's income tax returns through 2015 had been examined by the tax authorities. Income tax returns of KGI Bank and former KGI Bank Insurance Brokerage Company for the years through 2014 had been examined by the tax authorities.

The income tax returns of formerly Grand Cathay through 2013 had been examined by the tax authorities except for 2012's income tax return. Formerly Grand Cathay disagreed with the tax authorities' assessments of its 2011 tax returns and thus filed tax appeals.

The income tax returns of KGI Securities for the years through 2013 had been examined by the tax authorities. KGI Securities disagreed with the tax authorities' assessments of its tax returns from 2008 to 2013. As a result, KGI filed tax appeals.

Income tax returns of KGI Insurance Brokers Co., KGI Securities Investment Advisory Co., Ltd., GSFC, KGI Securities Investment Trust Co., Ltd., KGI Futures Co., Ltd., KGI Information Technology Co., Ltd. and KGI Venture Capital Co., Ltd. through 2015 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2011 had been examined by the tax authorities. However, CDIB Capital Group disagreed with the tax authorities' assessments of its 2010 tax returns and thus filed tax appeals.

Income tax returns of CDIB Capital Management Inc., former R.O.C. Strategic Company Ltd., and former China Venture Management Inc., through 2015 had been examined by the tax authorities. Income tax returns of former CDIB Strategic Venture Fund Ltd. through 2014 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corp. through 2013 had been examined by the tax authorities.

Income tax returns of China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp., through 2015 had been examined by the tax authorities.

45. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Basic EPS	$ 0.12	$ 0.05	$ 0.24	$ 0.13
Diluted EPS	$ 0.12	$ 0.05	$ 0.24	$ 0.13

The earnings and weighted average number of common shares outstanding in the computation of EPS were as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Earnings used in the computation of EPS	$ 1,729,869	$ 761,743	$ 3,538,286	$ 1,888,158

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Weighted average number of common shares outstanding in computation of basic EPS	14,646,793	14,639,839	14,645,707	14,683,575
Effect of dilutive potentially common shares:				
Employee share options	1,254	1,102	1,254	1,102
Restricted shares	3,804	5,536	4,647	5,734
Weighted average number of common shares outstanding in computation of diluted EPS	14,651,851	14,646,477	14,651,608	14,690,411

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 and 11,088 thousand options on conversion date. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now.

Besides, the Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 7 years and exercisable 2 years after the issuance date.

For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Six Months Ended June 30			
	2017		2016	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	73,211	$ 8.43	74,320	$ 9.01
Options invalid	(6,416)	8.50	(260)	9.06
Balance at June 30	66,795	8.42	74,060	8.42
Options exercisable, end of period	34,057	8.37	30,530	8.35
Weighted-average remaining contractual life (years)	4.12		5.13	

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	$9.54-$10
Exercise price	$7.68-$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Multiplier of early exercise	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the three and six months ended June 30, 2017 and 2016 were $2,579 thousand, $4,310 thousand, $1,327 thousand and $8,479 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is $40,597 thousand in total, and $10 per face value totaled 4,060 thousand shares with issue price of $0 (free issuance) at August 19, 2013. Further, the board of directors made August 26, 2013 as the base-date for capital increase. Fair value on the payment day of the stock was $8.15.

The board of directors of the Corporation has decided to issue restricted shares plan which is $60,833 thousand in total, and $10 per face value totaled 6,083 thousand shares with issue price of $0 (free issuance) at January 27, 2014. Further, the board of directors made January 27, 2014 as the base-date for capital increase. Fair value on the payment day of the stock was $8.84.

The board of directors of the Corporation has decided to issue restricted shares plan which is $56,997 thousand in total, and $10 per face value totaled 5,700 thousand shares with issue price of $0 (free issuance) at February 9, 2015. Further, the board of directors made February 13, 2015 as the base-date for capital increase. Fair value on the payment day of the stock was $10.80.

The board of directors of the Corporation has decided to issue restricted shares plan which is $44,780 thousand in total, and $10 per face value totaled 4,478 thousand shares with issue price of $0 (free issuance) at February 1, 2016. Further, the board of directors made February 4, 2016 as the base-date for capital increase. Fair value on the payment day of the stock was $7.61.

The board of directors of the Corporation has decided to issue restricted shares plan which is $13,216 thousand in total, and $10 per face value totaled 1,322 thousand shares with issue price of $0 (free issuance) at January 19, 2017. Further, the board of directors made January 25, 2017 as the base-date for capital increase. Fair value on the payment day of the stock was $7.98.

The vesting portion of shares is summarized and managed year by year, and the vesting rate of the shares is 40%, 30% and 30% for 1-year, 2-year and 3-year respectively. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees don't have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called "allocated rights" thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the three and six months ended June 30, 2017 and 2016, the Corporation recognized $5,382 thousand, $11,556 thousand, $12,670 thousand, and $23,319 thousand as compensation cost.

47. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

a. Related parties

Related Party	Relationship with the Group
Others	Other related parties

b. Significant transactions with related-parties

1) Cash in banks (recognized as cash and cash equivalents)

	Amount	%
June 30, 2017	$ 37,846	-
December 31, 2016	10,582	-
June 30, 2016	733,577	4

For the three and six months ended June 30, 2017 and 2016, the interest revenues from cash in bank were $31 thousand, $1,596 thousand, $41 thousand and $1,612 thousand, respectively.

2) Due from banks (recognized as cash and cash equivalents)

	Amount	%
June 30, 2017	$ 167,135	1
December 31, 2016	240,836	1
June 30, 2016	121,750	1

For the three and six months ended June 30, 2017 and 2016, the interest revenues from due from banks were all $0 thousand.

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	Amount	%
June 30, 2017	$ 32,278	-
December 31, 2016	31,609	-
June 30, 2016	18,334	-

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2017		
Other related parties	$ 400,455	$ 199,831
For the six months ended June 30, 2016		
Other related parties	49,950	739,201

5) Revenue receivable (recognized as receivables, net)

	Amount	%
June 30, 2017	$ 196,756	-
December 31, 2016	131,210	-
June 30, 2016	195,212	-

6) Receivable on margin loans (recognized as receivables, net)

	Amount	%
June 30, 2017	$ 11,527	-
December 31, 2016	12,245	-
June 30, 2016	10,185	-

7) Credit card receivable (recognized as receivables, net)

	Amount	%
June 30, 2017	$ 28,277	-
December 31, 2016	16,619	-
June 30, 2016	36,096	-

8) Other receivables (recognized as receivables, net)

	Amount	%
June 30, 2017	$ 16,813	-
December 31, 2016	14,584	-
June 30, 2016	21,229	-

9) Discounts and loans, net

	Amount	%	Interest Rate (%)
June 30, 2017	$ 883,253	-	1.54-15.00
December 31, 2016	912,472	-	1.54-15.00
June 30, 2016	832,956	-	1.62-15.00

For the three and six months ended June 30, 2017 and 2016, the interest revenues from discounts and loans were $3,534 thousand, $4,009 thousand, $7,217 thousand and $8,298 thousand, respectively.

Balance as of June 30, 2017

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	31	$ 20,180	$ 15,958	$ 15,958	$ -	None	Yes
Residential mortgage loans	63	955,597	847,786	847,786	-	Real estate	Yes
Others	13	24,793	19,509	19,509	-	Deposit/real estate	Yes

Balance as of December 31, 2016

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	42	$ 32,490	$ 16,502	$ 16,502	$ -	None	Yes
Residential mortgage loans	78	1,227,071	883,732	883,732	-	Real estate	Yes
Others	14	30,505	12,238	12,238	-	Deposit/real estate	Yes

Balance as of June 30, 2016

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	37	$ 27,267	$ 16,368	$ 16,368	$ -	None	Yes
Residential mortgage loans	68	1,110,643	807,281	807,281	-	Real estate	Yes
Others	10	22,056	9,307	9,307	-	Real estate/ deposit	Yes

10) Call loans from banks (recognized as deposits from the Central Bank and banks)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 4,500,000	15	$ 4,322,790	14	$ 322,860	2

For the three and six months ended June 30, 2017 and 2016, the interest expenses from call loans from banks were $4,675 thousand, $772 thousand, $6,382 thousand and $915 thousand, respectively.

11) Notes and bonds issued under repurchase agreements

	Amount	**%**
June 30, 2017	$ 523,086	-
December 31, 2016	715,372	1
June 30, 2016	255,093	-

12) Guaranteed price deposits received from securities borrowers (recognized as payables)

	Amount	**%**
June 30, 2017	$ 18,555	-
December 31, 2016	47,186	-
June 30, 2016	20,840	-

13) Deposits payable for securities financing (recognized as payables)

	Amount	%
June 30, 2017	$ 20,518	-
December 31, 2016	52,173	-
June 30, 2016	21,984	-

14) Other payables (recognized as payables)

	Amount	%
June 30, 2017	$ 73,141	-
December 31, 2016	20,113	-
June 30, 2016	19,425	-

15) Deposits and remittances

	Amount	%	Interest Rate (%)
June 30, 2017	$ 779,667	-	0-5.58
December 31, 2016	866,299	-	0-5.80
June 30, 2016	781,510	-	0-5.80

For the three and six months ended June 30, 2017 and 2016, the interest expenses from deposits and remittances were $1,717 thousand, $2,206 thousand, $3,579 thousand and $4,510 thousand, respectively.

16) Short-term borrowings (recognized as other borrowings)

	Amount	%
June 30, 2017	$ 243,488	1
June 30, 2016	258,288	1

For the three and six months ended June 30, 2017 and 2016, the interest expenses from short-term borrowings were $455 thousand, $821 thousand, $455 thousand and $2,621 thousand, respectively.

17) Customers' equity accounts - futures

	Amount	%
June 30, 2017	$ 62,657	-
December 31, 2016	45,184	-
June 30, 2016	47,020	-

18) Consulting service revenue

	For the Three Months Ended		For the Six Months Ended	
	Amount	%	Amount	%
2017				
Other related parties	$ 112,164	38	$ 226,453	41
2016				
Other related parties	129,792	43	255,564	44

19) Donation (recognized as other operating and administrative expenses)

	For the Three Months Ended		For the Six Months Ended	
	Amount	%	Amount	%
2016				
Other related parties	$ -	-	$ 30,000	2

20) Outstanding derivative financial instruments

KGI Bank

June 30, 2017

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Interest rate swap contracts	March 17, 2017 - April 7, 2047	$ 11,565,680	$ (119,769)	Financial liabilities at FVTPL	$ 119,769

June 30, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	July 9, 2015 - November 17, 2016	$ 1,285,320	$ 7,817	Financial assets at FVTPL	$ 9,978
					Financial liabilities at FVTPL	14,057

21) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Salary and short-term benefits	$ 76,351	$ 57,475	$ 157,037	$ 141,865
Share-based payment	4,881	9,911	11,323	19,965
Post-employment benefits	599	537	1,245	1,079
	$ 81,831	$ 67,923	$ 169,605	$ 162,909

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

c. Related-party transactions were at costs or prices of at least NT$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
The Corporation	Parent company
CDIB Capital Group	Subsidiary of the parent company
KGI Securities	Subsidiary of the parent company
Others	Other related parties

1) Due from banks (recognized as cash and cash equivalents)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 167,135	2	$ 234,544	3	$ 115,458	2

2) Futures Contract (recognized as cash and cash equivalents and Financial assets at FVTPL)

	June 30, 2017	
	Amount	**%**
Subsidiary of the parent company	$ 794,522	7

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2017		
Subsidiary of the parent company	$ 2,332,059	$ 1,845,381
For the six months ended June 30, 2016		
Subsidiary of the parent company	3,423,022	1,257,954

4) Call loans from banks (recognized as deposits from the Central Bank and banks)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 4,500,000	16	$ 4,322,790	14	$ 322,860	2

5) Deposits and remittances

	Amount	%	Interest Rate (%)
June 30, 2017			
Parent company	$ 21,043,186	6	0-0.57
Subsidiary of the parent company	10,720,346	3	0-1.03
December 31, 2016			
Parent company	1,385,671	-	0-0.35
Subsidiary of the parent company	26,602,012	8	0-1.21
June 30, 2016			
Parent company	4,509,005	1	0-0.35
Subsidiary of the parent company	26,851,260	8	0-1.21

6) Payables to parent (recognized as current tax liabilities)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Parent company	$ 352,595	100	$ 379,060	100	$ 283,330	98

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns.

7) Outstanding derivative financial instrument

June 30, 2017

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Interest rate swap contracts	March 17, 2017 - April 7, 2047	$ 11,565,680	$ (119,769)	Financial liabilities at FVTPL	$ 119,769
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	March 23 2016 - March 10, 2019	576,540	11,983	Financial assets at FVTPL	16,325
	Asset swap - option	March 23 2016 - February 10, 2019	576,540	(49,218)	Financial liabilities at FVTPL	54,299
	Interest rate swap contracts	November 4 2016 - January 24, 2020	973,952	2,112	Financial liabilities at FVTPL	2,573
					Financial assets at FVTPL	565

December 31, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	January 5 2016 - June 3, 2019	$ 114,000	$ 3,883	Financial assets at FVTPL	$ 4,342
	Asset swap - option	January 5 2016 - May 20, 2019	114,000	2,020	Financial liabilities at FVTPL	5,081
	Interest rate swap contracts	November 4 2016 - October 27, 2019	710,138	(4,120)	Financial liabilities at FVTPL	4,120

June 30, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Currency swap contracts	July 9, 2015 - November 17, 2016	$ 1,285,320	$ 7,817	Financial assets at FVTPL	$ 9,978
					Financial liabilities at FVTPL	14,057
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	January 5 2016 - June 3, 2019	152,500	6,425	Financial assets at FVTPL	6,884
	Asset swap - option	January 5 2016 - May 20, 2019	152,500	(2,633)	Financial liabilities at FVTPL	9,735

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
The Corporation	Parent company
CDIB Capital Group	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 2,427,868	19	$ 2,663,508	16	$ 478,524	4
Other related parties	-	-	-	-	732,864	6

2) Available-for-sale financial assets - current

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Stock						
Parent company	$ 2,671,833	31	$ 2,438,842	26	$ 2,351,092	33

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2017		
Subsidiary of the parent company	$ 1,845,381	$ 2,332,059
Other related parties	400,455	199,831
For the six months ended June 30, 2016		
Subsidiary of the parent company	1,257,954	3,423,022
Other related parties	-	739,201

4) Guarantee deposits received in futures contracts

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,797,648	5	$ 846,673	2	$ 818,787	2

5) Amounts held for settlement (recognized as other current assets)

	June 30, 2017	
	Amount	%
Subsidiary of the parent company	$ 110,801	-

6) Current tax assets

	June 30, 2016	
	Amount	%
Parent company	$ 126,307	22

7) Restricted assets (recognized as other assets)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 923,428	3	$ 1,427,905	5	$ 1,315,998	4

8) Short-term borrowings

	June 30			
	2017		2016	
	Amount	%	Amount	%
Other related parties	$ 243,488	2	$ 258,288	1

9) Notes and bonds issued under repurchase agreement

	June 30, 2017			December 31, 2016			June 30, 2016		
		Amount	%		Amount	%		Amount	%
Other related parties	$	523,086	1	$	715,372	1	$	255,093	-

10) Customers' equity accounts - futures

	June 30, 2017		
		Amount	%
Subsidiary of the parent company	$	853,242	2

11) Current tax liabilities

	June 30, 2017			December 31, 2016			June 30, 2016		
		Amount	%		Amount	%		Amount	%
Parent company	$	334,215	37	$	275,787	39	$	477,706	46

12) Outstanding derivative financial instruments

a) Asset swap IRS contracts value

	June 30, 2017	December 31, 2016	June 30, 2016
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 576,540	$ 114,000	$ 152,500

b) Asset swap option contracts - call

	June 30, 2017	December 31, 2016	June 30, 2016
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 576,540	$ 114,000	$ 152,500

c) Interest rate swap contracts

	June 30	
	2017	2016
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 973,952	$ 710,138

CDIB Capital Group and subsidiaries

Related Party	Relationship with CDIB Capital Group and Subsidiaries
The Corporation	Parent company
KGI Securities	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 5,460,601	47	$ 21,621,323	74	$ 24,235,466	92

2) Revenue receivable (recognized as receivable, net)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 121,440	19	$ 128,793	23	$ 193,232	30

3) Receivables from parent (recognized as current tax assets)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Parent company	$ 339,279	98	$ 461,986	99	$ 722,419	99

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

4) Securities holding (recognized as available-for-sale financial assets- noncurrent)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Stock						
Parent company	$ 182,305	2	$ 166,408	2	$ 160,421	2

5) Dividends payable

	Amount	%
Parent company	$ 2,343,237	100

6) Payables to parent (recognized as current tax liabilities)

	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Parent company	$ 518,115	97	$ 386,864	98	$ 382,277	97

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

7) Consulting service revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	Amount	**%**	**Amount**	**%**
2017				
Other related parties	$ 60,355	42	$ 122,325	46
2016				
Other related parties	64,700	49	131,161	51

48. PLEDGED ASSETS

The following assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial papers payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for oversees bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	June 30, 2017	December 31, 2016	June 30, 2016
Due from the Central Bank and call loans to banks	$ 10,830,000	$ 21,230,000	$ 20,895,000
Available-for-sale financial assets - negotiable CDs	7,300,704	-	-
Property and equipment, net	4,844,922	4,862,154	4,755,627
Available-for-sale financial assets - bonds and stocks	2,861,765	3,015,063	2,386,825
Lease receivables	2,568,792	2,983,362	3,391,789
Operating guarantee deposits	1,426,710	1,417,056	1,417,399
Other financial assets - pledged time deposits	1,137,183	744,223	612,244
Investment property	350,888	353,477	169,142
Competitive bid transactions guarantee	299,165	419,426	410,543
Financial assets at fair value through profit or loss - bonds and stocks	252,971	251,947	558,848
Guarantee deposit paid	117,742	389,585	128,908
Checking accounts - restricted for agent's stock transfer purposes	77,258	62,566	65,407
Restricted assets - impound account	45,595	48,012	40,123

49. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 53 and 54 were summarized as follows:

a. In April 2007, CDIB Capital Group and Morgan Stanley entered into a CDS contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to CDIB Capital Group. On July 15, 2010, CDIB Capital Group initiated action against Morgan Stanley & Co. International PLC (“Morgan Stanley”) et al. to recover losses CDIB Capital Group suffered as a result of its investment in a Morgan Stanley’s credit default swap (CDS) product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities; the representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to CDIB Capital Group. As of June 30, 2010, the underlying asset pools on the CDS had been liquidated, and CDIB Capital Group had recognized all gains and losses from the transaction. The balance of US$11,978 thousand (NT$364,557 thousand based on the exchange rate of June 30, 2017) was reclassified to “other financial liabilities”. The litigation had not yet been concluded as of June 30, 2017. In addition, Morgan Stanley overlooked CDIB Capital Group’s efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand) in August 2010, CDIB Capital Group reserves the right of legal proceedings.

b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. The plaintiffs sued KGI Securities and Taiwan Kolin Co., Ltd. with jointly liability amounted to $133,308 thousand plus 5% interest. The lawsuit is currently proceeded by the Taipei District Court. However, Taiwan Kolin Co., Ltd. is under the procedure of reorganization, this lawsuit is withdrawn now.

c. Plaintiffs, Digital Imaging Solution Global Ltd. (“Digital”) and Minda Consulting Ltd. (“Minda”), advocated that GT based on stock pledge generated from loans of HK$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda’s approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.

d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of $592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. CDIB Capital Management Corporation and Powercom Ltd. could not estimate the related possible loss because the case was currently pending with the Taipei District Court and the final outcome of the court is uncertain.

e. The case KGI Bank acted vigorously in regards to Prince Motors' overdue debt. In December 2012, a third party regards the property rights of Dun Nan buildings as fraudulently infringing upon the rights of the creditors (credit litigation amounted to $481,157 thousand). On February 14, 2014. The Taiwan District Court has judged that KGI Bank lost the lawsuit and has to return the amount received of $1,786,318 thousand for re-allocation. KGI Bank has appealed on March 10, 2014, and the court has revoked the original adjudication and rejected the third party appeal on July 26, 2017. Third party then filed appeal for third trial.

f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. According to the IT outsource contract, besides extra services being charged according to professional rates, KGI Bank has to pay a total of $797,225 thousand for the basic framework, support service, IT application service and integration and transformation of server and so on as annual services fees in the future contract periods, starting from June 30, 2017.

50. SUBSEQUENT EVENTS

The Corporation's board of directors approved the investment of China Life Insurance Co., Ltd. (Chinalife) On July 7, 2017. The Corporation intended to acquire 868,440 thousand (minimum shares) to 880,000 thousand (scheduled shares) shares of Chinalife through tender offer, which is equivalent to 25.00% to 25.33% of the shares of Chinalife, and the event has been approved by FSC. The Corporation's board of directors approved the condition of the tender offer which the purchase price of the share of Chinalife is at NT$35 per share (the price will be adjusted by formula of exclude dividend/right if the settlement day of the tender offer is late than the last transfer day of the exclude dividend/right of Chinalife), and the duration of the tender offer is from August 17, 2017 to September 6, 2017 (which the Corporation can extend the duration according to the law). The Chinalife will then become the subsidiary of the Corporation under the definition of Financial Holding Company Act after completing of the tender offer.

51. BUSINESS COMBINATION

To extend the scale of overseas operation and enhance group's regional distribution, KGI Securities' board of directors approved a 99% investment in PT Hasta Dana Sekuritas Indonesia by KGI Capital Asia Ltd. on August 31, 2016. The unlisted company was established in Indonesia and specializing in securities related business.

a. Assets acquired and liabilities assumed on the acquisition date were as follows:

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent $47,450)	$ 226,818
Other assets	3,094
Assets subtotal	229,912
Liabilities	
Financial liabilities	(108,462)
Other liabilities	(21)
Liabilities subtotal	(108,483)
Identifiable net assets	$ 121,429

b. KGI Indonesia's goodwill, $76,975 thousand, was resulted from the consideration of the acquisition (cash transaction cost of acquisition) of $197,190 thousand plus fair value of non-controlling interests of $1,214 thousand and deduct fair value of identifiable net assets of $121,429 thousand.

52. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF THE CORPORATION, CDIB CAPITAL GROUP, KGI SECURITIES AND KGI BANK

Consolidated Profitability

(%)

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	0.87	0.48
	After income tax	0.75	0.44
Return on net worth	Before income tax	4.79	2.57
	After income tax	4.13	2.35
Profit margin		24.48	16.64

Profitability of the Corporation

(%)

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	3.61	2.01
	After income tax	3.78	2.11
Return on net worth	Before income tax	4.13	2.20
	After income tax	4.36	2.34
Profit margin		92.40	87.90

Profitability of KGI Bank

(%)

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	0.72	0.83
	After income tax	0.57	0.77
Return on net worth	Before income tax	7.01	7.49
	After income tax	5.54	6.98
Profit margin		33.04	43.31

Profitability of KGI Securities

(%)

Items		June 30, 2017	June 30, 2016
Return on total assets	Before income tax	1.30	0.33
	After income tax	1.24	0.26
Return on net worth	Before income tax	3.80	1.07
	After income tax	3.63	0.86
Profit margin		26.55	6.42

53. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

1) Level I fair values are quoted prices in active markets for financial instruments.

2) Level II fair values are those directly or indirectly observable inputs other than Level I quoted prices, such as the quoted prices of similar financial instruments; in less active markets, quoted price arrived from pricing models that use inputs such as in interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

3) Level III refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

June 30, 2017

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 21,158,455	$ -	$ -	$ 21,158,455
Bond investments	22,841,189	18,955,850	-	41,797,039
Others	117,266	15,408,485	-	15,525,751
Financial assets designated as at FVTPL	182,744	38,906,514	846,347	39,935,605
Available-for-sale financial assets				
Stock investments	23,557,334	133,145	438,568	24,129,047
Bond investments	56,276,504	56,850,815	-	113,127,319
Financial liabilities	232,107	25,802,540	-	26,034,647
Financial liabilities at FVTPL				
Financial liabilities held for trading	6,952,679	6,179,019	-	13,131,698
Financial liabilities designated as at FVTPL	-	17,405,435	-	17,405,435
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	1,828,704	22,768,614	70,757	24,668,075
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,028,042	30,229,591	525,349	32,782,982
Financial liabilities designated as at FVTPL	-	1,017,173	-	1,017,173

December 31, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 14,729,281	$ -	$ -	$ 14,729,281
Bond investments	45,690,252	17,938,947	-	63,629,199
Others	79,948	11,084,251	-	11,164,199
Financial assets designated as at FVTPL	191,269	41,171,537	174,265	41,537,071

(Continued)

	Level I	Level II	Level III	Total
Available-for-sale financial assets				
Stock investments	$ 21,758,314	$ 143,902	$ 366,045	$ 22,268,261
Bond investments	37,878,390	46,212,414	-	84,090,804
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	4,982,114	2,864,269	-	7,846,383
Financial liabilities designated as at FVTPL	-	11,892,012	-	11,892,012
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	640,495	27,338,473	241,384	28,220,352
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	438,904	30,046,248	237,850	30,723,002
Financial liabilities designated as at FVTPL	-	1,103,869	-	1,103,869

(Concluded)

June 30, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 18,172,078	$ -	$ -	$ 18,172,078
Bond investments	51,346,722	51,653,536	-	103,000,258
Others	130,275	9,044,323	-	9,174,598
Financial assets designated as at FVTPL	14,342,370	25,623,182	160,940	40,126,492
Available-for-sale financial assets				
Stock investments	19,732,270	580,587	317,315	20,630,172
Bond investments	27,154,695	26,657,825	323,758	54,136,278
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	6,326,573	6,212,811	-	12,539,384
Financial liabilities designated as at FVTPL	-	10,493,907	-	10,493,907
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	976,916	21,591,791	175,672	22,744,379
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	620,729	25,497,194	336,965	26,454,888
Financial liabilities designated as at FVTPL	-	1,680,208	-	1,680,208

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-school model) and numerical method model (for example Monet Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classify into Credit value adjustments and Debit value adjustments, and definitions are on the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.

- The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their internal assessment of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD).

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percentage of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the first level and the second level

	For the Six Months Ended June 30, 2017		**For the Six Months Ended June 30, 2016**	
	Level One Converted Into Level Two	**Level Two Converted Into Level One**	**Level One Converted Into Level Two**	**Level Two Converted Into Level One**
Financial assets at FVTPL - bond investments	$ -	$ -	$ 285,551	$ 1,289,860
Available-for-sale financial assets - bond investments	8,276,696	1,330,449	7,310,415	938,080

Because of changes in market liquidity, evaluation sources applied by some NTD treasury bill will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one.

5) Reconciliation of Level III items of financial instruments

The movements of financial assets with Level III fair value were as follows:

For the Six Months Ended June 30, 2017

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 241,384	$ (132,848)	$ 28,757	$ -	$ (66,536)	$ -	$ 70,757
Financial assets designated as at FVTPL	174,265	70,246	601,836	-	-	-	846,347
Available-for-sale financial assets	366,045	(38,670)	111,193	-	-	-	438,568

For the Six Months Ended June 30, 2016

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 2,931,302	$ (656,825)	$ 29,945	$ -	$ (71,721)	$ (2,057,029)	$ 175,672
Financial assets designated as at FVTPL	188,401	(27,461)	-	-	-	-	160,940
Available-for-sale financial assets	327,725	(3,967)	317,315	-	-	-	641,073

The movements of financial liabilities with Level III fair value were as follows:

For the Six Months Ended June 30, 2017

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 237,850	$ (64,060)	$ 400,216	$ -	$ (48,657)	$ -	$ 525,349

For the Six Months Ended June 30, 2016

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 3,071,362	$ (478,129)	$ 434,562	$ -	$ (627,397)	$ (2,063,433)	$ 336,965

Note: For parts of financial assets at FVTPL, the Corporation's subsidiaries change their evaluation source from sell's quote to observable market parameters, causing the applicable level of fair value of the financial assets at FVTPL change level three to level two.

The total gains or losses for the three and six months ended June 30, 2017 and 2016 included a gain of $47,720 thousand, a loss of $156,788 thousand, a gain of $11,401 thousand and loss a loss of $177,992 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at June 30, 2017	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Derivative financial assets					
Financial assets at FVTPL	$ 64,708	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	138,547	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at December 31, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Derivative financial assets					
Financial assets at FVTPL	$ 177,705	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	234,417	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at June 30, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial assets					
Available-for-sale financial assets - Bond investment	$ 323,758	Discounted cash flow	Credit Spread	Inapplicable	Yield rate is proportional to Credit Spread; fair value is inversely proportional to Credit Spread.
Derivative financial assets					
Financial assets at FVTPL	173,271	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	277,563	HullWhite, Libor Market Model, Discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

June 30, 2017

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Available-for-sale financial assets	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party.
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	11.22%-70.48%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives - premium - equity option (call option)	Martingale pricing technique	History volatility	30.43%-42.36%	According to condition of contract, fair value of asset may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Model	Recovery rate	0.4%	According to ISDA Standard Upfront Model, recovery rate is set from the category of targets' debts.
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	7.6%-38.95%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	14.88%-65.72%	According to condition of contract, fair value of liabilities may be higher or lower.

December 31, 2016

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Available-for-sale financial assets	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party.
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	13.72%-53.10%	According to condition of contract, fair value of asset may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Modal	Recovery rate	0.4%	According to ISDA Standard Upfront Modal, recovery rate is set from the category of targets' debts.
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	13.52%-29.19%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	16.13%-31.40%	According to condition of contract, fair value of liabilities may be higher or lower.

June 30, 2016

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Available-for-sale financial assets	Recent strike price	-	-	-
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	16.73%-74.60%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	11.28%-42.21%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	15.30%-32.14%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by martingale pricing technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

The recovery rate adopted by KGI Securities in the ISDA CDS Standard Model is set based on the ISDA Standard CDS Converter Specification. If the underlying debt is senior unsecured debt, the recovery rate is set to be 0.4. If the underlying debt is subordinated debt, the recovery rate is set to be 0.2. If the debt is from emerging markets (including senior and subordinated debt), the recovery rate is set to be 0.25. KGI Securities set the recovery rate base on the types of the debts. Therefore, the recovery rate is not changed.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

June 30, 2017

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial assets				
Non-derivative instruments				
Available-for-sale financial assets	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 2,423	$ 2,396
Structured notes - premium - options (call options)	History volatility	+25%/-25%	42	38
			$ 2,465	$ 2,434

(Continued)

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ (25)	$ (38)
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	1,889	2,068
			$ 1,864	$ 2,030

(Concluded)

December 31, 2016

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial assets				
Non-derivative instruments				
Available-for-sale financial assets	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 1,662	$ 1,476
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ -	$ -
Equity derivative instruments - premium - options (call options)	History volatility	-25%/+25%	-	-
			$ -	$ -

June 30, 2016

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial assets				
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 1,160	$ 1,268

(Continued)

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ 8	$ 32
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	-	-
			$ 8	$ 32

(Concluded)

CDIB Capital Group and subsidiaries

Equity securities are classified into fair value Level 3 financial asset by CDIB Capital Group and subsidiaries. Quantitative information about the significant unobservable input was set out below:

	Fair Value at June 30, 2017	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL					
Convertible (exchangeable) corporate bonds	$ 270,841	Market approach	EV/EBITDA Multiple	8.76	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value
			Lack of liquidity discount	15%	
		Discounted cash-flow method	Lack of liquidity discount	15%	
			WACC	11.53%	
			Growth rate	3.0%	
		Recent strike price	-	-	-
Associates	322,105	Net asset method	-	-	-
Convertible (exchangeable) preferred stock	253,401	Recent strike price	-	-	-
Available-for-sale financial assets	371,205	Discounted cash-flow method	Lack of liquidity discount	20%	When the higher lack of liquidity discount, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value
			WACC	12.1%-15.4%	
			Growth rate	2.5%-7.0%	
		Recent strike price	-	-	-

	Fair Value at December 31, 2016	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL					
Convertible (exchangeable) corporate bonds	$ 158,126	Recent strike price	-	-	-
Convertible (exchangeable) preferred stock	16,139	Recent strike price	-	-	-
Available-for-sale financial assets	307,895	Discounted cash-flow method	Lack of liquidity discount WACC Growth rate	20% 11.7% 2.5%-7.2%	When the higher lack of liquidity discount, the lower of fair value; when the higher WACC, the lower of fair value; when the higher growth rate, the higher of fair value
		Recent strike price	-	-	-
Derivative financial assets					
Others	9,824	Recent strike price	-	-	-

	Fair Value at June 30, 2016	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Repetitive basic to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 160,940	Market approach	EV/Sales Multiple Lack of liquidity discount	2.49 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value
Available-for-sale financial assets	267,811	Recent strike price	-	-	-

7) Pricing process of Level III fair value

KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level III fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized to financial assets no active market, reasonability of fair value of those financial assets are assessed by risk management department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by treasury department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable. Investment Property is valued by CDIB Capital Group and subsidiaries based on Financial Supervisory Commission's declaration of valuation method and parameters or committed to appraisers to make valuation.

c. Fair value of financial instruments not carried at fair value

Assets and liabilities measured at cost, excluding investment accounted for using equity method - unlisted stocks, financial assets measured at cost, debt instruments with no active market investment properties, bank debentures payable, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

Investments accounted for using the equity method - unlisted stocks and financial assets measured at cost both are unlisted financial assets, which have no quoted market prices in an active market and the fair value cannot be reliably measured owing to the variation interval of the estimate of the fair value is not quite small and the possibilities of the estimates in the interval cannot be assessed reasonably; thus, the Group does not disclose their fair value.

For fair value measurement of investment property, please refer to Note 19.

Bank debentures payable with quoted price in an active market are using market price as fair value; bond payable with no quoted price in an active market are estimated by valuation methods or opponent's price.

54. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including market, credit, operational and liquidity risks.

The Corporation has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Bank and subsidiaries

KGI Bank has planned proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank's risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank's risk management divisions are as follows:

1) Board of directors

   The KGI Bank's Board of Director supervises the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

   KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

   The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

   KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

   The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

KGI Securities and subsidiaries

1) Financial risk management objectives

   The KGI Securities' Board of Director and senior management attach great importance to risk management, and continuously to raise risk management mechanism and aimed to strengthen the competitiveness of KGI Securities and subsidiaries. To reach the goal of risk management, controlling the expected or unexpected loss in operating is a passive way and in a positive way is to raise Risk Adjusted Return on Capital. In order to use the capital more efficiently, KGI Securities uses risk appetite as a base according to venture capital allocation. While setting risk appetite, KGI Securities takes the amount of liquid capital and financial and operational goal into consideration.

2) Risk management organization

   KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

   Board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

   Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk-based budget, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and non-subsidiary investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, brokerage and management of new business and commodities.

   Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

   Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

   Legal affair department's functions and responsibilities are providing legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

   Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

   Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following the Cooperation's established guidelines and related standards after approving by RMC.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager in June 2013, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce venture capital allocation.

To establish reliability of value at risk (VaR) model, risk management department conducts back testing periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

The risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the firms, single credit valuation level. Also, set different risk limitation amount including countries, industries, groups, high-risk industries/groups, etc. Routinely examine KGI Securities' credit risk exposure and the use of various credit risk limitation amount.

KGI Securities sets proper credit limits by considering capital risk, KGI Securities' net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the traits of transactions, and the characters of instruments, etc. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

The fund transfer unit routinely examines relative financial ratio to ensure the liquidity of assets and liabilities. Also, KGI Securities established fund-flow simulation analysis mechanism according to the anticipation of the future cash need and the fund transferring ability of KGI Securities made by fund transfer unit. The unit would also set proper fund safety inventory and emergency response measure to fulfill the future probable fund need.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

The operation risk of each unit's business is examined and controlled by relative back desk unit such as clearing unit and the information department. In addition to the compliance of law and regulation, the internal audit department would implement control by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

5) Risk hedge and mitigation strategy

KGI Securities has set up hedge instruments and risk mitigation measures in all operations based on KGI Securities' capital scale and risk tolerance. Such measures include: Risk acceptance, risk adverse, risk transfer and risk control. Reasonable risk avoidance mechanisms can effectively limit a company's risk within a pre-approved range. The actual execution of hedge, depending on the market dynamics, business strategies, product characteristics and risk management regulations, utilizes previously approved financial instruments to adjust the risk structure and risk level of the total exposure to an acceptable level.

<u>CDIB Capital Group and subsidiaries</u>

CDIB Capital Group has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies.

CDIB Capital Group has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has a risk management department to plan and manage the risk management system and provide related information to the management and the board of directors.

b. Credit risk

KGI Bank and subsidiaries

1) The source and definition of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor, debtor or counterparty fails to meet its contractual obligations or changes credit quality. Credit risk management should be adopted in all operating activities that involved in credit risk, including loans, call loans to banks, investment in banking book, financial derivatives, transactions in repurchase agreement and other operating activities in relation to the credit risk.

2) Management policy of credit risk

KGI Bank has set standard control procedures on credit risk identification, measurement, and information on disclosures and reports to conduct rational identification, measurement, disclosures and effective control on credit risk. KGI Bank also deliberates the fluctuation in economics and adjusts the credit risk structure accordingly to control the risks in credit portfolio within the risk appetite. These procedures include criteria for targeted client, credit investigation, credit approval or rejection, approval on exceptions, risk control and management, credit review, management on non-performing loans and requests and control of all related documents and information. Based on the risk management policies, the illustration of management process carried out by the competent authority is as follows:

a) Credit investigation

With respect to the criteria for targeted client, KGI Bank should ask for all necessary documents from the clients in order to filter client accurately and control credit portfolio within the acceptable range.

b) Credit approval

Cases that have passed through the credit investigation are reviewed by the credit authority of each level. The credit authorities authorize credits in compliance with the credit limitation structure and authorization policies of KGI Bank. The credit limitation structure and authorization policies of KGI Bank are not only based on banking act and the rules stipulated by the authority, concerning the credit extended to same person or same affiliated enterprises/groups, stock collateral, industry and country, but also based on the professionalism of the credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities on occasional basis.

c) Post-lending loan review mechanisms

The corporate banking business of KGI Bank strengthens the tracking control of the financial and business conditions on creditors, carry out risk assessment report of credit asset portfolio on a regular basis, set-up warning system and adjust business development strategy to cope with economic conditions and changes in asset quality through the account management scheme and regular reassessment system. As regards to delinquent loans, KGI Bank uses concentration management method, together with information systems and analysis model to conduct regular review to improve the performance on overdue to expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to the director of risk management, general manager, risk committee and board of directors.

3) Mitigation or hedging of risk

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets is equal to their carrying values and the maximum exposure of credit risk of off-balance sheet financial instruments were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Irrevocable loan commitments, guarantees and letters of credit	$ 95,331,346	$ 102,215,434	$ 103,257,060

KGI Bank believe the adopting stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

KGI Bank's pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

5) Concentrations of credit risk

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise in a bank's assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. KGI Bank maintains a diversified portfolio, limits its exposure on a continuous basis. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 191,474,950	68.30	$ 173,659,505	67.87	$ 158,911,694	67.21
Natural person	88,463,112	31.55	81,877,228	32.00	77,090,918	32.60
Non-profit organization	424,900	0.15	342,811	0.13	451,063	0.19
Total	$ 280,362,962	100.00	$ 255,879,544	100.00	$ 236,453,675	100.00

b) By region

Region	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Domestic	$ 216,552,179	77.24	$ 199,963,503	78.15	$ 190,535,253	80.58
Overseas	63,810,783	22.76	55,916,041	21.85	45,918,422	19.42
Total	$ 280,362,962	100.00	$ 255,879,544	100.00	$ 236,453,675	100.00

c) By collateral

Collateral	June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 174,223,298	62.14	$ 159,432,165	62.31	$ 149,359,982	63.17
Collateral						
Financial collateral	6,959,447	2.48	5,533,267	2.16	6,219,918	2.63
Property	75,942,543	27.09	69,541,082	27.18	64,597,744	27.32
Guarantee	17,172,576	6.13	15,837,714	6.19	12,337,730	5.22
Other	6,065,098	2.16	5,535,316	2.16	3,938,301	1.66
Total	$ 280,362,962	100.00	$ 255,879,544	100.00	$ 236,453,675	100.00

6) The analysis of financial assets credit quality and impairment of overdue credit

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to banks, securities purchased under resell agreements, part of receivable and other financial assets, refundable deposits, operation guarantee deposits and clearing and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

Apart from the abovementioned, the analysis of remaining financial assets quality is as follows:

a) Discount, loans and receivables

June 30, 2017	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 17,487,053	$ 43,796	$ 59,943	$ 17,590,792	$ 36,597	$ 227,979	$ 17,326,216
- other	9,077,101	81,314	1,806,046	10,964,461	1,175,588	59,240	9,729,633
Discount and loans	278,010,677	1,285,948	1,066,337	280,362,962	527,767	3,245,828	276,589,367

December 31, 2016	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 20,187,004	$ 48,726	$ 60,944	$ 20,296,674	$ 36,825	$ 274,288	$ 19,985,561
- other	7,908,772	98,184	1,916,337	9,923,293	1,328,120	75,347	8,519,826
Discount and loans	253,320,668	1,415,205	1,143,671	255,879,544	523,710	2,905,962	252,449,872

June 30, 2016	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 20,155,718	$ 38,545	$ 80,970	$ 20,275,233	$ 46,761	$ 276,537	$ 19,951,935
- other	9,590,190	5,526	1,921,168	11,516,884	1,181,253	74,615	10,261,016
Discount and loans	234,064,790	1,381,577	1,007,308	236,453,675	516,718	2,750,128	233,186,829

Note: The total of discounts and loans is the original amount without the adjustments for premiums or discounts.

b) Credit quality analysis of discounts, loans and receivables of KGI Bank which is not overdue nor impaired by customer

June 30, 2017	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 22,290,424	$ 10,009,638	$ 107,393	$ -	$ 32,407,455
- cash card	8,310,077	2,459,605	604,522	2,602,167	13,976,371
- micro credit loans	17,076,874	2,271,340	147,207	80,034	19,575,455
- other-secured	16,485,188	1,611,503	74,363	47,696	18,218,750
- other - unsecured	39,205	-	-	2,269	41,474
Corporate banking					
- secured	15,334,282	19,307,300	18,909,477	1,799,945	55,351,004
- unsecured	30,728,316	75,703,835	29,474,197	2,533,820	138,440,168
Total	$ 110,264,366	$ 111,363,221	$ 49,317,159	$ 7,065,931	$ 278,010,677

December 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 20,619,402	$ 7,823,627	$ 60,603	$ -	$ 28,503,632
- cash card	8,183,177	2,716,848	639,023	2,772,738	14,311,786
- micro credit loans	16,524,651	2,030,135	155,321	81,658	18,791,765
- other-secured	15,126,807	1,443,817	96,230	59,219	16,726,073
- other - unsecured	43,490	-	-	2,764	46,254
Corporate banking					
- secured	14,348,674	19,565,638	15,836,689	757,145	50,508,146
- unsecured	26,744,197	68,938,717	25,144,016	3,606,082	124,433,012
Total	$ 101,590,398	$ 102,518,782	$ 41,931,882	$ 7,279,606	$ 253,320,668

June 30, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 18,937,205	$ 7,348,389	$ 9,135	$ -	$ 26,294,729
- cash card	8,549,572	2,679,562	590,225	2,995,951	14,815,310
- micro credit loans	16,365,693	2,036,265	131,098	82,190	18,615,246
- other-secured	13,324,657	1,300,237	90,890	42,778	14,758,562
- other - unsecured	50,413	-	-	3,667	54,080
Corporate banking					
- secured	10,980,623	21,673,170	10,567,278	2,461,199	45,682,270
- unsecured	26,218,619	63,593,022	18,915,305	5,117,647	113,844,593
Total	$ 94,426,782	$ 98,630,645	$ 30,303,931	$ 10,703,432	$ 234,064,790

June 30, 2017	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 953,794	$ 598,325	$ 663,904	$ 555,081	$ 2,771,104
- forfeiting	1,817,626	811,719	-	2,839,499	5,468,844
- accounts receivable factoring - no recourse	5,391,896	3,410,653	71,424	42,473	8,916,446
- acceptances	-	259,296	71,363	-	330,659
Total	$ 8,163,316	$ 5,079,993	$ 806,691	$ 3,437,053	$ 17,487,053

December 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 802,014	$ 561,693	$ 730,325	$ 418,963	$ 2,512,995
- forfeiting	1,205,206	3,471,384	-	3,235,994	7,912,584
- accounts receivable factoring - no recourse	6,479,896	2,963,430	-	146,658	9,589,984
- acceptances	-	64,383	107,058	-	171,441
Total	$ 8,487,116	$ 7,060,890	$ 837,383	$ 3,801,615	$ 20,187,004

June 30, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 1,002,741	$ 631,067	$ 785,966	$ 377,282	$ 2,797,056
- forfeiting	7,484,499	5,846,617	-	1,669,169	15,000,285
- accounts receivable factoring - no recourse	27,920	600,619	-	1,371,800	2,000,339
- acceptances	56,064	276,553	25,421	-	358,038
Total	$ 8,571,224	$ 7,354,856	$ 811,387	$ 3,418,251	$ 20,155,718

c) Securities investment credit quality analysis

June 30, 2017	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 112,955,734	$ -	$ -	$ 112,955,734	$ -	$ -	$ 112,955,734	$ -	$ 112,955,734
- others	25,802,540	-	-	25,802,540	-	-	25,802,540	-	25,802,540
Debt instruments with no active market	2,526,188	-	-	2,526,188	-	-	2,526,188	-	2,526,188

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $6,080,490 thousand, loss on valuation of $397,638 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $296,423 thousand and accumulated impairments of $40,764 thousand.

December 31, 2016	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 83,920,699	$ -	$ -	$ 83,920,699	$ -	$ -	$ 83,920,699	$ -	$ 83,920,699
Debt instruments with no active market	581,022	-	-	581,022	-	-	581,022	-	581,022

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $5,556,000 thousand, loss on valuation of $754,653 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $296,423 thousand and accumulated impairments of $40,764 thousand.

June 30, 2016	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 53,962,046	$ -	$ -	$ 53,962,046	$ -	$ -	$ 53,962,046	$ -	$ 53,962,046

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $6,550,421 thousand, loss on valuation of $734,094 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $296,423 thousand and accumulated impairments of $40,764 thousand.

7) Aging analysis of financial assets overdue but not yet impaired

Delays in processing payments by borrowers and other administrative reasons could result in financial assets overdue but not yet impaired. According to KGI Bank’s credit regulations, financial assets overdue within 90 days are not considered as impairment, unless other evidence supported.

The aging analysis of financial assets overdue but not yet impaired is as follows:

	June 30, 2017		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 24,401	$ 19,395	$ 43,796
Discount and loans			
Consumer banking			
- mortgage loans	269,707	37,025	306,732
- cash card	288,170	76,130	364,300
- micro credit loans	339,420	72,411	411,831
- other - secured	149,849	30,260	180,109
- other - unsecured	150	-	150
Corporate banking			
- secured	796	5,991	6,787
- unsecured	416	15,623	16,039

	December 31, 2016		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 23,777	$ 24,949	$ 48,726
Discount and loans			
Consumer banking			
- mortgage loans	269,849	32,498	302,347
- cash card	258,200	72,214	330,414
- micro credit loans	306,991	69,996	376,987
- other - secured	132,069	16,131	148,200
- other - unsecured	236	-	236
Corporate banking			
- secured	25,493	229,889	255,382
- unsecured	618	1,021	1,639

	June 30, 2016		
	1 Month	Over 1 Month - 3 Months	Total
Credit card business	$ 20,565	$ 17,970	$ 38,535
Accounts receivable factoring without recourse	10	-	10
Discount and loans			
Consumer banking			
- mortgage loans	216,459	31,795	248,254
- cash card	262,573	70,512	333,085
- micro credit loans	359,953	57,487	417,440
- other - secured	130,719	9,815	140,534
- other - unsecured	307	-	307
Corporate banking			
- secured	20,953	8,205	29,158
- unsecured	182,666	30,133	212,799

8) Analysis of impairment for financial assets

Analysis of impairment for discounts, loans and receivables and accumulated impairment were as follows:

Items		Discounts and Loans			Allowance for Bad Debts		
		June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016
With objective evidence of impairment	Assessment of individual impairment	$ 341,638	$ 376,736	$ 216,565	$ 101,888	$ 72,202	$ 83,335
	Assessment of collective impairment	724,699	766,935	790,743	425,879	451,508	433,383
Without objective evidence of impairment	Assessment of collective impairment	279,296,625	254,735,873	235,446,367	3,245,828	2,905,962	2,750,128
Total		280,362,962	255,879,544	236,453,675	3,773,595	3,429,672	3,266,846

Items		Receivables			Allowance for Bad Debts		
		June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016
With objective evidence of impairment	Assessment of individual impairment	$ 1,791,993	$ 1,900,712	$ 1,908,972	$ 1,164,358	$ 1,315,493	$ 1,171,325
	Assessment of collective impairment	73,996	76,569	93,166	47,827	49,452	56,689
Without objective evidence of impairment	Assessment of collective impairment	26,689,264	28,242,686	29,789,979	287,219	349,635	351,152
Total		28,555,253	30,219,967	31,792,117	1,499,404	1,714,580	1,579,166

9) Management of foreclosed collateral

Foreclosed collateral is recorded at cost, using lower-at-cost or market approach as at balance sheet date. If collateral is not disposed of within the statutory period, KGI Bank should apply for an extension of the disposal period and increase its provision for possible losses if necessary.

The foreclosed collateral includes securities, land and property. As of June 30, 2017, December 31, 2016 and June 30, 2016, the carrying amounts of the collaterals both were $0 thousand. The foreclosed collateral recognized as other assets in balance sheet.

10) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits

Item			June 30, 2017				
			Nonperforming Loan (NPL) (Note 1)	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate loan	Secured		$ 114,384	$ 55,463,521	0.21%	$ 661,106	577.97%
	Unsecured		295,647	138,746,663	0.21%	1,701,396	575.48%
Consumer loan	Mortgage (Note 4)		33,462	32,775,994	0.10%	438,644	1,310.87%
	Cash card		163,335	14,678,548	1.11%	419,356	256.75%
	Micro credit (Note 5)		150,680	20,233,132	0.74%	306,047	203.11%
	Other (Note 6)	Secured	22,475	18,421,707	0.12%	246,465	1,096.60%
		Unsecured	1,772	43,397	4.08%	581	32.79%
Total			781,755	280,362,962	0.28%	3,773,595	482.71%
			Overdue Receivable	**Account Receivable**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			19,317	2,874,142	0.67%	55,143	285.47%
Account receivable - factored without recourse (Note 7)			28	8,916,524	0.00%	130,457	459,159.92%

Item			June 30, 2016				
			Nonperforming Loan (NPL) (Note 1)	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate loan	Secured		$ 201,553	$ 45,887,397	0.44%	$ 557,390	276.55%
	Unsecured		164,881	114,215,531	0.14%	1,445,253	876.54%
Consumer loan	Mortgage (Note 4)		34,920	26,592,540	0.13%	355,196	1,017.18%
	Cash card		192,297	15,519,598	1.24%	432,643	224.99%
	Micro credit (Note 5)		139,940	19,272,975	0.73%	276,500	197.59%
	Other (Note 6)	Secured	7,530	14,909,779	0.05%	199,118	2,644.26%
		Unsecured	2,551	55,855	4.57%	746	29.25%
Total			743,672	236,453,675	0.31%	3,266,846	439.29%
			Overdue Receivable	**Account Receivable**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			40,233	2,912,560	1.38%	66,903	166.29%
Account receivable - factored without recourse (Note 7)			59	2,002,740	0.00%	26,181	44,131.45%

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans."

Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio = Nonperforming loans ÷ Total loan balance.

For credit card business: Delinquency ratio = Overdue credit card receivables ÷ Credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Overdue credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower or the spouse or the minor children of the borrower.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, except for credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable factored without recourse.

b) Exemption of nonperforming loans and overdue receivables

Items	June 30, 2017		June 30, 2016	
	Discounts and Loans	**Accounts Receivable**	**Discounts and Loans**	**Accounts Receivable**
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 15,417	$ 193	$ 43,242	$ 239
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	33,441	4,790	33,718	4,519
Total	$ 48,858	$ 4,983	$ 76,960	$ 4,758

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134990).

c) Concentration of credit extensions

June 30, 2017

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - 011850 Manmade fiber manufacturing	$ 5,159,530	8.64
2	B Group - 012711 Computer manufacturing	4,484,775	7.51
3	C Group - 012411 Iron and steel smelting	3,729,592	6.25
4	D Group - 012641 LCD and related components manufacturing	3,726,978	6.24
5	E Group - 015100 Civil aviation transportation	3,601,954	6.03
6	F Group - 012641 LCD and related components manufacturing	3,520,487	5.90
7	G Group - 016611 Securities firms	3,479,466	5.83
8	H Group - 016700 Real estate brokerage	3,413,737	5.72
9	I Group - 012740 Data storage media	3,400,000	5.70
10	J Group - 014510 Merchandise brokers	3,043,600	5.10

June 30, 2016

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - 016100 Telecommunication industry	$ 6,387,123	10.94
2	B Group - 016700 Real estate brokerage	4,756,522	8.15
3	C Group - 015100 Civil aviation transportation	4,610,451	7.89
4	D Group - 012641 LCD and related components manufacturing	3,885,141	6.65
5	E Group - 012740 Data storage media	3,750,000	6.42
6	F Group - 012711 Computer manufacturing	3,665,713	6.28
7	G Group - 017112 Engineering activities and related technical consultancy	2,965,540	5.08
8	H Group - 012411 Iron and steel smelting	2,961,018	5.07
9	I Group - 012611 Integrated circuits manufacturing	2,898,336	4.96
10	J Group - 012630 Printed circuit boards manufacturing	2,879,723	4.93

KGI Securities and subsidiaries

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries/formerly Grand Cathay and subsidiaries are exposed to during financial transactions include issuer's credit risk, counterparty credit risk and underlying assets credit risk.

a) Issuer's credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments or deposits in banks when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).

b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Internal risk rating

KGI Securities and subsidiaries classify the credit risk of financial Assets into four levels; the definition of each level is listed as follows:

a) Low risk: A debt issuer/counterparty who has a stronger capability to fulfill its financial commitment and is mostly able to repay the principal and interest on the appointed dates in the contract. This counterparty is capable of creating cash flow and is ranked as low risk to KGI Securities.

b) Medium-low risk: A debt issuer/counterparty who has a good capability to fulfill its financial commitment related to the debt with a sound financial structure but its ability to repay on time might be affected by poor economic conditions or changes in the environment. A debt issuer/counterparty like this is ranked as medium-low risk to KGI Securities.

c) Medium risk: A debt issuer/counterparty who has an acceptable capability to fulfill its financial commitment related to the debt but its ability to do so might be affected by poor business operations, financial or economic conditions. An issuer/counterparty like this is ranked as medium risk to KGI Securities.

d) High risk: A debt issuer/counterparty who has a poor capability to fulfill its financial commitment related to the debt and its ability to do so solely depends on its business operation and the stability of the economic environment. A debt issuer/counterparty like this is ranked as high risk to KGI Securities.

The internal credit risk ratings used inside KGI Securities and subsidiaries is not related to external credit ratings. The chart below shows the similarities of the credit quality in KGI Securities' internal rating system and external rating system.

Interior Risk Rating of KGI Securities and Subsidiaries	Taiwan Ratings
Low risk	twAAA - twAA
Medium-low risk	twAA- - twA
Medium risk	twA- - twBBB-
High risk	twBB+ - under twC

3) Quality and past due of financial assets

June 30, 2017

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 12,856,775	$ -	$ 90,127	$ -	$ -	$ -	$ -	$ 12,946,902
Financial assets measured at FVTPL - current	49,204,356	300,564	3,900,990	-	-	-	-	53,405,910
Available-for-sale financial assets - current	11,492	-	-	-	-	-	-	11,492
Bonds purchased under resell agreements	26,904,775	3,402,509	-	-	-	-	-	30,307,284
Receivables	55,139,895	10,135,470	499,250	6,452	-	-	-	65,781,067
Customers' margin accounts - futures	36,526,948	-	-	-	-	-	-	36,526,948
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,100,623	668,415	-	-	-	-	-	3,769,038
Other financial assets - current	2,967,755	-	-	-	-	-	-	2,967,755
Other current assets	29,998,463	-	-	-	-	-	-	29,998,463
Financial assets measured at FVTPL - noncurrent	50,006	-	-	-	-	-	-	50,006
Held to maturity Financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,187,531	-	50,000	-	-	-	-	3,237,531
Total	$ 219,948,619	$ 14,506,958	$ 4,840,367	$ 6,452	$ -	$ -	$ -	$ 239,302,396
Percentage	91.91%	6.06%	2.02%	0.01%	-	-	-	100.00%

December 31, 2016

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 16,401,449	$ 17,900	$ 30,871	$ -	$ -	$ -	$ -	$ 16,450,220
Financial assets measured at FVTPL - current	43,109,950	447,192	2,886,469	-	-	-	-	46,443,611
Available-for-sale financial assets - current	11,307	-	-	-	-	-	-	11,307
Bonds purchased under resell agreements	26,142,100	2,945,208	-	-	-	-	-	29,087,308
Receivables	49,815,491	10,580,853	446,369	4,129	-	-	-	60,846,842
Customers' margin accounts - futures	37,066,541	-	-	-	-	-	-	37,066,541
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,376,961	623,726	-	-	-	-	-	3,000,687
Other financial assets - current	2,498,770	29,100	-	-	-	-	-	2,527,870
Other current assets	30,477,056	-	-	-	-	-	-	30,477,056
Financial assets measured at FVTPL - noncurrent	50,033	-	-	-	-	-	-	50,033
Held to maturity financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,443,492	-	50,702	-	-	-	-	3,494,194
Total	$ 211,393,150	$ 14,643,979	$ 3,714,411	$ 4,129	$ -	$ -	$ -	$ 229,755,669
Percentage	92.01%	6.37%	1.62%	0.00%	-	-	-	100.00%

June 30, 2016

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 12,057,589	$ 23,200	$ 176,129	$ -	$ -	$ -	$ -	$ 12,256,918
Financial assets measured at FVTPL - current	84,121,340	136,295	3,194,689	-	-	-	-	87,452,324
Available-for-sale financial assets - current	12,281	-	-	-	-	-	-	12,281
Bonds purchased under resell agreements	19,898,413	551,268	-	-	-	-	-	20,449,681
Receivables	64,229,947	10,078,590	593,742	5,714	-	-	-	74,907,993
Customers’ margin accounts - futures	38,406,838	-	-	-	-	-	-	38,406,838
Stock borrowing collateral price and guarantee deposits - borrowed securities	4,837,619	1,279,973	-	-	-	-	-	6,117,592
Other financial assets - current	5,647,701	23,800	-	-	-	-	-	5,671,501
Other current assets	32,325,091	-	-	-	-	-	-	32,325,091
Financial assets measured at FVTPL - noncurrent	50,046	-	-	-	-	-	-	50,046
Held to maturity financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,154,936	-	90,841	-	-	-	-	3,245,777
Total	$ 264,741,801	$ 12,093,126	$ 4,355,401	$ 5,714	$ -	$ -	$ -	$ 281,196,042
Percentage	94.15%	4.30%	1.55%	0.00%	-	-	-	100.00%

Financial assets for KGI Securities and subsidiaries are divided into the following three categories based on their credit quality: Positions that are neither past due nor impaired, past due but unimpaired, and impaired.

a) Cash and cash equivalents

Cash and cash equivalents of KGI Securities mainly are the securities deposit for futures transactions which is stored in a specific account. KGI Securities related department will evaluate financial, operating and credit risk situations periodically and take it as reference to management of credit risks. However, assessment results show that just few credit rating of futures companies are middle risk degree. Because the percentage of middle risk rating is low, the credit risk is believed under KGI Securities’ controllable range. Besides, subsidiaries routinely examine credit risk exposure of their securities sell with repurchase agreement, so the credit risk is believed under KGI Securities’ controllable range.

b) Financial assets measured at fair value through profit or loss - current

Medium risk financial assets refer to the unsecured corporate bonds, convertible (exchangeable) corporate bonds and CB asset swap that KGI Securities has. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank; the other unsecured, most of the issuers’ risk is medium. KGI Securities conducts CB asset swap and issues credit linked note to transfer risk and lower the credit risk exposure of it. KGI Securities also reviews the risk exposure of the position periodically and therefore the credit risk is effectively under control.

c) Receivables

Receivables are the amount of margin loan receivables and trading securities receivable that KGI Securities and subsidiaries shall collect from clients in credit transactions. If clients’ risk ranked as medium (the collateral maintenance ratio from 140% to 130%) or high (the collateral maintenance ratio below 130%) collateral main risk, KGI Securities and subsidiaries will closely monitor market fluctuations and counterparties credit history, and also enforces related control measures to minimize the credit risk it faces.

d) Noncurrent and held to maturity financial assets - noncurrent

It refers to the principal and discounted value of coupon rate listed in unsecured subordinated debentures issued by Hwatai Bank and Sunny Bank that KGI Securities’ subsidiary, GSFC, holds. This issuer is ranked as medium risk.

e) Other assets - noncurrent

The medium risk financial assets under this category include KGI Securities' guarantee deposits-out. KGI Securities evaluates all counterparties based on the amounted materiality. The result shows that only certain counterparties are ranked as medium risk. As for the rest of the counterparties, they have low withdrawal amount and credit risk is diversified and therefore, the risk is low.

CDIB Capital Group and subsidiaries

CDIB Capital Group is exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. The maximum exposure to credit risk is equal to the book value.

For the objectives to enhance shareholder value and to ensure degree of risk tolerance, CDIB Capital Group's credit risk strategy focuses on superior credit quality assets.

c. Liquidity risk

KGI Bank and subsidiaries

1) The source and definition of liquidity risk

Liquidity risk of the Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

To control liquidity risk, the Bank calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each major currency. The Bank also actively deconcentrates funding sources, due dates of funding settlement, and the counterparties to the due from other banks and call loans to other banks, as well as maintains an adequate amount of corporate cash in banks to enhance its liquidity position.

3) Maturity gap analysis of financial assets and non-derivative financial liabilities held for liquidity purposes

a) Financial assets held for liquidity management

The Bank holds cash and highly liquid and high-grade assets to pay off obligations and meet any potential emergency funding needs. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, and available-for-sale financial assets.

b) Non-derivative financial liabilities

The following tables show the cash outflows of the Bank's non-derivative financial liabilities based on contract maturities. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

(In Thousands of New Taiwan Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 16,724,885	$ 119,978	$ 498,736	$ 560,113	$ -	$ 17,903,712
Notes and bonds issued under repurchase agreement	19,576,028	2,763,882	-	-	-	22,339,910
Deposits and remittances	44,009,486	71,946,953	41,999,441	55,650,323	25,678,859	239,285,062
Bank debentures payable	-	-	2,750,000	-	1,000,000	3,750,000
Other capital outflow on maturity	2,190,375	211,978	292,954	739,661	469,505	3,904,473
Total	$ 82,500,774	$ 75,042,791	$ 45,541,131	$ 56,950,097	$ 27,148,364	$ 287,183,157

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 23,484,126	$ 460,583	$ 253,739	$ 416,899	$ -	$ 24,615,347
Notes and bonds issued under repurchase agreement	21,868,872	459,685	-	-	-	22,328,557
Deposits and remittances	73,974,018	40,709,082	45,443,242	59,670,662	22,038,891	241,835,895
Bank debentures payable	-	-	-	2,750,000	-	2,750,000
Other capital outflow on maturity	1,634,569	616,498	282,125	404,150	483,030	3,420,372
Total	$ 120,961,585	$ 42,245,848	$ 45,979,106	$ 63,241,711	$ 22,521,921	$ 294,950,171

(In Thousands of New Taiwan Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 14,374,885	$ 119,978	$ 504,427	$ 571,748	$ -	$ 15,571,038
Notes and bonds issued under repurchase agreement	3,023,648	837,923	-	-	-	3,861,571
Deposits and remittances	47,670,978	53,716,008	51,981,286	58,989,022	21,777,527	234,134,821
Bank debentures payable	-	-	-	-	2,750,000	2,750,000
Other capital outflow on maturity	4,264,742	211,450	296,881	637,769	618,068	6,028,910
Total	69,334,253	54,885,359	52,782,594	60,198,539	25,145,595	262,346,340

(In Thousands of U.S. Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 150,000	$ 159,000	$ 30,000	$ -	$ -	$ 339,000
Notes and bonds issued under repurchase agreement	665,065	793,805	-	-	-	1,458,870
Deposits and remittances	982,972	899,980	606,728	777,591	10,068	3,277,339
Bank debentures payable	-	-	-	-	571,870	571,870
Other capital outflow on maturity	211,885	14,894	3,113	1,090	60,099	291,081
Total	$ 2,009,922	$ 1,867,679	$ 639,841	$ 778,681	$ 642,037	$ 5,938,160

(In Thousands of U.S. Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 133,000	$ 30,000	$ -	$ -	$ -	$ 163,000
Notes and bonds issued under repurchase agreement	554,336	678,966	-	-	-	1,233,302
Deposits and remittances	783,074	543,615	501,747	942,410	26,490	2,797,336
Bank debentures payable	-	-	-	-	368,413	368,413
Other capital outflow on maturity	22,947	15,779	3,121	1,884	42,700	86,431
Total	$ 1,493,357	$ 1,268,360	$ 504,868	$ 944,294	$ 437,603	$ 4,648,482

(In Thousands of U.S. Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 30,000	$ 80,000	$ -	$ -	$ -	$ 110,000
Notes and bonds issued under repurchase agreement	823,809	578,260	-	-	-	1,402,069
Deposits and remittances	890,176	616,884	391,784	557,397	26,458	2,482,699
Bank debentures payable	-	-	-	-	325,030	325,030
Other capital outflow on maturity	16,217	13,455	1,947	736	11,825	44,180
Total	$ 1,760,202	$ 1,288,599	$ 393,731	$ 558,133	$ 363,313	$ 4,363,978

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet. The maturity analysis of financial instruments is as follows:

(In Thousands of New Taiwan Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (183,469,810)	$ (266,453,053)	$ (150,605,151)	$ (63,298,001)	$ (5,296,770)	$ (669,122,785)
Cash inflow	181,198,011	251,154,510	142,079,740	64,459,972	4,969,770	643,862,003
Interest rate derivatives instruments						
Cash outflow	(211,259)	(441,835)	(324,610)	(907,974)	(16,214,873)	(18,100,551)
Cash inflow	184,581	431,040	17,479	-	-	633,100
Cash outflow subtotal	(183,681,069)	(266,894,888)	(150,929,761)	(64,205,975)	(21,511,643)	(687,223,336)
Cash inflow subtotal	181,382,592	251,585,550	142,097,219	64,459,972	4,969,770	644,495,103
Net cash flow	$ (2,298,477)	$ (15,309,338)	$ (8,832,542)	$ 253,997	$ (16,541,873)	$ (42,728,233)

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (171,492,690)	$ (231,995,114)	$ (167,321,858)	$ (17,638,218)	$ (327,000)	$ (588,774,880)
Cash inflow	164,681,784	234,004,664	162,867,950	18,831,464	-	580,385,862
Interest rate derivatives instruments						
Cash outflow	(1,750,715)	(441,025)	(1,361)	(912,497)	(15,023,911)	(18,129,509)
Cash inflow	214,301	423,840	-	-	-	638,141
Others						
Cash outflow	-	-	-	-	-	-
Cash inflow	714	-	-	-	-	714
Cash outflow subtotal	(173,243,405)	(232,436,139)	(167,323,219)	(18,550,715)	(15,350,911)	(606,904,389)
Cash inflow subtotal	164,896,799	234,428,504	162,867,950	18,831,464	-	581,024,717
Net cash flow	$ (8,346,606)	$ 1,992,365	$ (4,455,269)	$ 280,749	$ (15,350,911)	$ (25,879,672)

(In Thousands of New Taiwan Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (177,529,259)	$ (177,990,288)	$ (148,384,569)	$ (45,146,489)	$ (327,000)	$ (549,377,605)
Cash inflow	182,863,409	153,732,850	159,809,847	38,056,177	1,127,525	535,589,808
Interest rate derivatives instruments						
Cash outflow	(175,400)	(355,848)	(16,209)	(1,508,524)	(8,437,261)	(10,493,242)
Cash inflow	159,147	337,857	18,604	-	-	515,608
Others						
Cash outflow	-	-	-	-	-	-
Cash inflow	2,790	-	-	-	-	2,790
Cash outflow subtotal	(177,704,659)	(178,346,136)	(148,400,778)	(46,655,013)	(8,764,261)	(559,870,847)
Cash inflow subtotal	183,025,346	154,070,707	159,828,451	38,056,177	1,127,525	536,108,206
Net cash flow	$ 5,320,687	$ (24,275,429)	$ 11,427,673	$ (8,598,836)	$ (7,636,736)	$ (23,762,641)

(In Thousands of U.S. Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (6,925,338)	$ (8,996,633)	$ (5,081,788)	$ (2,542,234)	$ (302,916)	$ (23,848,909)
Cash inflow	7,304,286	9,412,674	5,295,807	2,447,784	305,435	24,765,986
Interest rate derivatives instruments						
Cash outflow	(22,536)	(45,947)	(33,185)	(21,770)	(22,734)	(146,172)
Cash inflow	24,445	51,299	34,365	583	-	110,692
Others						
Cash outflow	(812)	-	-	-	-	(812)
Cash inflow	908	-	-	-	-	908
Cash outflow subtotal	(6,948,686)	(9,042,580)	(5,114,973)	(2,564,004)	(325,650)	(23,995,893)
Cash inflow subtotal	7,329,639	9,463,973	5,330,172	2,448,367	305,435	24,877,586
Net cash flow	$ 380,953	$ 421,393	$ 215,199	$ (115,637)	$ (20,215)	$ 881,693

(In Thousands of U.S. Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (5,801,671)	$ (7,928,173)	$ (5,383,285)	$ (1,081,788)	$ (149,201)	$ (20,344,118)
Cash inflow	6,155,681	7,902,248	5,527,944	928,621	174,935	20,689,429
Interest rate derivatives instruments						
Cash outflow	(19,852)	(33,865)	(30,342)	(1,006)	(20,264)	(105,329)
Cash inflow	13,143	33,962	29,726	689	-	77,520
Others						
Cash outflow	(744)	-	-	-	-	(744)
Cash inflow	275	-	-	-	-	275
Cash outflow subtotal	(5,822,267)	(7,962,038)	(5,413,627)	(1,082,794)	(169,465)	(20,450,191)
Cash inflow subtotal	6,169,099	7,936,210	5,557,670	929,310	174,935	20,767,224
Net cash flow	$ 346,832	$ (25,828)	$ 144,043	$ (153,484)	$ 5,470	$ 317,033

(In Thousands of U.S. Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (6,768,797)	$ (5,095,573)	$ (5,033,490)	$ (1,551,025)	$ (147,894)	$ (18,596,779)
Cash inflow	6,630,423	5,913,754	4,663,854	1,678,454	133,671	19,020,156
Interest rate derivatives instruments						
Cash outflow	(69,909)	(22,978)	(16,787)	(1,188)	(94,195)	(205,057)
Cash inflow	8,741	19,037	20,033	871	-	48,682
Others						
Cash outflow	(399)	-	-	-	-	(399)
Cash inflow	314	-	-	-	-	314
Cash outflow subtotal	(6,839,105)	(5,118,551)	(5,050,277)	(1,552,213)	(242,089)	(18,802,235)
Cash inflow subtotal	6,639,478	5,932,791	4,683,887	1,679,325	133,671	19,069,152
Net cash flow	$ (199,627)	$ 814,240	$ (366,390)	$ 127,112	$ (108,418)	$ 266,917

5) Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period. The disclosures in the table below are prepared based on the contractual cash flows. Therefore, the partial accounts illustrated below may not match with the corresponding accounts on the balance sheets.

(In Thousands of New Taiwan Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 3,838,808	$ 6,456,332	$ 10,234,109	$ 28,574,157	$ 46,227,940	$ 95,331,346

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 6,402,878	$ 11,356,859	$ 11,247,994	$ 29,457,826	$ 43,749,877	$ 102,215,434

(In Thousands of New Taiwan Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments, guarantees and letters of credit	$ 5,780,270	$ 12,406,943	$ 10,970,037	$ 28,049,804	$ 46,050,006	$ 103,257,060

6) The maturity analysis of lease agreement

The lease contracts of KGI Bank are operating lease and financial lease. Operating lease commitment is the future minimum rental payment under irrevocable operating lease condition. Financial lease means net future lease payments under finance lease condition.

The maturity analysis of lease commitments were as follows:

(In Thousands of New Taiwan Dollars)

June 30, 2017	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 2,560,547	$ 2,423,591	$ -	$ 4,984,138
Financial lease present value income (lessor)	2,398,947	2,310,446	-	4,709,393
Operating lease payment (lessee)	287,723	585,168	-	872,891
Operating lease income (lessor)	15,695	15,441	-	31,136
Present value of financial lease payment (lessee)	222	1,268	-	1,490

(In Thousands of New Taiwan Dollars)

December 31, 2016	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 3,268,707	$ 3,156,235	$ -	$ 6,424,942
Financial lease present value income (lessor)	3,076,383	2,970,345	-	6,046,728
Operating lease payment (lessee)	239,465	471,498	-	710,963
Operating lease income (lessor)	16,325	22,947	-	39,272
Present value of financial lease payment (lessee)	869	8	-	877

(In Thousands of New Taiwan Dollars)

June 30, 2016	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 3,780,335	$ 2,819,875	$ -	$ 6,600,210
Financial lease present value income (lessor)	3,527,460	2,648,861	-	6,176,321
Operating lease payment (lessee)	259,468	491,569	1,650	752,687
Operating lease income (lessor)	16,047	30,986	-	47,033
Present value of financial lease payment (lessee)	2,635	141	-	2,776

7) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

June 30, 2017	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 137,938,731	$ 214,777,075	$ 293,719,412	$ 171,894,040	$ 101,072,928	$ 108,408,141	$1,027,810,327
Main capital outflow on maturity	129,430,978	147,099,296	362,209,198	222,417,985	185,861,848	202,168,258	1,249,187,563
Gap	8,507,753	67,677,779	(68,489,786)	(50,523,945)	(84,788,920)	(93,760,117)	(221,377,236)

(In Thousands of New Taiwan Dollars)

June 30, 2016	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 100,603,417	$ 225,215,420	$ 185,360,863	$ 187,870,853	$ 79,151,622	$ 95,568,786	$ 873,770,961
Main capital outflow on maturity	86,519,511	186,231,274	283,967,156	240,635,057	134,599,184	129,798,183	1,061,750,365
Gap	14,083,906	38,984,146	(98,606,293)	(52,764,204)	(55,447,562)	(34,229,397)	(187,979,404)

b) Maturity analysis of assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

June 30, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 9,004,995	$ 10,556,366	$ 5,831,939	$ 2,701,281	$ 2,409,522	$ 30,504,103
Main capital outflow on maturity	9,215,268	11,423,578	6,416,036	4,544,043	2,968,822	34,567,747
Gap	(210,273)	(867,212)	(584,097)	(1,842,762)	(559,300)	(4,063,644)

(In Thousands of U.S. Dollars)

June 30, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 8,702,375	$ 6,755,329	$ 5,214,109	$ 1,984,132	$ 858,815	$ 23,514,760
Main capital outflow on maturity	9,787,551	8,783,637	7,179,008	2,113,576	659,418	28,523,190
Gap	(1,085,176)	(2,028,308)	(1,964,899)	(129,444)	199,397	(5,008,430)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2017	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,624,070	$ 7,322,832	$ -	$ -	$ -	$ 12,946,902
Financial assets measured at FVTPL - current	54,128,679	5,259,114	14,667,327	327,549	137,249	74,519,918
Financial assets at cost - current	818,347	-	-	-	-	818,347
Available-for-sale financial assets - current	8,689,090	-	-	-	-	8,689,090
Securities purchased under resell agreement	-	30,323,035	-	-	-	30,323,035
Receivable	37,236,800	5,176,364	19,239,691	4,128,212	-	65,781,067
Customers' margin accounts	36,526,948	-	-	-	-	36,526,948
Stock borrowing collateral price and guarantee deposits - borrowed securities	929,074	2,116,336	723,628	-	-	3,769,038
Other financial assets - current	-	-	2,967,755	-	-	2,967,755
Current tax assets	-	-	23,027	13,226	569,624	605,877
Other current assets	28,864,866	925,087	208,510	-	-	29,998,463
Financial assets measured at FVTPL - noncurrent	-	50,313	-	-	-	50,313
Financial assets at cost - noncurrent	-	-	415	-	864,818	865,233
Available-for-sale financial assets - noncurrent	-	-	-	543,935	468,160	1,012,095
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,012,465	2,012,465
Others noncurrent assets	-	100,000	-	469,657	2,707,484	3,277,141
Total	$ 172,817,874	$ 51,273,081	$ 37,830,353	$ 5,482,579	$ 7,059,800	$ 274,463,687
Percentage	62.97%	18.68%	13.78%	2.00%	2.57%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2017	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 14,430,777	$ -	$ -	$ -	$ 14,430,777
Commercial papers payable, net	-	14,777,731	-	-	-	14,777,731
Financial liabilities measured at FVTPL - current	6,988,238	6,255,077	8,257,726	914,347	137,250	22,552,638
Bonds issued under repurchase agreements	-	59,201,589	-	-	-	59,201,589
Payables	48,861,259	138,775	3,676,287	77,480	-	52,753,801
Guarantee deposits - borrowed securities	-	1,180,589	8,725,449	-	-	9,906,038
Futures customers' equity	35,972,804	-	-	-	-	35,972,804
Other current liabilities	783,943	889,233	1,688,018	26	-	3,361,220
Other financial liabilities - current	-	5,079,213	31,045	-	-	5,110,258
Current tax liabilities	-	210,032	87,012	92,025	503,817	892,886
Long-term liability - current portion	-	-	2,200,000	-	-	2,200,000
Bonds payable	-	-	-	4,800,000	-	4,800,000
Provisions - noncurrent	-	-	-	23,079	198,930	222,009
Others noncurrent liabilities	-	-	-	638,852	75,159	714,011
Total	$ 92,606,244	$ 102,163,016	$ 24,665,537	$ 6,545,809	$ 915,156	$ 226,895,762
Percentage	40.81%	45.03%	10.87%	2.89%	0.40%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2017	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 172,817,874	$ 51,273,081	$ 37,830,353	$ 5,482,579	$ 7,059,800	$ 274,463,687
Cash outflow	92,606,244	102,163,016	24,665,537	6,545,809	915,156	226,895,762
Amount of cash flow gap	$ 80,211,630	$ (50,889,935)	$ 13,164,816	$ (1,063,230)	$ 6,144,644	$ 47,567,925

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,009,351	$ 10,440,869	$ -	$ -	$ -	$ 16,450,220
Financial assets measured at FVTPL - current	50,073,606	3,543,039	7,114,717	424,822	169,399	61,325,583
Financial assets at cost - current	1,090,749	-	-	-	-	1,090,749
Available-for-sale financial assets - current	9,246,926	-	-	-	-	9,246,926
Securities purchased under resell agreement	-	29,114,724	-	-	-	29,114,724
Receivable	35,547,141	4,864,635	15,087,392	5,347,674	-	60,846,842
Customers' margin accounts	37,066,541	-	-	-	-	37,066,541
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,092,300	466,917	441,470	-	-	3,000,687
Other financial assets - current	-	-	2,527,870	-	-	2,527,870
Current tax assets	-	-	17,500	13,394	422,825	453,719
Other current assets	29,675,416	163,028	638,612	-	-	30,477,056
Financial assets measured at FVTPL - noncurrent	-	-	50,313	-	-	50,313
Financial assets at cost - noncurrent	-	-	-	415	917,899	918,314
Available-for-sale financial assets - noncurrent	-	-	-	142,975	282,584	425,559
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,186,633	2,186,633
Others noncurrent assets	220,000	-	100,000	376,804	2,834,601	3,531,405
Total	$ 171,022,030	$ 48,593,212	$ 25,977,874	$ 6,306,084	$ 7,113,941	$ 259,013,141
Percentage	66.03%	18.76%	10.03%	2.43%	2.75%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2016	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 12,777,858	$ -	$ -	$ -	$ 12,777,858
Commercial papers payable, net	-	10,293,033	-	-	-	10,293,033
Financial liabilities measured at FVTPL - current	3,657,874	4,716,941	2,942,584	922,739	169,399	12,409,537
Bonds issued under repurchase agreements	-	57,598,541	-	-	-	57,598,541
Payables	46,896,855	861,531	4,829,585	149,960	-	52,737,931
Guarantee deposits - borrowed securities	-	4,414,965	6,920,988	-	-	11,335,953
Futures customers' equity	36,084,937	-	-	-	-	36,084,937
Other current liabilities	535,836	871,919	2,505,228	110	-	3,913,093
Other financial liability - current	-	4,426,111	-	-	-	4,426,111
Current tax liabilities	-	-	88,753	198,492	411,192	698,437
Bonds payable	-	-	-	7,000,000	-	7,000,000
Provisions - noncurrent	-	-	-	23,248	201,660	224,908
Others noncurrent liabilities	-	-	822	640,197	72,375	713,394
Total	$ 87,175,502	$ 95,960,899	$ 17,287,960	$ 8,934,746	$ 854,626	$ 210,213,733
Percentage	41.47%	45.65%	8.22%	4.25%	0.41%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 171,022,030	$ 48,593,212	$ 25,977,874	$ 6,306,084	$ 7,113,941	$ 259,013,141
Cash outflow	87,175,502	95,960,899	17,287,960	8,934,746	854,626	210,213,733
Amount of cash flow gap	$ 83,846,528	$ (47,367,687)	$ 8,689,914	$ (2,628,662)	$ 6,259,315	$ 48,799,408

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 8,565,556	$ 3,691,362	$ -	$ -	$ -	$ 12,256,918
Financial assets measured at FVTPL - current	88,420,745	7,020,398	13,179,582	514,159	230,083	109,364,967
Financial assets at cost - current	1,140,897	-	-	-	-	1,140,897
Available-for-sale financial assets - current	7,108,979	-	-	-	-	7,108,979
Securities purchased under resell agreement	-	20,453,034	-	-	-	20,453,034
Receivable	51,597,346	4,226,165	14,922,287	4,162,195	-	74,907,993
Customers' margin accounts	38,406,838	-	-	-	-	38,406,838
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,292,457	928,920	1,896,215	-	-	6,117,592
Other financial assets - current	-	-	5,671,501	-	-	5,671,501
Current tax assets	-	-	11,117	159	562,161	573,437
Other current assets	31,579,012	436,216	309,863	-	-	32,325,091
Financial assets measured at FVTPL - noncurrent	-	51,000	-	-	-	51,000
Financial assets at cost - noncurrent	-	-	-	415	920,172	920,587
Available-for-sale financial assets - noncurrent	-	-	-	-	171,335	171,335
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,028,877	2,028,877
Others noncurrent assets	-	-	-	112,261	3,133,626	3,245,887
Total	$ 230,111,830	$ 36,807,095	$ 35,990,565	$ 4,789,189	$ 7,346,254	$ 315,044,933
Percentage	73.04%	11.68%	11.43%	1.52%	2.33%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2016	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 17,915,870	$ -	$ -	$ -	$ 17,915,870
Commercial papers payable, net	-	8,976,833	-	-	-	8,976,833
Financial liabilities measured at FVTPL - current	6,345,721	4,303,030	7,708,446	1,395,072	230,083	19,982,352
Bonds issued under repurchase agreements	-	85,006,187	-	-	-	85,006,187
Payables	65,154,548	115,322	4,526,009	165,869	-	69,961,748
Guarantee deposits - borrowed securities	-	1,699,991	8,144,099	-	-	9,844,090
Futures customers' equity	37,450,325	-	-	-	-	37,450,325
Other current liabilities	722,242	805,610	1,985,707	86	-	3,513,645
Other financial liability - current	-	8,087,947	43,323	-	-	8,131,270
Current tax liabilities	-	7,848	99,497	922,136	-	1,029,481
Long-term liabilities - current portion	-	-	969,660	-	-	969,660
Bonds payable	-	-	-	7,000,000	-	7,000,000
Provisions - noncurrent	-	-	-	23,248	132,409	155,657
Others noncurrent liabilities	-	-	1,100	613,159	69,232	683,491
Total	$ 109,672,836	$ 126,918,638	$ 23,477,841	$ 10,119,570	$ 431,724	$ 270,620,609
Percentage	40.53%	46.90%	8.67%	3.74%	0.16%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 230,111,830	$ 36,807,095	$ 35,990,565	$ 4,789,189	$ 7,346,254	$ 315,044,933
Cash outflow	109,672,836	126,918,638	23,477,841	10,119,570	431,723	270,620,609
Amount of cash flow gap	$ 120,438,994	$ (90,111,543)	$ 12,512,724	$ (5,330,381)	$ 6,914,531	$ 44,424,324

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from June 30, 2017, December 31, 2016 and June 30, 2016, show that the sums from deducting cash outflow from cash inflow are $47,567,925 thousand, $48,799,408 thousand and $44,424,324 thousand, respectively, all indicating sufficient fund liquidity.

An observation of fund inflow and outflow in different periods of time shows that current and receivable items contribute to the most of the financial assets of KGI Securities and subsidiaries, taking up to nearly 62.97% of the entire financial assets. This shows that most of these financial assets can be liquidated immediately and therefore have high liquidity. As for financial liabilities, there is no particular period with a high number of due payments which will put stress on fund dispatching.

Although an analysis of funds gap shows that the cash outflow exceeded cash inflow within 3 months period and 1 to 5 years period, the main differentiating factor is that the financial assets of KGI Securities and subsidiaries have high liquidity, which causes financial assets and liabilities to have different impacts during different cash flow periods. On June 30, 2017, December 31, 2016 and June 30, 2016, net cash inflow calculated from net spot financial assets are respectively $80,211,630 thousand, $83,846,528 thousand and $120,438,994 thousand, which are sufficient to cover the net cash outflows of $51,953,165 thousand, $49,996,349 thousand and $95,441,924 thousand from the 3 months and 1-5 years period, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures. KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

CDIB Capital Group and subsidiaries

The management of liquidity risk is aimed to deal with financing CDIB Capital Group’s operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents.

The Corporation’s Management policies of liquidity risk are as follows:

1) Dispose of surplus capital should consider possible future capital requirements, deconcentration of capital sources and reasonable liquidity of liability Structure.

2) Pursuant to liquidity risk control, CDIB Capital Group uses performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of June 30, 2017, December 31, 2016 and June 30, 2016, other financial liabilities are $364,557 thousand, $386,632 thousand and $386,716 thousand, respectively, and will be paid by financial assets and the rest of nonderivative financial liabilities are $2,980,278 thousand, $1,685,283 thousand and $1,429,784 thousand, respectively, and are mainly all current liabilities.

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading.

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, the KGI Bank has developed “Market Risk Policy” based on Regulations Governing the Capital Adequacy Ratio of Banks and on market risk calculation tables announced by FSC, international standards, and CDFH’s market risk management policy framework.

The “Market Risk Policy” is applicable to “Trading Book” positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank’s book management approach to financial instrument handling.

Following the “Market Risk Policy”, the KGI Bank sets up the “Market Risk Management Procedure to Trading Activities” to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank’s market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank’s risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank’s market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and CDFH’s Risk Management Committee. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank’s market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions. Market Risk Limits are regularly reviewed and controlled based on the revaluation results.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30, 2017			For the Year Ended December 31, 2016			For the Six Months Ended June 30, 2016		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 76,331	$ 136,332	$ 29,201	$ 33,310	$ 74,214	$ 17,157	$ 31,334	$ 53,221	$ 17,493
Equity risk	7,461	10,929	4,918	5,951	12,389	2,336	5,317	12,389	2,336
Exchange rate risk	11,262	44,645	2,682	36,105	80,973	6,133	41,120	68,827	18,915

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of New Taiwan Dollars/Foreign Currencies)

	June 30, 2017		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 6,089,621	30.44	$ 185,343,708
RMB	2,066,134	4.49	9,275,910
EUR	116,377	34.73	4,041,772
HKD	622,290	3.90	2,426,308
JPY	2,198,897	0.27	597,220
AUD	17,382	23.36	406,039
ZAR	90,777	2.33	211,329
Nonmonetary items			
HKD	579,386	3.90	2,259,025
Financial liabilities			
Monetary items			
USD	6,726,337	30.44	204,722,795
RMB	2,570,726	4.49	11,541,275
ZAR	1,473,167	2.33	3,429,532
AUD	62,703	23.36	1,464,753
EUR	39,237	34.73	1,362,688
JPY	2,890,886	0.27	785,165
HKD	115,440	3.90	450,101
NZD	15,843	22.29	353,142

	December 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,345,458	32.28	$ 172,546,025
RMB	1,934,700	4.62	8,941,990
HKD	604,307	4.16	2,515,248
EUR	61,196	33.92	2,075,584
GBP	45,031	39.61	1,783,666
JPY	3,860,310	0.28	1,064,287
AUD	11,789	23.30	274,698
ZAR	85,730	2.37	203,017
THD	169,664	0.90	152,884
CAD	6,237	23.93	149,229
Nonmonetary items			
HKD	521,348	4.16	2,169,956
Financial liabilities			
Monetary items			
USD	5,475,408	32.28	176,740,694
RMB	1,955,014	4.62	9,035,879
ZAR	1,454,274	2.37	3,443,867
AUD	65,000	23.30	1,514,621
EUR	36,380	33.92	1,233,894
HKD	293,670	4.16	1,222,312
JPY	2,345,749	0.28	646,723
NZD	15,481	22.42	347,017
GBP	3,801	39.61	150,540

	June 30, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,371,925	32.29	$ 173,437,980
RMB	2,021,217	4.85	9,799,469
HKD	964,011	4.16	4,011,441
EUR	64,091	35.88	2,299,441
JPY	4,572,971	0.31	1,436,827
ZAR	566,549	2.18	1,235,076
SGD	30,534	23.93	730,710
GBP	9,380	43.46	407,634
AUD	9,616	23.98	230,559
NZD	6,332	22.90	145,008
Nonmonetary items			
HKD	553,575	4.16	2,303,536

(Continued)

	June 30, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial liabilities</u>			
Monetary items			
USD	$ 5,627,013	32.29	$ 181,673,730
RMB	2,083,554	4.85	10,101,693
ZAR	1,495,868	2.18	3,260,991
AUD	86,656	23.98	2,077,754
HKD	482,880	4.16	2,009,359
EUR	53,311	35.88	1,912,681
JPY	4,608,717	0.31	1,448,059
GBP	8,243	43.46	358,225
KRW	3,993,213	0.03	111,738

(Concluded)

9) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

June 30, 2017

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 231,791,093	$ 16,245,837	$ 4,188,623	$ 103,691,548	$ 355,917,101
Interest rate-sensitive liabilities	147,364,851	105,591,219	22,529,186	4,397,547	279,882,803
Interest rate sensitivity gap	84,426,242	(89,345,382)	(18,340,563)	99,294,001	76,034,298
Net worth					58,876,410
Ratio of interest rate-sensitive assets to liabilities (%)					127.17
Ratio of interest rate-sensitive gap to net worth (%)					129.14

June 30, 2016

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 214,382,200	$ 15,059,897	$ 3,919,158	$ 77,710,660	$ 311,071,915
Interest rate-sensitive liabilities	111,592,591	97,770,500	35,533,671	7,740,597	252,637,359
Interest rate sensitivity gap	102,789,609	(82,710,603)	(31,614,513)	69,970,063	58,434,556
Net worth					56,637,576
Ratio of interest rate-sensitive assets to liabilities (%)					123.13
Ratio of interest rate-sensitive gap to net worth (%)					103.17

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

b) Analysis of interest rate-sensitive assets and liabilities (U.S. dollars)

June 30, 2017

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,957,844	$ 374,019	$ 184,465	$ 1,486,201	$ 5,002,529
Interest rate-sensitive liabilities	4,012,231	553,326	499,585	581,938	5,647,080
Interest rate sensitivity gap	(1,054,387)	(179,307)	(315,120)	904,263	(644,551)
Net worth					26,696
Ratio of interest rate-sensitive assets to liabilities (%)					88.59
Ratio of interest rate-sensitive gap to net worth (%)					(2,414.41)

June 30, 2016

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,075,850	$ 394,668	$ 279,553	$ 1,297,099	$ 4,047,170
Interest rate-sensitive liabilities	3,245,018	339,656	383,637	351,488	4,319,799
Interest rate sensitivity gap	(1,169,168)	55,012	(104,084)	945,611	(272,629)
Net worth					54,016
Ratio of interest rate-sensitive assets to liabilities (%)					93.69
Ratio of interest rate-sensitive gap to net worth (%)					(504.72)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities also holds regular stress test to help the management understand the extent to which KGI Securities can handle the variation of gains or losses of investment portfolio due to potential extreme event or circumstances.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	June 30, 2017	December 31, 2016	June 30, 2016
Interest rate risk	$ 4,945	$ 2,321	$ 16,924
Equity securities risk	17,208,169	18,656,595	14,845,001
Exchange rate risk	1,068,270	1,416,056	2,305,982
Commodity risk	15,365	(2,051)	(16,923)

2) Value at risk

Value at risk ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct back testing daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries were as follows:

	For the Six Months Ended June 30, 2017			June 30, 2017
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 328,811	$ 211,517	$ 527,618	$ 280,543
Interest rate	77,133	44,719	136,617	85,284
Exchange rate	8,277	5,098	15,489	7,344
Commodity	4,169	303	33,934	4,543

	For the Six Months Ended June 30, 2016			June 30, 2016
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 383,786	$ 249,427	$ 569,996	$ 397,536
Interest rate	84,210	39,998	155,840	48,267
Exchange rate	24,423	3,932	92,958	16,605
Commodity	5,246	58	18,399	3,341

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help a company's board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) Foreign currency exchange rate of financial assets and liabilities information

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2017		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 2,642,555	30.44	$ 80,423,646
JPY	12,922,328	0.27	3,509,128
HKD	153,247	3.90	597,244
EUR	5,021	33.70	169,175
RMB	35,331	4.49	158,614
Nonmonetary items			
USD	1,064,573	30.44	32,401,329
RMB	368,625	4.49	1,654,944
AUD	13,731	23.36	320,748
Investments accounted for using the equity method			
USD	66,013	30.44	2,009,161
Financial liabilities			
Monetary items			
USD	4,019,994	30.44	122,347,420
JPY	12,667,960	0.27	3,440,618
HKD	131,802	3.90	513,631
AUD	8,503	23.36	198,636
Nonmonetary items			
USD	427,244	30.44	13,003,601
RMB	40,288	4.49	180,874
AUD	4,660	23.36	108,850

	December 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,336,758	32.21	$ 75,259,143
JPY	8,724,871	0.28	2,404,829
EUR	33,751	33.92	1,144,684
RMB	244,837	4.62	1,131,607
HKD	127,231	4.16	529,229
SGD	9,014	22.31	201,095
AUD	4,373	23.30	101,903
Nonmonetary items			
USD	761,214	32.28	24,571,228
RMB	412,573	4.62	1,906,873
AUD	4,529	22.30	105,539
Investments accounted for using the equity method			
USD	67,639	32.28	2,183,329
Financial liabilities			
Monetary items			
USD	3,678,462	32.28	118,729,246
JPY	8,413,574	0.28	2,319,492
RMB	300,806	4.62	1,390,287
EUR	31,848	33.92	1,080,125
HKD	79,633	4.16	331,116
SGD	8,768	22.31	195,616
Nonmonetary items			
USD	196,950	32.28	6,357,340
RMB	39,941	4.62	184,602
AUD	4,529	23.30	105,539

	June 30, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,777,946	32.28	$ 89,685,545
RMB	899,820	4.85	4,362,598
JPY	11,527,306	0.31	3,622,353
EUR	25,278	35.88	906,990
HKD	146,492	4.16	609,521
AUD	25,319	23.98	607,071
SGD	23,150	23.93	553,953
GBP	5,104	43.46	221,808
THB	211,402	0.92	194,067

(Continued)

	June 30, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
USD	$ 1,114,194	32.29	$ 35,972,870
RMB	662,890	4.85	3,213,891
HKD	138,759	4.16	577,403
AUD	12,948	23.98	310,462
Investments accounted for using the equity method			
USD	62,732	32.29	2,025,355
Financial liabilities			
Monetary items			
USD	4,247,789	32.29	137,140,910
RMB	1,255,315	4.85	6,086,140
JPY	11,198,177	0.31	3,518,941
EUR	22,802	36.00	820,813
AUD	27,383	23.98	656,553
SGD	23,074	23.93	552,139
HKD	49,859	4.16	207,412
THB	211,910	0.92	194,533
GBP	3,957	43.46	171,959
Nonmonetary items			
USD	317,394	32.29	10,247,391
AUD	10,450	23.98	250,562
RMB	38,991	4.85	189,039

(Concluded)

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk was explained as follows:

1) Foreign currency rate risk information

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	June 30, 2017		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 246,856	30.436	$ 7,513,313
HKD	116,075	3.899	452,578
RMB	78,676	4.490	353,083

(Continued)

	June 30, 2017		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
KRW	$ 6,669,220	0.027	$ 177,168
JPY	429,353	0.272	116,612
Investment accounted for using the equity method			
USD	87,644	30.436	2,667,530
RMB	669,143	4.490	3,004,115
Financial liabilities			
Monetary items			
USD	15,898	30.436	483,869
			(Concluded)

	December 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 245,665	32.279	$ 7,929,817
HKD	114,029	4.162	474,611
RMB	60,969	4.622	281,794
KRW	7,363,850	0.027	197,506
JPY	429,029	0.276	118,283
Investment accounted for using the equity method			
USD	65,502	32.279	2,114,355
RMB	459,967	4.622	2,125,923
Financial liabilities			
Monetary items			
USD	18,733	32.279	604,671

	June 30, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 257,415	32.286	$ 8,310,887
HKD	136,572	4.161	568,305
RMB	66,441	4.848	322,127
KRW	6,950,819	0.028	194,498
JPY	427,496	0.314	134,319
			(Continued)

	June 30, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Investment accounted for using the equity method			
RMB	$ 63,960	32.286	$ 2,065,067
USD	368,097	4.848	1,784,645
Financial liabilities			
Monetary items			
USD	16,314	32.286	526,725

(Concluded)

Sensitivity analysis

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies.

	Impact to Profit or Loss For the Six Months Ended June 30	
	2017	2016
Monetary items		
USD	$ 70,294	$ 77,842
HKD	4,526	5,683
RMB	3,531	3,221
KRW	1,772	1,945
JPY	1,166	1,343

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of June 30, 2017, December 31, 2016 and June 30, 2016 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

3) Other price risk

CDIB Capital Group and subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax other comprehensive income for the six months ended June 30, 2017 and 2016 would increase/decrease by $106,059 thousand and $90,396, thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

June 30, 2017					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 5,444,352	$ 5,180,974	$ 5,444,352	$ 5,180,974	$ 263,378
Available-for-sale financial assets	63,960,770	59,731,319	63,960,770	59,731,319	4,229,451

December 31, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 35,227,572	$ 33,509,311	$ 35,227,572	$ 33,509,311	$ 1,718,261
Available-for-sale financial assets	30,023,890	28,629,003	30,023,890	28,629,003	1,394,887

June 30, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 24,132,258	$ 22,952,345	$ 24,132,258	$ 22,952,345	$ 1,179,913
Available-for-sale financial assets	22,197,148	20,829,209	22,197,148	20,829,209	1,367,939

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities does not derecognize it entirely because KGI Securities remains exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition were listed below:

June 30, 2017					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 58,752,025	$ 59,132,332	$ 58,752,025	$ 59,132,332	$ (380,307)
Transaction - borrowed securities	91,843	128,580	91,843	128,580	(36,737)

December 31, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 56,923,804	$ 57,422,129	$ 56,923,804	$ 57,422,129	$ (498,325)
Transaction - borrowed securities	46,749	65,449	46,749	65,449	(18,700)

June 30, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 84,793,162	$ 84,799,124	$ 84,793,162	$ 84,799,124	$ (5,962)
Transaction - borrowed securities	27,810	38,934	27,810	38,934	(11,124)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, meanwhile acquire the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognized them since counterparties have the ability to sell financial assets to third party and no restrictions will be made when counterparties differs. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments. Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

June 30, 2017					
Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 9,508,700	$ 706,159	$ 706,159	$ -	$ 706,159

December 31, 2016					
Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 10,229,100	$ 610,676	$ 610,676	$ -	$ 610,676

June 30, 2016					
Types of Continuing Involvement	Outflows of Repurchased Transferred (Derecognized) Financial Assets	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 10,534,800	$ 523,507	$ 523,507	$ -	$ 523,507

The following table is repurchased transferred (derecognized) financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

June 30, 2017						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 2,045,200	$ 1,899,500	$ 5,564,000	$ -	$ 9,508,700

December 31, 2016						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ 4,568,600	$ 990,100	$ 3,106,700	$ 1,563,700	$ -	$ 10,229,100

June 30, 2016						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 331,600	$ 3,309,000	$ 6,894,200	$ -	$ 10,534,800

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

June 30, 2017			
Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
Call option	$ (26,836)	$ (86,668)	$ (113,504)

December 31, 2016			
Types of Continuing Involvement	Gains or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
Call option	$ (41,236)	$ 611,220	$ 569,984

June 30, 2016			
Types of Continuing Involvement	**Gains or Losses Recognized at Balance Sheet Day**	**Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day**	**Revenues or Expenses Recognized During the Period**
Call option	$ (256,315)	$ (2,260)	$ (258,575)

f. Offsetting financial assets and financial liabilities

<u>KGI Bank and subsidiaries</u>

KGI Bank have and subsidiaries has no transactions of financial instruments that correspond to the provisions of IAS 32-42, but there are enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities were as follows:

June 30, 2017						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 908,096	$ -	$ 908,096	$ 908,096	$ -	$ -
Derivative financial instruments	18,477,146	-	18,477,146	7,723,048	1,007,327	9,746,771
Total	$ 19,385,242	$ -	$ 19,385,242	$ 8,631,144	$ 1,007,327	$ 9,746,771

June 30, 2017						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 66,742,065	$ -	$ 66,742,065	$ 66,742,065	$ -	$ -
Derivative financial instruments	24,639,447	-	24,639,447	7,723,048	4,397,185	12,519,214
Total	$ 91,381,512	$ -	$ 91,381,512	$ 74,465,113	$ 4,397,185	$ 12,519,214

December 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 795,850	$ -	$ 795,850	$ 795,850	$ -	$ -
Derivative financial instruments	25,434,608	-	25,434,608	7,171,127	1,018,564	17,244,917
Total	$ 26,230,458	$ -	$ 26,230,458	$ 7,966,977	$ 1,018,564	$ 17,244,917

December 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 62,138,314	$ -	$ 62,138,314	$ 61,725,136	$ 413,178	$ -
Derivative financial instruments	27,516,130	-	27,516,130	7,171,127	6,655,765	13,689,238
Total	$ 89,654,444	$ -	$ 89,654,444	$ 68,896,263	$ 7,068,943	$ 13,689,238

June 30, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 8,016,394	$ -	$ 8,016,394	$ 8,016,394	$ -	$ -
Derivative financial instruments	17,737,913	-	17,737,913	7,837,268	331,734	9,568,911
Total	$ 25,754,307	$ -	$ 25,754,307	$ 15,853,662	$ 331,734	$ 9,568,911

June 30, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 49,128,784	$ -	$ 49,128,784	$ 48,740,508	$ 388,276	$ -
Derivative financial instruments	20,871,901	-	20,871,901	7,837,268	6,553,893	6,480,740
Total	$ 70,000,685	$ -	$ 70,000,685	$ 56,577,776	$ 6,942,169	$ 6,480,740

Note: Financial instruments include master netting arrangements and non-cash collateral.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities has signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities to provide securities as collateral, meanwhile KGI Securities signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities were as follows:

June 30, 2017						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 5,918,947	$ -	$ 5,918,947	$ -	$ 98,908	$ 5,820,039
Securities purchased under resell agreements	30,307,284	-	30,307,284	30,307,284	-	-
Total	$ 36,226,231	$ -	$ 36,226,231	$ 30,307,284	$ 98,908	$ 5,820,039

June 30, 2017						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 7,392,726	$ -	$ 7,392,726	$ -	$ 612,169	$ 6,780,557
Notes and bonds issued under repurchase agreements	59,132,332	-	59,132,332	59,132,332	-	-
Total	$ 66,525,058	$ -	$ 66,525,058	$ 59,132,332	$ 612,169	$ 6,780,557

December 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 2,163,243	$ -	$ 2,163,243	$ -	$ 132,559	$ 2,030,684
Securities purchased under resell agreements	29,087,308	-	29,087,308	29,087,308	-	-
Total	$ 31,250,551	$ -	$ 31,250,551	$ 29,087,308	$ 132,559	$ 2,030,684

December 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 2,845,225	$ -	$ 2,845,225	$ -	$ 465,985	$ 2,379,240
Notes and bonds issued under repurchase agreements	57,422,129	-	57,422,129	57,422,129	-	-
Total	$ 60,267,354	$ -	$ 60,267,354	$ 57,422,129	$ 465,985	$ 2,379,240

June 30, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	$ 4,061,653	$ -	$ 4,061,653	$ -	$ 87,198	$ 3,974,455
Securities purchased under resell agreements	20,449,681	-	20,449,681	20,449,681	-	-
Total	$ 24,511,334	$ -	$ 24,511,334	$ 20,449,681	$ 87,198	$ 3,974,455

June 30, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	$ 5,022,327	$ -	$ 5,022,327	$ -	$ 722,231	$ 4,300,096
Notes and bonds issued under repurchase agreements	84,799,124	-	84,799,124	84,799,124	-	-
Total	$ 89,821,451	$ -	$ 89,821,451	$ 84,799,124	$ 722,231	$ 4,300,096

Note: Financial instruments include master netting arrangements and non-cash collateral.

55. CAPITAL MANAGEMENT

a. Objectives

The basic management objective includes eligible capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite. In order to undertake all kinds of risk, the Group conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

The Group had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital and legal capital were calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

c.

(In Thousands of New Taiwan Dollars; %)

Company \ Items	June 30, 2017		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		160,984,903	171,986,266
KGI Bank	100	54,540,724	39,138,716
KGI	100	18,442,043	8,557,815
CDIB Capital Group	100	50,623,339	27,188,905
AMC	100	2,339,449	1,581,638
Deduct items		192,512,417	168,320,172
Subtotal		94,418,041 (A)	80,133,168 (B)
Group's CAR (C)=(A)÷(B)			117.83 (C)

(In Thousands of New Taiwan Dollars; %)

Company \ Items	December 31, 2016		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 163,482,476	$ 188,137,891
KGI Bank	100	53,986,254	35,206,376
KGI	100	17,895,797	8,151,174
CDIB Capital Group	100	20,910,410	1,215,027
Deduct items		186,391,735	186,391,735
Subtotal		69,883,202 (A)	46,318,733 (B)
Group's CAR (C)=(A)÷(B)			150.87 (C)

(In Thousands of New Taiwan Dollars; %)

Company \ Items	June 30, 2016		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		158,129,853	182,371,395
KGI Bank	100	52,659,987	30,566,686
KGI	100	17,551,768	10,637,142
CDIB Capital Group	100	19,547,979	1,369,345
Deduct items		180,788,181	180,788,181
Subtotal		67,101,406 (A)	44,156,387 (B)
Group's CAR (C)=(A)÷(B)			151.96 (C)

d. Financial holding companies' net eligible capital

(In Thousands of New Taiwan Dollars)

	June 30, 2017	December 31, 2016	June 30, 2016
Common stock	$ 149,757,428	$ 149,744,203	$ 149,740,122
Capital instruments that comply with Tier 1 capital requirement	-	-	-
Other preferred stock and subordinated bonds	-	-	-
Advanced receipts for capital stock	-	10	-
Capital surplus	1,109,577	1,104,521	1,095,973
Legal reserve	5,606,606	5,014,298	5,014,298
Special reserve	2,078,602	3,228,296	3,228,296
Retained earnings	5,157,591	8,556,188	4,663,601
Equity adjustment	(343,506)	(1,782,652)	(3,229,052)
Deduction: Capital items	(2,381,395)	(2,382,388)	(2,383,385)
	$ 160,984,903	$ 163,482,476	$ 158,129,853

The Group's CARs were 117.83%, 150.87% and 151.96% as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively. Since the Financial Holding Company Act and related regulations require that the Group's CAR should be at least 100%, and the Group's CARs met its requirement.

56. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	June 30, 2017	December 31, 2016	June 30, 2016	Trust Liabilities	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 370,953	$ 310,897	$ 408,224	Payables	$ 152,131	$ 153,951	$ 152,563
Short-term investments	29,831,549	30,860,207	30,164,221	Payables on securities under custody	4,897,697	1,909,451	-
Financial assets at FVTPL	2,482,227	2,660,355	2,467,147				
Receivables	81,686	26,191	104,475				
Payments for others	-	-	1,166,795	Donated assets received	19,109	30,906	1,324,930
Financial assets measured at cost	7,650	687,150	1,401,426	Other liabilities	1,811	-	-
Real estate, net	417,202	417,202	831,400	Trust capital	33,135,608	34,693,769	35,316,337
Intangible assets - surface rights	984,534	984,534	984,534	Accumulated earnings	866,960	1,067,910	735,395
Securities under custody	4,897,697	1,909,451	-				
Other assets	-	-	1,003				
Total	$ 39,073,498	$ 37,855,987	$ 37,529,225	Total	$ 39,073,498	$ 37,855,987	$ 37,529,225

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Trust income and gains				
Profit income	$ 60,313	$ 56,913	$ 71,274	$ 66,042
Interest income	313,538	355,612	626,414	661,855
Rental income	7,495	7,956	15,232	15,057
Gain or loss on financial assets at FVTPL, net	182,447	(175,812)	615,790	286,794
Other income	3,692	721	7,819	21,107
Total trust income and gains	567,485	245,390	1,336,529	1,050,855
Property transaction losses	(74,783)	(596,358)	(187,079)	(1,131,174)
Trust expenses				
Administrative expenses	8,789	6,066	16,272	11,726
Interest expenses	-	16,322	-	32,642
Service fee	10	106	25	123
Other expenses	4,532	4,817	7,210	9,737
Total trust expenses	13,331	27,311	23,507	54,228
Net income	$ 479,371	$ (378,279)	$ 1,125,943	$ (134,547)

The above income from trust operations were excluded from KGI Bank’s income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 370,953	$ 310,897	$ 408,224
Short-term investments			
Funds	28,173,912	29,104,043	28,356,693
Bonds	1,375,465	1,468,806	1,391,260
Common shares	76,400	78,300	79,600
Structured notes	93,766	93,766	212,692
ETF	112,006	115,292	123,976
Financial assets at FVTPL	2,482,227	2,660,355	2,467,147
Financial assets measured at cost	7,650	687,150	1,401,426
Real estate, net	417,202	417,202	831,400
Intangible assets - surface rights	984,534	984,534	984,534
Payment for others	-	-	1,166,795
Securities under custody	4,897,697	1,909,451	-
Other assets	81,686	26,191	105,478
Total	$ 39,073,498	$ 37,855,987	$ 37,529,225

b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	June 30, 2017	December 31, 2016	June 30, 2016	Trust Liabilities	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 962,116	$ 809,142	$ 1,412,517	Payables	$ 24,214	$ 16,097	$ 56,583
Financial assets	25,497,137	22,988,241	20,161,027	Trust capital	25,239,420	23,786,620	21,581,717
Receivables	114,403	72,988	294,754	Reserves and retained earnings	1,310,022	67,654	229,998
Total	$ 26,573,656	$ 23,870,371	$ 21,868,298	Total	$ 26,573,656	$ 23,870,371	$ 21,868,298

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Trust income	$ 404,179	$ 177,375	$ 2,173,136	$ 1,518,692
Trust expenses	74,079	172,581	(2,058,775)	(2,139,216)
Income before income tax	$ 478,258	$ 349,956	$ 114,361	$ (620,524)

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2017	December 31, 2016	June 30, 2016
Bank deposits	$ 962,116	$ 809,142	$ 1,412,517
Stocks	12,489,101	13,755,119	13,381,809
Funds	12,912,289	9,227,067	6,729,065
Structured notes	95,747	6,055	50,153
Receivables	114,403	72,988	294,754
Total	$ 26,573,656	$ 23,870,371	$ 21,868,298

57. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 9 (attached).

58. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 10 (attached).

59. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

For the resources sharing in the Group, please refer to Note 47 to the consolidated financial statements.

60. CONTINGENCIES AND COMMITMENT, DISASTROUS DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 49 to the consolidated financial statements. Information on disaster damages: None.

61. SUBSIDIARIES' ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 52 and 54 to the consolidated financial statements.

62. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

63. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARY

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	June 30, 2017 Formula	June 30, 2017 %	December 31, 2016 Formula	December 31, 2016 %	June 30, 2016 Formula	June 30, 2016 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,774,840 / $587,782	=3.02	$1,784,471 / $394,084	=4.53	$1,854,405 / $627,480	=2.96	≧1	Yes
17	Current assets / Current liabilities	$2,138,082 / $300,975	=7.70	$2,133,932 / $166,579	=12.81	$2,437,056 / $490,408	=4.97	≧1	Yes
22	Equities / Capital stock	$1,774,840 / $400,000	=443.71%	$1,784,471 / $400,000	=446.12%	$1,854,405 / $400,000	=463.60%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,233,725 / $377,708	=326.64%	$1,322,873 / $281,618	=469.74%	$1,176,717 / $339,581	=346.52%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	June 30, 2017 Formula	June 30, 2017 %	December 31, 2016 Formula	December 31, 2016 %	June 30, 2016 Formula	June 30, 2016 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,404,517 / $493,256	=4.87	$2,735,161 / $298,763	=9.15	$2,525,962 / $350,778	=7.20	≧1	Yes
17	Current assets / Current liabilities	$23,612,290 / $21,832,763	=1.08	$22,820,898 / $20,694,894	=1.10	$23,699,305 / $21,765,989	=1.09	≧1	Yes
22	Equities / Capital stock	$2,404,517 / $760,000	=316.38%	$2,735,161 / $760,000	=359.89%	$2,525,962 / $760,000	=332.36%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$2,079,346 / $4,014,680	=51.79%	$2,338,562 / $3,376,756	=69.25%	$1,999,956 / $4,585,071	=43.62%	≧20% ≧15%	Yes

64. ACCOUNT RECLASSIFICATION

KGI Securities did not intend to sell the following financial assets held for trading within the short term because of economic instability and deterioration of the world's financial markets in 2008. Thus, KGI Securities reclassified its financial assets held-for-trading financial assets to available-for-sale financial assets. The fair values at the reclassification date were as follows:

	Before Reclassification	After Reclassification
KGI Securities		
Financial assets at FVTPL - held for trading	$ 3,831,236	$ -
Available-for-sale financial assets	-	3,831,236
	$ 3,831,236	$ 3,831,236

The carrying amounts and fair values of the reclassified financial assets as of June 30, 2017 December 31, 2016 and June 30, 2016 were as follows:

	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
KGI Securities and subsidiaries						
Available-for-sale financial assets	$ 5,239,100	$ 5,239,100	$ 5,363,359	$ 5,363,359	$ 4,250,255	$ 4,250,255

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before June 30, 2017 and 2016) for the three and six months ended June 30, 2017 and 2016 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Gains	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Gains
KGI Securities and subsidiaries								
Available-for-sale financial assets	$ -	$ 109,353	$ -	$ (96,555)	$ -	$ (124,258)	$ -	$ (108,615)

65. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Balance sheet: Tables 13-1 to 13-4 (attached).

b. Statement of comprehensive income: Tables 14-1 to 14-4 (attached).

c. Securities held: None.

d. Derivative instruments and related capital resources: None.

e. Asset management revenues, service and litigation matters: Note 49(c).

f. Related party transactions or dealings among foreign enterprises: None.

66. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation and KGI Bank. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation and KGI Bank. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, KGI Bank, and KGI Securities and subsidiaries. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Subsidiaries were acquired and disposed of, at cost or price of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): For the KGI Bank and subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries. For the Corporation, CDIB Capital Group and other subsidiaries' information: Please refer to Table 4 (attached).

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the issued capital: For the Group's information: None.

6) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: For the Group's information: None.

7) Discount on service fees received from related parties amounting to NT$5 million: For the Group's information: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 47 and Table 5 (attached).

9) Sold nonperforming loans: Please refer to Table 7 (attached).

10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: Please refer to Table 6 (attached).

13) Derivative transactions of the Group: Please refer to Notes 8, 53 and 54 to the consolidated financial statements.

c. Subsidiaries investment in Mainland China: Please refer to Table 11 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 12 (attached).

67. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities and Capital group. Under The Banking Act of The Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture capital engaged in investment business.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit and income before income tax are composed of revenues and expenses directly attributable to an operating segment.

Segment revenues and results

Following were analysis of the Group's operating revenue and results by reportable segments:

	Commercial Banking	Securities	Venture Capital	Other	Total
For the three months ended June 30, 2017					
Interest profit (loss), net	$ 1,665,073	$ 487,459	$ 22,446	$ (107,404)	$ 2,067,574
Noninterest profit, net	1,064,510	2,995,198	1,021,080	21,068	5,101,856
Net profit (loss)	2,729,583	3,482,657	1,043,526	(86,336)	7,169,430
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(206,195)	(251,073)	-	629	(456,639)
Operating expenses	(1,354,757)	(2,718,589)	(375,679)	(390,082)	(4,839,107)
Income (loss) before income tax	1,168,631	512,995	667,847	(475,789)	1,873,684
Income tax benefit (expense)	(337,946)	(19,625)	(5,887)	63,207	(300,251)
Net income (loss)	$ 830,685	$ 493,370	$ 661,960	$ (412,582)	$ 1,573,433
For the three months ended June 30, 2016					
Interest profit (loss), net	$ 1,425,026	$ 421,338	$ 11,997	$ (145,387)	$ 1,712,974
Noninterest profit, net	1,078,049	2,312,635	271,958	266	3,662,908
Net profit (loss)	2,503,075	2,733,973	283,955	(145,121)	5,375,882
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(54,470)	(15,804)	27,918	-	(42,356)
Operating expenses	(1,241,174)	(2,656,863)	(314,584)	(267,579)	(4,480,200)
Income (loss) before income tax	1,207,431	61,306	(2,711)	(412,700)	853,326
Income tax benefit (expense)	(102,129)	(36,466)	(15,658)	88,910	(65,343)
Net income (loss)	$ 1,105,302	$ 24,840	$ (18,369)	$ (323,790)	$ 787,983
For the six months ended June 30, 2017					
Interest profit (loss), net	$ 3,100,901	$ 944,761	$ 48,747	$ (221,617)	$ 3,872,792
Noninterest profit, net	2,196,917	5,613,220	2,259,848	28,150	10,098,135
Net profit (loss)	5,297,818	6,557,981	2,308,595	(193,467)	13,970,927
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(344,644)	(205,621)	-	5,117	(545,148)
Operating expenses	(2,701,442)	(5,356,127)	(669,095)	(728,908)	(9,455,572)
Income (loss) before income tax	2,251,732	996,233	1,639,500	(917,258)	3,970,207
Income tax benefit (expense)	(457,170)	(120,534)	(156,194)	183,902	(549,996)
Net income (loss)	$ 1,794,562	$ 875,699	$ 1,483,306	$ (733,356)	$ 3,420,211

(Continued)

	Commercial Banking	Securities	Venture Capital	Other	Total
For the six months ended June 30, 2016					
Interest profit (loss), net	$ 2,833,234	$ 858,734	$ 24,688	$ (296,856)	$ 3,419,800
Noninterest profit (loss), net	2,103,171	5,099,217	1,061,724	(3,802)	8,260,310
Net profit (loss)	4,936,405	5,957,951	1,086,412	(300,658)	11,680,110
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(22,943)	(384,296)	34,697	-	(372,542)
Operating expenses	(2,623,013)	(5,344,919)	(604,992)	(613,037)	(9,185,961)
Income (loss) before income tax	2,290,449	228,736	516,117	(913,695)	2,121,607
Income tax benefit (expense)	(130,584)	(140,227)	(20,016)	112,501	(178,326)
Net income (loss)	$ 2,159,865	$ 88,509	$ 496,101	$ (801,194)	$ 1,943,281

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited	Receivables, net	Yes	$ 3,652,320	$ 3,652,320	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 14,181,749 (Note 1)	$ 14,181,749 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	5,174,120	5,174,120	3,652,320	Floating	Short-term financing	-	Working capital	-	-	-	14,181,749	
		KGI Investment Advisory (Shanghai) Company Limited	Receivables, net	Yes	24,349	-	-	Floating	Short-term financing	-	Working capital	-	-	-	14,181,749	
2	KGI Investments Holdings Limited	PG KGI Sekuritas Indonesia	Receivables, net	Yes	456,540	456,540	-	Floating	Short-term financing	-	Working capital	-	-	-	11,565,923 (Note 2)	11,565,923 (Note 2)
3	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,521,800	1,521,800	-	Floating	Short-term financing	-	Working capital	-	-	-	15,181,081 (Note 3)	15,181,081 (Note 3)
		PG KGI Sekuritas Indonesia	Receivables, net	Yes	760,900	760,900	486,976	Floating	Short-term financing	-	Working capital	-	-	-	15,181,081	
4	KGI International Finance Limited	PG KGI Sekuritas Indonesia	Receivables, net	Yes	60,872	60,872	60,872	Floating	Short-term financing	-	Working capital	-	-	-	189,495 (Note 4)	189,495 (Note 4)

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI Investments Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: KGI International Finance Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 5: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities	KGI Securities (Singapore) Pte. Ltd.	Note 1	$ 5,887,930	$ 1,105,000	$ 1,105,000	$ 1,105,000	$ -	1.88%	$ 23,551,718 (Note 2)	No	No	No
		KGI Futures (Singapore) Pte. Ltd.	Note 1	5,887,930	1,105,000	1,105,000	1,105,000	-	1.88%		No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	15,181,081	1,866,750	1,789,956	323,803	-	11.79%	15,181,081 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	15,181,081	3,104,472	2,252,264	-	-	14.84%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	15,181,081	197,834	197,834	-	-	1.30%		No	No	No
		KGI Finance Limited	Note 1	15,181,081	130,875	130,875	-	-	0.86%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	15,181,081	1,887,032	1,887,032	-	-	12.43%		No	No	No
		KGI Futures (Singapore) Pte. Ltd.	Note 1	15,181,081	608,720	608,720	-	-	4.01%		No	No	No
		KGI Asia (Holdings) Pte. Limited	Note 1	15,181,081	994,496	994,496	994,496	-	6.55%		No	No	No
3	KGI Investments Holdings Limited	PT KGI Sekuritas Indonesia	Note 1	11,565,923	91,308	91,308	30,436	-	0.79%	11,565,923 (Note 4)	No	No	No
4	KGI Futures (Singapore) Pte. Ltd.	PT KGI Sekuritas Indonesia	Note 1	909,610	91,308	91,308	-	-	10.04%	909,610 (Note 5)	No	No	No
5	CDIB Management Consulting Corporation	CDIB International Leasing Corp.	Note 1	5,274,760	2,625,883	2,079,553	608,720	-	197.12%	5,274,760 (Note 6)	No	No	Yes

Note 1: The Group owns directly or indirectly over 50% ownership of the investee company.

Note 2: The limit of maximum guarantee provided by KGI Securities is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by KGI Investments Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 5: The limit of maximum guarantee provided by KGI Futures (Singapore) Pte. Ltd. is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 6: CDIB Management Consulting Corporation: The total amount of guarantee provided should not exceed 5 times of its' net asset value of the latest financial report.

Note 7: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Group	Capital Securities Corporation	-	FVPL	9,063,840	$ 90,548	0.42	$ 90,548	
	China Metal Products Co., Ltd.	-	Available-for-sale financial assets	12,381,003	377,002	3.21	377,002	
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	1,400,248	177,131	0.85	177,131	
	ATEN International Co., Ltd.	-	Available-for-sale financial assets	1,541,211	129,462	1.29	129,462	
	Qisda Corporation	-	Available-for-sale financial assets	149,470,816	3,475,196	7.60	3,475,196	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	3,712,596	69,240	3.60	69,240	
	Innolux Corporation	-	Available-for-sale financial assets	8,132,740	129,311	0.08	129,311	
	Darfon Electronics Corp.	-	Available-for-sale financial assets	986,000	27,707	0.35	27,707	
	Chipbond Technology Corporation	-	Available-for-sale financial assets	7,971,229	373,054	1.23	373,054	
	Chime Ball Technology Co., Ltd.	-	Available-for-sale financial assets	522,637	26,550	1.29	26,550	
	Copartner Technology Corporation	-	Available-for-sale financial assets	11,024,340	191,824	12.97	191,824	
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	6,671,695	207,823	0.57	207,823	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	2,281,387	40,381	3.64	40,381	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	9,449,006	87,309	3.36	87,309	
	Formosa Taffeta Co., Ltd.,	-	Available-for-sale financial assets	2,017,000	57,384	0.46	57,384	
	Green Energy Technology Inc.	-	Available-for-sale financial assets	371,561	5,443	0.09	5,443	
	Aspeed Technology Inc.	-	Available-for-sale financial assets	134,276	90,771	0.40	90,771	
	Solartech Energy Corp.	-	Available-for-sale financial assets	7,857,266	98,216	2.12	98,216	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	14,012,424	193,435	1.38	193,435	
	FocalTech Systems Co., Ltd.	-	Available-for-sale financial assets	3,568,061	124,347	1.20	124,347	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	11,040,065	198,721	2.15	198,721	
	Globalwafers. Co., Ltd.	-	Available-for-sale financial assets	1,918,072	407,590	0.52	407,590	
	Gallant Precision Machining Co., Ltd.	-	Available-for-sale financial assets	8,709,358	219,040	5.27	219,040	
	De Poan Pneumatic Corp.	-	Available-for-sale financial assets	2,093,000	30,872	4.06	30,872	
	Kuangli Photoelectric Technology Co., Ltd.	-	Available-for-sale financial assets	5,224,326	56,945	11.45	56,945	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	3,423,956	154,592	0.59	154,592	
	Sunko Ink Co., Ltd.	-	Available-for-sale financial assets	11,381,788	165,605	5.12	165,605	
	Taiwan Hon Chuan Enterprise Co., Ltd.	-	Available-for-sale financial assets	740,086	44,923	0.25	44,923	
	China Development Financial Holding Corp.	Parent	Available-for-sale financial assets	20,646,142	182,305	0.14	182,305	
	EPISTAR Corporation	-	Available-for-sale financial assets	2,442,607	68,515	0.22	68,515	
	Magnate Technology Co., Ltd.	-	Available-for-sale financial assets	250,000	6,100	0.46	6,100	
	Utechzone Co., Ltd.	-	Available-for-sale financial assets	2,778,496	146,427	4.54	146,427	
	Donpon Precision Inc.	-	Available-for-sale financial assets	6,793,493	110,734	6.82	110,734	
	ADDA Corp.	-	Available-for-sale financial assets	5,076,000	65,988	3.48	65,988	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	1,492,910	36,950	0.92	36,950	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	1,233,000	97,307	2.57	97,307	
	Super Dragon Technology Co., Ltd.	-	Available-for-sale financial assets	300,512	4,177	0.29	4,177	
	Aces Electronics Co., Ltd.	-	Available-for-sale financial assets	1,134,483	32,730	0.92	32,730	
	Coland Holdings Limited	-	Available-for-sale financial assets	561,402	23,579	0.72	23,579	
	Entery Industrial Co., Ltd.	-	Available-for-sale financial assets	8,364,000	69,820	13.60	69,820	
	Taiwan Stock Exchange	-	Financial assets measured at cost	47,419,429	8,400	7.00	3,500,395	
	Logitech Inc.	-	Financial assets measured at cost	2,965,248	23,862	10.69	33,278	
	Solar Fine Chemical Co., Ltd.	-	Financial assets measured at cost	4,828,064	61,960	10.83	54,125	
	Gold Peak Industries (Taiwan) Ltd.	-	Financial assets measured at cost	30,616,980	173,341	15.04	20,085	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	4,225,979	120,761	6.04	86,633	
	National Glory Development Corp.	-	Financial assets measured at cost	646,884	4,993	6.47	6,713	
	TopGreen Technology Co., Ltd.	-	Financial assets measured at cost	633,377	17,499	1.17	9,222	
	Everest Display Inc.	-	Financial assets measured at cost	408,760	4,297	2.49	2,246	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Group	Insrea Game Center Corporation	-	Financial assets measured at cost	3,000,000	$ 8,610	17.65	$ 2,565	
	Hair O'right International Corp.	-	Financial assets measured at cost	1,835,837	89,120	9.02	93,189	
	DaBomb Protein Corp.	-	Financial assets measured at cost	3,128,160	83,032	12.86	100,727	
	Initio Corporation	-	Financial assets measured at cost	490,725	3,599	2.72	(2,483)	
	Power Venture Co.	-	Financial assets measured at cost	769,597	7,696	5.68	7,395	
	Taiwan Futures Exchange	-	Financial assets measured at cost	1,568,249	10,250	0.51	103,398	
	Ori Vita Bio Application Inc.	-	Financial assets measured at cost	858,690	8,587	0.42	4,511	
	Echem Hightech Co., Ltd.	-	Financial assets measured at cost	1,535,934	22,600	11.69	26,202	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	4,000,000	42,000	9.91	29,893	
	E-one Moli Energy Corp.	-	Financial assets measured at cost	6,035,000	105,234	2.40	10,379	
	Jouge Technology Co., Ltd.	-	Financial assets measured at cost	1,568,700	32,625	9.68	16,322	
	HealthStream Taiwan Inc.	-	Financial assets measured at cost	4,774,523	59,980	13.96	56,726	
	Subtron Technology Co., Ltd.	-	Financial assets measured at cost	12,316,000	193,819	4.31	86,828	
	Orgchem Technologies, Inc.	-	Financial assets measured at cost	1,067,220	49,000	1.86	18,341	
	General Life Biotechnology Co., Ltd.	-	Financial assets measured at cost	2,520,000	54,000	8.40	21,234	
	Mec Imex Inc.	-	Financial assets measured at cost	4,802,000	107,853	10.52	90,824	
	Chain Yarn Corporation	-	Financial assets measured at cost	15,828,324	222,642	10.30	145,779	
	Yieh United Steel Corp.	-	Financial assets measured at cost	12,354,622	100,950	0.47	84,382	
	Hua-jie (Taiwan) Corp.	-	Financial assets measured at cost	1,300,403	13,395	6.45	13,205	
	AMIA Co.	-	Financial assets measured at cost	6,000,000	210,000	9.54	126,000	
	Up Scientech Materials Corp.	-	Financial assets measured at cost	4,651,344	252,200	6.85	117,665	
	PlexBio Co., Ltd.	-	Financial assets measured at cost	3,526,000	88,150	6.93	68,651	
	Riselink Restructuring Fund Corporation	-	Financial assets measured at cost	8,015,792	80,158	12.50	79,413	
	5V Technologies, Ltd.	-	Financial assets measured at cost	159,435	10,172	0.99	(272)	
	Elit Fine Ceramics Co., Ltd.	-	Financial assets measured at cost	5,000,000	48,000	10.64	14,322	
	Top Green Energy Technologies, Inc.	-	Financial assets measured at cost	16,240,740	292,333	12.99	84,121	
	Aptos Technology	-	Financial assets measured at cost	10,620,446	319,933	7.44	55,303	
	Lager Network Technologies Inc.	-	Financial assets measured at cost	1,500,000	30,000	5.00	72	
	Sunshine PV Corp.	-	Financial assets measured at cost	3,187,128	31,871	4.67	12,863	
	Eversol Corporation	-	Financial assets measured at cost	7,015,000	1,403	2.50	(30)	
	Awise Fiber Technology Co., Ltd.	-	Financial assets measured at cost	3,500,000	43,750	18.15	4,644	
	Biodenta Corporation	-	Financial assets measured at cost	1,500,000	3,750	3.58	45,000	
	Orient Pharma Co., Ltd.	-	Financial assets measured at cost	2,857,800	55,307	2.20	64,701	
	Wai-Gin Industrial Co., Ltd.	-	Financial assets measured at cost	1,170,000	11,106	3.44	10,472	
	ARCOA Communication Co., Ltd.	-	Financial assets measured at cost	7,567,424	101,207	5.64	97,868	
	Eastern Electronic Co., Ltd.	-	Financial assets measured at cost	4,348,680	46,598	6.47	60,731	
	HCT Logistics Co., Ltd.	-	Financial assets measured at cost	4,920,876	113,705	1.97	244,637	
	Topview Optronics Corp.	-	Financial assets measured at cost	1,569,000	40,346	7.47	78,450	
	Vita Genomics, Inc.	-	Financial assets measured at cost	141,310	1,413	0.13	1,268	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets measured at cost	3,224,867	139,899	4.03	207,036	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	2,118,764	41,289	6.27	5,975	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	4,746,720	145,462	5.83	57,435	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets measured at cost	3,845,330	39,703	1.38	41,150	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	5,455,881	191,968	7.77	55,868	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets measured at cost	1,267,875	105,000	1.23	83,220	
	DragonJet Corporation	-	Financial assets measured at cost	4,300,000	178,450	4.77	84,064	
	Vactronics Technologies Inc.	-	Financial assets measured at cost	2,375,533	48,060	5.46	28,619	
	Chipsip Technology Co., Ltd.	-	Financial assets measured at cost	1,915,288	7,853	4.56	4,364	
	Terawins, Inc.	-	Financial assets measured at cost	1,913,996	27,173	6.30	27,533	
	Feature Integration Technology Inc.	-	Financial assets measured at cost	1,341,803	52,585	4.03	15,390	
	Mosart Semiconductor Corp.	-	Financial assets measured at cost	2,731,098	60,056	10.57	27,494	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	5,376,341	97,940	10.43	18,962	
	Luxtaltek Corporation	-	Financial assets measured at cost	1,535,188	27,094	2.47	8,914	
	Overseas Investment & Development Corp.	-	Financial assets measured at cost	2,600,000	26,000	2.89	27,467	
	Microprogram Co., Ltd.	-	Financial assets measured at cost	2,550,000	68,000	7.95	32,622	
	Lefram Technology Corporation	-	Financial assets measured at cost	7,484,454	54,757	17.48	43,410	
	Motive Power Industry Co., Ltd.	-	Financial assets measured at cost	10,000,000	141,000	10.00	173,997	
	Core Pacific City Co., Ltd.	-	Financial assets measured at cost	10,000,000	62,500	0.63	81,400	
	TAK Technology Co., Ltd.	-	Financial assets measured at cost	2,467,706	2,665	4.14	13,981	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Capital Group	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	6,915,749	$ 65,402	10.35	$ 68,786	
	Engineering & IP Advanced Technologies Ltd.	-	Financial assets measured at cost	4,216	2	0.00	5	
	Gloria Solar International Holding, Inc.	-	Financial assets measured at cost	4,000,000	17,920	3.43	(423)	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	147,857	4.81	140,911	
	JHL. Biotech, Inc.	-	Financial assets measured at cost	8,382,844	144,842	3.81	456,949	
	Java Fund	-	Financial assets measured at cost	2,111	6	11.34	53	
	Easten Power and Electric Company Limited	-	Financial assets measured at cost	3,201,019	295,572	12.00	402,209	
	Beauty Essentials International Ltd.	-	Financial assets measured at cost	86,503,067	179,045	8.79	217,165	
	Engineering & IP Advanced Technologies Ltd. - preferred stock	-	Financial assets measured at cost	6,392,765	2,354	0.35	8,180	
	Lightel Technologies, Inc. - preferred stock	-	Financial assets measured at cost	3,000,000	89,700	43.44	76,881	
	Apexigen, Inc. - preferred stock	-	Financial assets measured at cost	4,970,588	75,847	9.59	159,599	
	JHL Biotech, Inc. - preferred stock A	-	Financial assets measured at cost	2,109,081	66,189	7.43	-	
	Leyou, Inc. - preferred stock D	-	Financial assets measured at cost	663,958,732	450,150	75.00	103,656	
	Government bonds							
	A00109	-	Available-for-sale financial assets	7,000,000	7,147	-	7,147	
	A01105	-	Available-for-sale financial assets	100,000,000	102,158	-	102,158	
	A03115	-	Available-for-sale financial assets	50,000,000	50,789	-	50,789	
	Corporate bond							
	Belta (Cayman) Holding Limited		Debt instruments with no active markets	11,959,916	358,439	-	190,487	
	Funds							
	CommLaunch	-	Financial assets measured at cost	-	40,092	-	84,108	
	Platinum Venture Capital L.P.	-	Financial assets measured at cost	-	6,492	-	6,803	
	ARCH Venture Fund V, L.P.	-	Financial assets measured at cost	-	26,640	-	7,039	
	Forward Venture IV, L.P.	-	Financial assets measured at cost	-	15,719	-	11,375	
	Forward Venture V	-	Financial assets measured at cost	-	64,388	-	42,711	
	MPM Bioventures III L.P.	-	Financial assets measured at cost	-	61,506	-	19,757	
	Sanderling	-	Financial assets measured at cost	-	31,839	-	13,203	
	Funds							
	Ca-hire Co-Investment, L.P.-Coates Hire Funding	-	Financial assets measured at cost	-	135,062	-	82,534	
	Samara Capital Partners Fund I Limited	-	Financial assets measured at cost	-	199,658	-	180,774	
	THL Equity Fund VI Investors (Ceridan) L.P.	-	Financial assets measured at cost	-	228,510	-	275,159	
	CDIB Capital Management Inc.	Subsidiary	Investments accounted for using the equity method	33,093,889	609,832	100.00	609,832	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,641,732	28.71	4,641,732	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	58,200,000	540,087	38.80	540,087	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	58,250,000	564,940	33.29	564,940	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	1,022,790,915	9,917,698	100.00	9,917,698	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	5,351,939	52,213	20.00	52,213	
	CDIB Bioscience Venture Management (BVI), Inc.	Associate	Investments accounted for using the equity method	112,500	3,947	28.04	3,947	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Financial assets at fair value through profit or loss	15,000,000	147,836	40.00	147,836	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,608,061	100.00	6,608,061	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	6,501,704	100.00	6,501,704	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,304,813	100.00	1,304,813	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	692,636	100.00	692,636	
CDIB Capital Management Inc.	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	83,490	0.40	83,490	
	ATEN International Co., Ltd.	-	Available-for-sale financial assets	65,660	5,515	0.05	5,515	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	3,716	0.19	3,716	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	101,240	2,469	0.14	2,469	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	23,610	0.63	23,610	
	Initio Corporation	-	Financial assets measured at cost	93,285	68	0.52	(35)	
	MCM Stamping Co., Ltd.		Financial assets measured at cost	70,000	2,100	0.22	757	
	ARCOA Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	10,126	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	664	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	4,824	1.44	2,624	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Management Inc.	<u>Stocks</u>							
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,080,883	$ 10,222	1.62	$ 10,751	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	262,555	100.00	262,555	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	1,500,000	13,920	1.00	13,920	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	1,750,000	16,972	1.00	16,972	
	CDIB Innovation Advisors Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	13,267	60.00	13,267	
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	5,299	1.00	5,299	
CDIB Private Equity (Hong Kong) Corporation Limited	<u>Stocks</u>							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 49,225	100.00	HK$ 49,225	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,713	27.08	HK$ 3,713	
	CPEC Huachung Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,085	56.00	HK$ 8,085	
CDIB Private Equity Management Corporation	<u>Stocks</u>							
	CPEC Huachuang Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	RMB 7,941	65.00	RMB 7,941	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	RMB 17,383	70.00	RMB 17,383	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	<u>Stocks</u>							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 6,946	58.33	RMB 6,946	
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	<u>Funds</u>							
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 10,057	-	RMB 10,057	
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	<u>Funds</u>							
	CPEC Huachung Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 10,405	-	RMB 10,405	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	ATEN International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	191,820	1.91	191,820	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	141,499	3.61	141,499	
	HIM International Music Inc.	-	Available-for-sale financial assets	906,960	112,463	2.12	112,463	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	18,450	0.75	18,450	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	3,215,158	55,315	4.98	55,315	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	30,355	1.17	30,355	
	Dyaco Co., Ltd.	-	Available-for-sale financial assets	5,575,500	209,360	6.00	209,360	
	Formosa Taffeta Co., Ltd.	-	Available-for-sale financial assets	100,000	2,845	0.02	2,845	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,215,328	62,091	1.41	62,091	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	4,555,307	62,049	0.44	62,049	
	FocalTech Systems Co., Ltd.	-	Available-for-sale financial assets	495,352	17,263	0.17	17,263	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	46,945	0.51	46,945	
	Gallant Precision Machining Co., Ltd.	-	Available-for-sale financial assets	1,247,499	31,375	0.76	31,375	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	613,462	59,199	0.34	59,199	
	Enterex International Limited	-	Available-for-sale financial assets	1,751,000	78,970	1.74	78,970	
	Regal Holding Co., Ltd.	-	Available-for-sale financial assets	2,200,000	148,720	5.77	148,720	
	Sino-American Silicon Products Inc.		Available-for-sale financial assets	4,904,562	184,869	0.71	184,869	
	Interactive Digital Technologies Inc.		Available-for-sale financial assets	1,881,000	100,257	4.07	100,257	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	22,680	5.69	22,680	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	24,873	0.37	24,873	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	223,663	7,962	0.30	7,962	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	62,206	1.58	62,206	
	Aces Electronics Co., Ltd.	-	Available-for-sale financial assets	2,850,421	82,235	2.31	82,235	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	555,000	10,379	1.46	10,379	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Available-for-sale financial assets	441,000	9,878	1.19	9,878	
	Shane Global Holding Inc.	-	Available-for-sale financial assets	1,715,700	157,179	1.72	157,179	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	202,480	14,363	0.29	14,363	
	4Gamers Entertainment Inc. - preferred stock	-	Available-for-sale financial assets	24,000	12,174	20.00	80	
	Citiesocial Inc. - preferred stock		Available-for-sale financial assets	479,635	15,218	18.18	15,218	
	Achieve Made International Limited - preferred stock	-	Available-for-sale financial assets	168,138	12,174	6.67	6	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Venture Capital Corporation	<u>Stocks</u>							
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,408,659	$ 35,751	2.01	$ 28,878	
	AMPAK Technology Inc.	-	Financial assets measured at cost	1,208,650	24,795	1.44	19,628	
	Azotek Co., Ltd.	-	Financial assets measured at cost	824,500	27,645	1.65	10,384	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	3,737	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	1,500,000	33,000	4.22	6,770	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	38,886	
	Chain Yarn Corporation	-	Financial assets measured at cost	843,653	11,504	0.55	7,770	
	Handa Pharmaceuticals Inc.	-	Financial assets measured at cost	2,809,000	89,888	2.69	198,035	
	Top Green Energy Technologies, Inc.	-	Financial assets measured at cost	1,111,111	16,667	0.89	610	
	DL-tek Co., Ltd.	-	Financial assets measured at cost	3,772,331	51,100	1.03	39,612	
	Biodenta Corporation	-	Financial assets measured at cost	1,299,999	3,250	3.10	267	
	Sum Max Tech. Limited	-	Financial assets measured at cost	2,500,419	124,115	13.65	230,289	
	M2Communication, Inc.	-	Financial assets measured at cost	6,477,527	96,810	16.73	31,877	
	Cvie Therapeutics Limited	-	Financial assets measured at cost	846,351	40,262	4.15	(2,535)	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	108,946	19.47	129,498	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	1,778	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.57	45,073	
	Trea Xtal Technology Corp.		Financial assets measured at cost	2,781,000	1,669	1.46	(2,240)	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	9.97	71,701	
	Chipsip Technology Co., Ltd.	-	Financial assets measured at cost	428,928	1,759	1.02	977	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,920,000	6,720	5.50	10,013	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	723	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	570	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	4,629	
	CBA Sports International Ltd.	-	Financial assets measured at cost	514,821	78,046	0.69	3,159	
	Cvie Therapeutics Company Limited	-	Financial assets measured at cost	560,000	21,708	4.15	(298)	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	3,522	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets measured at cost	11,167,513	73,874	40.74	109	
	Zentera System, Inc.	-	Financial assets measured at cost	1,324,503	61,900	39.35	9,182	
	FUNP Co., Ltd. - preferred stock	-	Financial assets measured at cost	400,000	48,283	20.00	54,776	
	Derbysoft Holdings Limited - preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	45.78	2,594	
	Derbysoft Holdings Limited - preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	430	
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	15,218	2.46	15,218	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	870,000,000	3,267,104	100.00	3,267,104	
	CDIB Capital Growth Partners L.P.	Associate	Financial assets at fair value through profit or loss	-	168,970	31.89	168,970	
	<u>Option</u>							
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	142,819	-	14,741	
	<u>Convertible (exchangable) Corporate bond</u>							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	2,000	149,097	-	149,097	
CDIB Venture Capital (Hong Kong) Corporation Limited	<u>Funds</u>							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 410,912	-	HK$ 410,912	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 339,837	-	HK$ 339,837	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	<u>Stocks</u>							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 2,508	20.00	RMB 2,508	
CDIB Capital Investment I Limited	<u>Stocks</u>							
	DaChan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 4,138	4.74	US$ 4,138	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	24,298,000	US$ 809	1.59	US$ 809	
	CCAP Best Logistics Holdings Limited	-	Available-for-sale financial assets	1,000	US$ 5,732	11.11	US$ 5,732	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 4,243	
	Casper Sleep, Inc.		Financial assets measured at cost	266,690	US$ 7,500	20.05	US$ 7,500	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 16,971	
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 759	
	Rock Mobile (Cayman) Co. - preferred stock C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 180	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Investment I Limited	<u>Stocks</u>							
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	13,722,047	US$ 7,826	3.40	US$ 7,826	
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 79	100.00	US$ 79	
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 87,502	-	US$ 87,502	
	<u>Funds</u>							
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,231	-	US$ 1,574	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 540	-	US$ 10,152	
	MSD Sports Partners, L.P.	-	Financial assets measured at cost	-	US$ 8,060	-	US$ 8,412	
	<u>Option</u>							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 1,785	-	US$ 8,136	
	<u>Convertible (exchangeable) corporate bond</u>							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	28,094,510	US$ 4,368	-	US$ 4,144	
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	7,013,490	US$ 4,000	-	US$ 4,000	
Subicvest, Inc.	<u>Stocks</u>							
	SPEC Protertices, Inc.		Financial assets measured at cost	242,683	PHP 2,590	3.44	PHP 2,590	
CDIB Capital Investment II Limited	<u>Stocks</u>							
	Neo-neon Holdings Ltd.	-	Available-for-sale financial assets	14,000,000	US$ 1,614	0.66	US$ 1,614	
	Great Rich Technologies Limited	-	Available-for-sale financial assets	1,660,000	US$ 5,237	2.46	US$ 5,238	
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 3,123	
	Indostar Capital	-	Financial assets measured at cost	992,674	US$ 9,927	4.53	US$ 13,294	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	992,332	US$ 9,923	9.37	US$ 27,487	
	<u>Option</u>							
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 14,573	
	<u>Funds</u>			-	US$ 4,096	-	US$ 6,313	
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost					
CDIB Global Markets Limited	<u>Stocks</u>							
	GoPro, Inc.	-	Available-for-sale financial assets	51,878	US$ 422	0.04	US$ 422	
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ (1)	
	Optoplex Corporation	-	Financial assets measured at cost	55	US$ -	-	US$ -	
	Optoplex Corporation - preferred stock A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 2	
	Optoplex Corporation - preferred stock B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 5	
	Sonics, Inc. - preferred stock B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ 2,000	
	Microfabrica, Inc. - preferred stock B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 28	
	Microfabrica, Inc. - preferred stock AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 183	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	934	US$ 19,980	44.73	US$ 39,586	
	<u>Funds</u>							
	Huaxing Capital Partners II LP	-	Financial assets measured at cost	-	US$ 5,610	-	US$ 5,727	
	GS TDN Investors Offshore, L.P.	-	Financial assets measured at cost	-	US$ 21,000	-	US$ 11,197	
	CX Partners Fund Alpha Limited	-	Financial assets measured at cost	-	US$ 7,756	-	US$ 11,208	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,620	-	US$ 7,061	
	Riverwood Capital Partners L.P.	-	Financial assets measured at cost	-	US$ 6,954	-	US$ 7,161	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,539	-	US$ 8,722	
	Sino-Century China Private Equity II L. P.	-	Financial assets measured at cost	-	US$ 520	-	US$ 384	
	KKR Asian Fund II L.P.	-	Financial assets measured at cost	-	US$ 6,518	-	US$ 8,100	
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 11,725	-	US$ 14,704	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 14,773	-	US$ 56,913	
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,566	-	US$ 4,587	
	THL EQUITY FUND VI INVESTORS (CERIDIAN), L.P.	-	Financial assets measured at cost	-	US$ 3,523	-	US$ 4,520	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 7,475	-	US$ 7,365	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 1,248	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Global Markets Limited	Funds							
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 4,158	-	US$ 4,868	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,343	-	US$ 8,544	
	Tenaya Capital VI, LP	-	Financial assets measured at cost	-	US$ 6,470	-	US$ 6,453	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,383	-	US$ 5,848	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 5,101	-	US$ 5,864	
	Riverwood Capital Partners II L.P.	-	Financial assets measured at cost	-	US$ 8,123	-	US$ 7,274	
	THL Equity Fund VI Investors (Ceridian) VI, L.P.	-	Financial assets measured at cost	-	US$ 5,006	-	US$ 8,441	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 6,359	100.00	US$ 6,359	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,629	100.00	US$ 5,629	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,612	100.00	US$ 1,612	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (51)	100.00	US$ (51)	
China Development Asset Management Corp.	Stocks							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	2,000,000	108,447	100.00	108,447	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	226,000,000	2,479,539	100.00	2,479,539	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	19,000,000	195,402	100.00	195,402	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	46,031	12.25	43,900	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,748,769	8,672	1.07	105,632	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	629,495	76.04	629,495	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	266,047	100.00	266,047	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	615	19.00	615	
Global Securities Finance Corporation	Stocks							
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets	1,950,000	210,600	-	210,600	
	Fubon Financial Holding Co., Ltd. - preferred stock	-	Available-for-sale financial assets	500,000	31,900	-	31,900	
	Taishin Financial Holding Co., Ltd. - preferred stock	-	Available-for-sale financial assets	200,000	10,360	-	10,360	
	Taiwan Mobile Co., Ltd.	-	Available-for-sale financial assets	515,000	58,968	-	58,968	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	751,000	415	6.25	2,263	
Global Securities Finance Corporation	Mutual funds							
	KGI Economic Moat TWD	The fund manage by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	180,000	2,068	-	2,068	
	KGI Silver Age TWD	The fund manage by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	3,000,000	30,210	-	30,210	
	PineBridge Preferred Securities Income Fund-B (TWD)	-	Available-for-sale financial assets	23,049,000	232,107	-	232,107	
	Bank debentures							
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other financial assets	150,000,000	150,811	-	150,801	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other financial assets	50,000,000	50,000	-	50,167	
	Sunny Bank Second Subordinated Bank Debentures issued in 2015	-	Held-to-maturity financial assets	200,000,000	200,000	-	199,986	
	Hwatai Commercial Bank 2nd Subordinate Financial Debentures issue in 2015	-	Held-to-maturity financial assets	100,000,000	100,000	-	99,992	
	Government bonds							
	A05113	-	Other financial assets	100,000,000	99,485	-	99,449	
	A06102	-	Other financial assets	100,000,000	99,680	-	100,017	

(Continued)

Note 1: The Group recognized the related income or loss of investees as required by regulations. For decline in value that was other than temporary, investment loss was recognized.

Note 2: The amounts were net of allowance for losses.

Note 3: Market prices of listed and OTC stocks were calculated at the closing prices of June 30, 2017. The net assets values of unlisted stocks, on which the Bank recognized its investment incomes in the current year, were calculated on the basis of audited financial statements of the same period of the holding company or the net assets values of the investees, market values of emerging stocks, the cost of acquiring an investee's newly issued shares or book value of the investees. However, the net asset values of investees do not represent the value of unlisted stocks on the balance sheet date.

Note 4: The market value or net worth of preferred stock is equal to the ratio of preferred shares held to the number of preferred shares outstanding multiplied by the total market value or total net worth of all of investee's common and preferred shares.

Note 5: No securities were treated as collaterals or warrants.

Note 6: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
The Company	Stocks													
	China Development Asset Management Corp.	Investment accounted for using the equity method	CDIB Capital Group	Subsidiary	-	$ -	200,000,000	$ 2,339,449 (Note 1)	-	$ -	$ -	$ -	200,000,000	$ 2,339,449
CDIB Capital Group	Stocks													
	CDIB Venture Capital Corporation	Investment accounted for using the equity method	-	-	922,790,915	8,864,695	100,000,000	1,053,003 (Note 2)	-	-	-	-	1,022,790,915	9,917,698
	China Development Asset Management Corp.	Investment accounted for using the equity method	China Development Financial Holding Corp.	Parent	200,000,000	2,396,955	-	-	200,000,000	2,321,887	2,396,955 (Note 3)	-	-	-
	Tuntex Gas Corporation	Investment accounted for using the equity method	-	-	104,066,400	50,000	-	-	104,066,400	1,063,662	50,000	1,013,662	-	-
	CDIB Capital Investment II Limited	Investment accounted for using the equity method	-	-	80,000,000	2,582,414	-	-	35,000,000	-	1,277,601 (Note 4)	-	45,000,000	1,304,813
	JHL. Biotech, Inc.	Financial assets measured at cost	-	-	12,894,844	222,803	-	-	4,512,000	301,243	77,961	223,282	8,382,844	144,842
CDIB Venture Capital Corporation	Stocks													
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment accounted for using the equity method	-	-	650,000,000	2,435,332	220,000,000	831,772 (Note 5)	-	-	-	-	870,000,000	3,267,104
CDIB Capital Investment I Limited	Stocks													
	CDIB Capital Asia Partner Fund	Investment accounted for using the equity method	-	-	-	US$ 65,356	-	US$ 22,146 (Note 6)	-	-	-	-	-	US$ 87,502
	Chewy, Inc.	Financial assets measured at cost	-	-	12,368	US$ 11,699	-	-	12,368	US$ 28,873	US$ 11,699	US$ 17,174	-	-
CDIB Venture Capital (Hong Kong) Corporation Limited	Funds													
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Investment accounted for using the equity method	-	-	-	HK$ 272,045	-	HK$ 138,867 (Note 7)	-	-	-	-	-	HK$ 410,912
	CPEC Huachuang Private Management Equity (Kunshan) Enterprise (Limited Partnership)	Investment accounted for using the equity method	-	-	-	HK$ 226,654	-	HK$ 113,183 (Note 8)	-	-	-	-	-	HK$ 339,837

Note 1: Consists of cost of purchase $2,321,887 thousand, investment gain $17,553 thousand and additional paid-in capital increase $9 thousand.

Note 2: Consists of cash dividends of $131,150 thousand, $1,000,000 thousand from new issue, exchange loss on translating foreign operations of $64,373 thousand, investment gain $50,868 thousand, unrealized gain on available-for-sale financial assets of $216,472 thousand and reduction of retained earnings $18,814 thousand about adjustment of organizational structure.

Note 3: Consists of cash dividends of $76,488 thousand, investment gain $1,416 thousand, additional paid-in capital increase $4 thousand and cost of selling $2,321,887 thousand.

Note 4: Consists of reduction of the Corporation's capital of $1,058,750 thousand, investment loss $21,714 thousand, exchange loss on translating foreign operations of $153,798 thousand and unrealized loss on available-for-sale financial assets of $43,339 thousand.

Note 5: Consists of $860,420 thousand from new issue, exchange loss on translating foreign operations of $64,373 thousand and investment gain $35,725 thousand.

Note 6: Consists of US$18,210 thousand from new issue, and investment gain US$3,936 thousand.

Note 7: Consists of HK$116,586 thousand from new issue, investment gain HK$10,210 thousand and exchange gain on translating foreign operations of HK$12,071 thousand.

Note 8: Consists of HK$99,827 thousand from new issue, exchange gain on translating foreign operations of Hk$9,952 thousand and investment gain $3,404 thousand.

Note 9: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
CDIB Capital Group	The Corporation	Parent company	$ 339,279	-	$ -	-	$ -	$ -
The Corporation	CDIB Capital Group	Subsidiary	518,115	-	-	-	-	-
	KGI Bank	Subsidiary	352,595	-	-	-	-	-
	KGI Securities Co., Ltd.	Subsidiary	334,215	-	-	-	-	-

Note: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Period	Carrying Value, End of Period (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Total		
									Shares	Percentage of Ownership	
The Corporation	CDIB Capital Group	Taiwan	Venture capital	100.00	$ 50,441,034	$ 1,564,842	2,060,399,410	-	2,060,399,410	100.00	
	KGI Securities	Taiwan	Financial service	100.00	53,771,084	880,775	3,498,812,320	-	3,498,812,320	100.00	
	KGI Bank	Taiwan	Commercial bank	100.00	61,768,605	1,486,875	4,606,162,291	-	4,606,162,291	100.00	
	China Development Asset Management Corp.	Taiwan	Trading and management of nonperforming loans of financial institution	100.00	2,339,449	17,553	200,000,000	-	200,000,000	100.00	

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company’s equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS 39, for example, stock option.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SOLD NONPERFORMING LOANS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

1. Summary of sold nonperforming loans

Transaction Date	Counter Party	Type of Loans	Carrying Value (Note 1)	Selling Price	Disposal Gain (Loss) (Note 2)	Other Condition	Relationship of Counter-party with the Subsidiaries
2017.06.09	A	Unsecured loans	$ -	$ 3,000	$ 3,000	-	-

Note 1: Carrying value = Original amount - Allowance for bad debts

Note 2: Disposal gain (loss) is including the gain on reversal of allowance for bad debts.

2. Sale of nonperforming loans exceeding NT$1 billion (excluding related-party transactions): For the Group: None.

TABLE 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2017	December 31, 2016	June 30, 2016	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	-	-	
CDIB Capital Group	CDIB Capital Management Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	100.00	100.00	
	CDIB Global Markets Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital International Corporation	Management company of venture fund	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Management of private equity fund	100.00	100.00	100.00	(Note 1)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
CDIB Venture Capital (Hong Kong) Corporation Limited	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	-	70.00	70.00	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	20.00	20.00	20.00	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Innovative Advisors Corporation Limited	Management and consulting	60.00	60.00	60.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2017	December 31, 2016	June 30, 2016	
CDIB Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	4.33	4.33	4.33	
	CDIB Private Equity Management Corporation	Management and consulting	100.00	100.00	100.00	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	56.00	56.00	56.00	
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	-	-	65.00	
CDIB Private Equity Management Corporation	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	65.00	-	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	70.00	-	-	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	93.34	93.34	93.34	
KGI Securities	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	99.99	99.99	99.99	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	99.61	
	Global Securities Finance Corporation	Stock loans and financing purchase of securities	21.99	21.99	21.99	(Note 2)
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	100.00	
KGI Information Technology Co., Ltd.	KGI Information Technology (Shanghai) Co., Ltd.	Information service	100.00	100.00	100.00	(Note 3)
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Investment and consulting service	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
	ANEW Holdings Limited	Investment holdings	-	100.00	100.00	
KGI International Holdings Limited	KG Investments Asset Management (International) Limited	Investment services	-	100.00	100.00	
	KGI Limited	Investment holdings	100.00	100.00	100.00	
	Supersonic Services Inc.	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	100.00	100.00	100.00	
KGI Limited	KGI Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Futures (Hong Kong) Limited	Futures and options investment and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management services	100.00	100.00	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2017	December 31, 2016	June 30, 2016	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	Grand Cathay Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	TG Holborn (HK) Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI Wealth Management Limited	Securities investment	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	100.00	100.00	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	
	KGI Capital (Singapore) Pte. Ltd.	Futures investment services	100.00	100.00	100.00	(Note 4)
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	100.00	100.00	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	-	(Note 5)
Grand Cathay Securities (Hong Kong) Limited	Grand Cathay Capital (Hong Kong) Limited	Investment services	100.00	100.00	100.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.)	Futures investment and foreign - currency services	100.00	100.00	100.00	
	KGI Securities (Singapore) Pte. Ltd. (formerly KGI Fraser Securities Pte. Ltd.)	Securities investment	100.00	100.00	100.00	
KGI Bank	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	76.04	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	
China Development Asset Management Corp.	Development Industrial Bank Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 3 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 4 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	

Note 1: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB Capital International Corporation had not invested any capital as of June 30, 2017.

Note 2: KGI Securities jointly held 21.99% of the shares of Global Securities Finance Corporation (GSFC) and obtained more than half of the seats in the board of director, therefore, GSFC should be included in the consolidated financial statements.

Note 3: KGI Information Technology (Shanghai) Co., Ltd. conducted registration of establishment on May 30, 2016, however, KGI Information Technology Co., Ltd. had not invested any capital as of June 30, 2017.

Note 4: KGI Capital (Singapore) Pte. Ltd. has been suspended operations.

Note 5: KTI Capital Asia Limited invested by KGI Securities, Acquired PT KGI Securities Indonesia, which was approved by authorities of Taiwan and Indonesia and completed the acquisition on August 31, 2016. PT KGI Securities Indonesia was renamed PT KGI Sekuritas Indonesia, which was approved by No. Financial-Supervisory-Securities-Firms-1050005075 on February 25, 2016, and has been incorporated into the consolidated financial statements of the Company since 2016.

(Continued)

Unconsolidated subsidiaries

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2017	December 31, 2016	June 30, 2016	
CDIB Capital Group	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of June 30, 2017, CDIB Capital Group's investment in CDIB Biotech USA Investment Co., Ltd. of CDIB Capital Group had amounted to $0 thousand; CDIB Biotech USA Investment Co., Ltd. was approbated to liquidate by the Board of Director on April 20, 2008, therefore, CDIB Biotech USA Investment Co., Ltd. was not included in the consolidated financial statement.
CDIB Capital Investment I Limited	Subicvest Inc.	Leasing	100.00	100.00	100.00	As of June 30, 2017, CDIB Capital Investment I Limited's investment in Subicvest Inc. of CDIB Capital Investment I Limited had amounted to US$80 thousand; Subicvest Inc. was approbated to liquidate by the Board of Director on May 24, 2016, therefore, Subicvest was not included in the consolidated financial statement.
KGI Securities	Grand Cathay Holding Limited	Holding company	-	-	-	Grand Cathay Holding Limited was approbated to liquidate by the board of directors on December 27, 2013, therefore, Grand Cathy Holding Limited was not included in the consolidated financial statement.

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
JUNE 30, 2017
(In Millions of New Taiwan Dollars; %)

The Corporation

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Ministry of Finance, R.O.C.	$ 103,987	64.59
KG Investment Holdings Limited	12,029	7.47
Taipower Corporation	8,177	5.08
Bank of America Corp.	5,849	3.63
CDIB & Partners Investment Holding Corporation	5,455	3.39
CHAILEASE	4,663	2.90
China Life Insurance Company Limited	4,473	2.78
TSMC	3,683	2.29
Netronix, Inc.	3,403	2.11
Farglory Land Development Co., Ltd.	3,297	2.05
Qisda Corporation	3,092	1.92
Total	$ 158,108	98.21
2. The same group		
Foxconn Technology Group	$ 7,525	4.67
BenQ Group	7,421	4.61
Far Eastern Group	6,853	4.26
Chailease Group	6,348	3.94
Formosa Plastic Group	5,352	3.32
Fubon Group	5,231	3.25
YFY Group	4,599	2.86
Qsan Technology Group	4,496	2.79
TSMC Group	3,958	2.46
Evergreen Group	3,714	2.31
Farglory Group	3,591	2.23
Netronix Group	3,408	2.12
PECOS Group	3,223	2.00
WPG Group	3,152	1.96
Walsin Group	3,143	1.95
UMC Group	3,141	1.95
Ju Teng Group	3,044	1.89
USI Group	3,027	1.88
Total	$ 81,226	50.45

TABLE 10

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Cash and cash equivalents	$ 21,066,511	$ 1,357,441	$ 4,534,922
Available-for-sale financial assets	1,236,877	1,199,734	1,017,731
Receivables, net	2,352,342	115	137
Current tax assets	1,549,128	1,436,182	1,537,780
Investments accounted for using the equity method, net	168,320,172	186,391,735	180,788,181
Other financial assets	300	300	300
Property and equipment, net	15,555	9,906	7,854
Other assets, net	65,668	541,742	563,830
Total	$ 194,606,553	$ 190,937,155	$ 188,450,735
Liabilities and Equity			
Commercial paper payable	$ 9,849,761	$ 3,999,774	$ 7,099,671
Payables	7,908,604	554,345	437,146
Current tax liabilities	506,086	857,328	1,125,915
Bonds payable	12,000,000	18,000,000	18,000,000
Other borrowings	3,299,470	3,999,892	3,599,159
Provisions	38,789	37,290	32,815
Other liabilities	14,292	409	19,538
Total liabilities	33,617,002	27,449,038	30,314,244
Equity			
Capital			
Common stock	149,757,428	149,744,203	149,740,122
Advance receipts for capital stock	-	10	-
Capital surplus	1,109,577	1,104,521	1,095,973
Retained earnings			
Legal reserve	5,606,606	5,014,298	5,014,298
Special reserve	2,078,602	3,228,296	3,228,296
Unappropriated earnings	5,157,591	8,556,188	4,663,601
Other			
Exchange differences on translation of foreign financial statements	(1,502,196)	494,377	694,195
Unrealized losses on available-for-sale financial assets	1,177,777	(2,255,818)	(3,880,301)
Others	(19,087)	(21,211)	(42,946)
Treasury shares	(2,376,747)	(2,376,747)	(2,376,747)
Total equity	160,989,551	163,488,117	158,136,491
Total	$ 194,606,553	$ 190,937,155	$ 188,450,735

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
REVENUES				
Share of profit of subsidiaries, associates and joint ventures	$ 1,976,761	$ 890,161	$ 3,950,731	$ 2,293,336
Others	10,052	6,901	15,304	7,149
Total revenues	1,986,813	897,062	3,966,035	2,300,485
EXPENSES AND LOSSES				
Operating expenses	(257,237)	(148,343)	(475,246)	(372,503)
Others	(63,009)	(75,886)	(136,664)	(152,325)
Total expenses and losses	(320,246)	(224,229)	(611,910)	(524,828)
NET PROFIT BEFORE INCOME TAX	1,666,567	672,833	3,354,125	1,775,657
INCOME TAX BENEFIT	63,302	88,910	184,161	112,501
NET PROFIT FOR THE PERIOD	1,729,869	761,743	3,538,286	1,888,158
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss, net of income tax				
Unrealized gain (loss) on available-for-sale financial assets	(7,429)	(69,334)	37,143	(209,241)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	1,352,405	179,707	1,400,334	(261,359)
Income tax relating to the items that may be reclassified subsequently to profit or loss	139	(266)	(455)	(862)
Other comprehensive income (loss) for the period, net of income tax	1,345,115	110,107	1,437,022	(471,462)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,074,984	$ 871,850	$ 4,975,308	$ 1,416,696
BASIC EARNINGS PER SHARE	$0.12	$0.05	$0.24	$0.13
DILUTED EARNINGS PER SHARE	$0.12	$0.05	$0.24	$0.13

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital			Retained Earnings			Other Equity				
	Common Stock	**Advance Receipts for Capital Stock**	**Capital Surplus**	**Legal Reserve**	**Special Reserve**	**Unappropriated Earnings**	**Exchange Differences on Translating Foreign Financial Statements**	**Unrealized Gains (Losses) on Available-for-Sale Financial Assets**	**Others**	**Treasury Shares**	**Total Equity**
BALANCE AT JANUARY 1, 2016	$ 151,124,071	$ 1,370	$ 654,803	$ 4,161,475	$ 765,041	$ 13,580,644	$ 1,741,670	$ (4,456,314)	$ (32,187)	$ (2,376,747)	$ 165,163,826
Appropriation of 2015 earnings											
Legal reserve	-	-	-	852,823	-	(852,823)	-	-	-	-	-
Special reserve	-	-	-	-	2,463,255	(2,463,255)	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	(7,487,006)	-	-	-	-	(7,487,006)
	-	-	-	852,823	2,463,255	(10,803,084)	-	-	-	-	(7,487,006)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	161,616	-	-	-	-	-	-	-	161,616
Net profit for the six months ended June 30, 2016	-	-	-	-	-	1,888,158	-	-	-	-	1,888,158
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(1,047,475)	576,013	-	-	(471,462)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	1,888,158	(1,047,475)	576,013	-	-	1,416,696
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	(1,150,440)	(1,150,440)
Cancellation of treasury stock	(1,430,100)	-	279,660	-	-	-	-	-	-	1,150,440	-
Share-based payments	46,151	(1,370)	(106)	-	-	(2,117)	-	-	(10,759)	-	31,799
BALANCE AT JUNE 30, 2016	$ 149,740,122	$ -	$ 1,095,973	$ 5,014,298	$ 3,228,296	$ 4,663,601	$ 694,195	$ (3,880,301)	$ (42,946)	$ (2,376,747)	$ 158,136,491
BALANCE AT JANUARY 1, 2017	$ 149,744,203	$ 10	$ 1,104,521	$ 5,014,298	$ 3,228,296	$ 8,556,188	$ 494,377	$ (2,255,818)	$ (21,211)	$ (2,376,747)	$ 163,488,117
Appropriation of 2016 earnings											
Legal reserve	-	-	-	592,308	-	(592,308)	-	-	-	-	-
Cash dividends - NT$0.5 per share	-	-	-	-	-	(7,487,871)	-	-	-	-	(7,487,871)
Reversal of special reserve	-	-	-	-	(949,694)	949,694	-	-	-	-	-
	-	-	-	592,308	(949,694)	(7,130,485)	-	-	-	-	(7,487,871)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	3,538,286	-	-	-	-	3,538,286
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	(1,996,573)	3,433,595	-	-	1,437,022
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	3,538,286	(1,996,573)	3,433,595	-	-	4,975,308
Organizational reorganization	-	-	(93)	-	-	-	-	-	-	-	(93)
Share-based payments	13,225	(10)	5,149	-	-	(6,398)	-	-	2,124	-	14,090
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Trading loss reserve of subsidiaries reversed	-	-	-	-	(200,000)	200,000	-	-	-	-	-
BALANCE AT JUNE 30, 2017	$ 149,757,428	$ -	$ 1,109,577	$ 5,606,606	$ 2,078,602	$ 5,157,591	$ (1,502,196)	$ 1,177,777	$ (19,087)	$ (2,376,747)	$ 160,989,551

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 3,354,125	$ 1,775,657
Adjustments for:		
Depreciation and amortization expenses	2,451	2,437
Interest expense	128,855	141,659
Interest income	(13,464)	(6,517)
Share-based payment compensation cost	10,788	26,926
Share of profit of subsidiaries, associates and joint ventures	(3,950,045)	(2,292,760)
Others	-	12
Changes in operating assets and liabilities		
Receivable	(22,770)	2
Other assets	475,080	(23,295)
Payables	(117,620)	(110,221)
Other liabilities	13,883	20,418
Interest paid	(255,293)	(244,002)
Interest received	13,464	6,517
Dividend received	3,403,347	5,093,176
Income tax returned (paid)	(154,303)	117,440
Net cash generated from operating activities	2,888,498	4,507,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(7,106)	(26)
Purchase of equity investment under equity method	(2,321,887)	-
Proceeds of capital return on investments accounted for using the equity method	-	3,000,000
Capital reserve be distributable as dividend shares by cash on investments accounted for using the equity method	20,000,000	-
Net cash generated from investing activities	17,671,007	2,999,974
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	5,849,987	1,999,926
Repayments of corporate bonds	(6,000,000)	-
Buyback of ordinary shares	-	(1,150,440)
Increase (decrease) in other borrowings	(700,422)	999,312
Cash dividend paid	-	(7,487,006)
Net cash used in financing activities	(850,435)	(5,638,208)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,709,070	1,869,215
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,357,441	2,665,707
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 21,066,511	$ 4,534,922

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 53,351,567	$ 78,234,125	$ 79,539,953
Financial assets at fair value through profit or loss	68,147,525	97,833,395	83,704,394
Securities purchased under resell agreements	908,096	795,850	8,016,394
Receivables, net	22,825,324	23,040,675	24,457,126
Current tax assets	13,230	-	-
Assets held for sale, net	12,290	12,290	-
Discount and loans, net	276,521,855	252,376,992	233,103,615
Available-for-sale financial assets	144,441,126	88,722,046	59,765,075
Investments accounted for using the equity method, net	1,737,096	1,823,461	1,979,267
Other financial assets, net	4,285,830	3,882,514	3,087,066
Property and equipment, net	5,382,584	5,536,616	5,652,763
Investment property, net	884,191	712,146	599,269
Deferred tax assets	4,021,551	4,302,232	4,959,199
Other assets, net	6,429,206	8,535,898	7,992,242
Total assets	$ 588,961,471	$ 565,808,240	$ 512,856,363
Deposits from the Central Bank and banks	$ 28,356,201	$ 30,917,374	$ 19,122,498
Financial liabilities at fair value through profit or loss	42,044,882	39,408,142	31,365,808
Notes and bonds issued under repurchase agreements	66,742,065	62,138,314	49,128,784
Payables	9,642,841	4,087,128	5,176,541
Current tax liabilities	352,595	379,060	290,433
Deposits and remittances	352,845,096	343,497,464	326,285,971
Bank debentures payable	3,719,875	2,684,236	2,648,007
Principal received on structured notes	22,138,708	21,875,414	17,621,073
Other financial liabilities	1,490	877	2,776
Provisions	221,985	220,615	352,287
Deferred tax liabilities	175,384	78,585	59,369
Other liabilities	3,034,081	1,795,742	2,404,763
Total liabilities	529,275,203	507,082,951	454,458,310
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,250,014	7,249,280	7,248,353
Retained earnings	6,656,824	6,719,227	5,007,897
Others	(282,193)	(1,304,841)	80,180
Total equity	59,686,268	58,725,289	58,398,053
Total liabilities and equity	$ 588,961,471	$ 565,808,240	$ 512,856,363

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Interest revenue	$ 2,531,959	$ 2,102,811	$ 4,777,137	$ 4,294,955
Interest expense	(947,216)	(774,035)	(1,823,063)	(1,661,140)
Interest profit, net	1,584,743	1,328,776	2,954,074	2,633,815
Noninterest profits and gains, net	908,045	1,054,274	2,005,604	2,040,845
Total net revenues	2,492,788	2,383,050	4,959,678	4,674,660
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(80,373)	(18,929)	(229,102)	72,753
Operating expenses	(1,325,701)	(1,224,866)	(2,654,015)	(2,574,572)
Net profit before income tax	1,086,714	1,139,255	2,076,561	2,172,841
Income tax expense	(336,069)	(108,422)	(437,796)	(148,432)
Net profit for the period	750,645	1,030,833	1,638,765	2,024,409
Other comprehensive income (loss) for the period net of income tax	402,765	(38,007)	1,022,648	489,850
Total comprehensive income for the period	$ 1,153,410	$ 992,826	$ 2,661,413	$ 2,514,259
Basic earnings per share	$0.16	$0.22	$0.36	$0.44

(Continued)

KGI Securities

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Current assets	$ 140,204,240	$ 140,174,696	$ 175,232,398
Noncurrent assets	33,836,667	35,049,534	34,649,857
Total assets	$ 174,040,907	$ 175,224,230	$ 209,882,255
Current liabilities	$ 108,564,411	$ 106,141,192	$ 144,731,770
Noncurrent liabilities	6,597,200	8,838,991	8,804,015
Total liabilities	115,161,611	114,980,183	153,535,785
Common stock	34,988,123	34,988,123	34,988,123
Capital surplus	8,645,526	8,644,122	8,642,200
Retained earnings	13,735,416	14,356,868	12,159,338
Others	1,510,231	2,254,934	556,809
Total equity	58,879,296	60,244,047	56,346,470
Total liabilities and equity	$ 174,040,907	$ 175,224,230	$ 209,882,255

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2017	**2016**	**2017**	**2016**
Operating revenues	$ 2,276,837	$ 1,553,336	$ 4,069,841	$ 3,917,746
Operating expenses	(1,975,350)	(1,886,030)	(3,839,483)	(3,812,341)
Profit (loss) from operations	301,487	(332,694)	230,358	105,405
Share of profit (loss) of subsidiaries, associates and joint ventures	211,977	189,332	580,875	(335,788)
Other income and loss	187,859	325,739	319,516	545,786
Total non-operating income or loss	399,836	515,071	900,391	209,998
Net profit before income tax	701,323	182,377	1,130,749	315,403
Income tax benefit (expense)	(6,142)	10,332	(50,022)	(63,754)
Net profit for the period	695,181	192,709	1,080,727	251,649
Other comprehensive income (loss)	329,482	(322,196)	(744,703)	(563,914)
Total comprehensive income (loss) for the period	$ 1,024,663	$ (129,487)	$ 336,024	$ (312,265)
Basic earnings per share	$0.20	$0.05	$0.31	$0.07

(Continued)

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Current assets	$ 5,480,542	$ 20,277,266	$ 18,824,724
Noncurrent assets	49,236,547	51,341,667	50,840,314
Total assets	$ 54,717,089	$ 71,618,933	$ 69,665,038
Current liabilities	$ 3,302,569	$ 768,746	$ 715,089
Noncurrent liabilities	791,181	817,045	808,668
Total liabilities	4,093,750	1,585,791	1,523,757
Common stock	20,603,994	20,603,994	20,603,994
Capital surplus	4,704,063	24,703,001	24,701,757
Retained earnings	26,810,365	27,592,053	26,724,732
Others	(1,495,083)	(2,865,906)	(3,889,202)
Total equity	50,623,339	70,033,142	68,141,281
Total liabilities and equity	$ 54,717,089	$ 71,618,933	$ 69,665,038

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2017	**2016**	**2017**	**2016**
Operating revenues	$ 1,090,430	$ 491,182	$ 2,369,637	$ 1,177,404
Operating costs	(253,962)	(367,845)	(288,203)	(412,920)
Gross profit	836,468	123,337	2,081,434	764,484
Operating expenses	(202,325)	(123,981)	(372,208)	(275,549)
Profit from operations	634,143	(644)	1,709,226	488,935
Non-operating income and expenses	60,629	41,156	(12,516)	105,772
Net profit before income tax	694,772	40,512	1,696,710	594,707
Income tax benefit (expense)	6,469	(5,243)	(135,161)	(5,243)
Net profit for the period	701,241	35,269	1,561,549	589,464
Other comprehensive income (loss) for the period, net of income tax	781,913	271,362	1,370,823	(336,844)
Total comprehensive income for the period	$ 1,483,154	$ 306,631	$ 2,932,372	$ 252,620
Basic earnings per share	$0.34	$0.02	$0.76	$0.29

(Continued)

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Current assets	$ 27,848	$ 28,170	$ 38,931
Noncurrent assets	3,135,427	3,194,215	3,126,786
Total assets	$ 3,163,275	$ 3,222,385	$ 3,165,717
Current liabilities	$ 822,114	$ 824,758	$ 799,539
Noncurrent liabilities	1,712	672	556
Total liabilities	823,826	825,430	800,095
Common Stock	2,000,000	2,000,000	2,000,000
Capital surplus	8,724	8,711	8,694
Retained earnings	330,725	388,244	356,928
Total equity	2,339,449	2,396,955	2,365,622
Total liabilities and equity	$ 3,163,275	$ 3,222,385	$ 3,165,717

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2017	**2016**	**2017**	**2016**
Revenues and gains	$ 27,357	$ 47,343	$ 56,790	$ 95,193
Expenses and losses	(21,972)	(20,481)	(37,821)	(41,664)
Net profit before income tax	5,385	26,862	18,969	53,529
Income tax benefit (expense)	-	-	-	-
Net profit for the period	5,385	26,862	18,969	53,529
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	$ 5,385	$ 26,862	$ 18,969	$ 53,529
Basic earnings per share	$0.02	$0.13	$0.09	$0.26

(Concluded)

TABLE 11

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2017	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow						
Beauty Essential International Ltd.	Sale and R&D the cosmetic.	US$ 2,000 thousand	Note 1,b,1)	US$ 2,262 thousand	$ -	$ -	US$ 2,262 thousand	(Note 3)	8.86	-	$ 67,521	-
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry.	US$ 10,000 thousand	Note 1,b,2)	US$ 3,267 thousand	-	-	US$ 3,267 thousand	(Note 3)	6.87	-	107,235	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US$ 35,200 thousand	Note 1,b,3)	US$ 1,400 thousand	-	-	US$ 1,400 thousand	(Note 3)	1.66	-	45,003	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US$ 17,130 thousand	Note 1,b,4)	US$ 3,000 thousand	-	-	US$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US$ 87,070 thousand	Note 1,b,5)	US$ 228 thousand	-	-	US$ 228 thousand	(Note 3)	1.79	-	6,939	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1,b,6)	US$ 182 thousand	-	-	US$ 182 thousand	(Note 3)	5.00	-	6,324	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 21,500 thousand	Note 1,b,5)	US$ 882 thousand	-	-	US$ 882 thousand	(Note 3)	2.16	-	6,632	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 1,400 thousand	Note 1,b,5)	US$ 33 thousand	-	-	US$ 33 thousand	(Note 3)	2.16	-	250	-
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	RMB 104,222 thousand	Note 1,b,5)	RMB 1,016 thousand	-	-	RMB 1,016 thousand	(Note 3)	2.16	-	1,109	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US$ 500 thousand	Note 1,b,5)	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	2.16	-	313	-
CDIB Private Equity Management Corporation	Management and consulting.	US$ 7,000 thousand	Note 1,b,8)	US$ 7,000 thousand	-	-	US$ 7,000 thousand	13,521	100.00	13,521	191,945	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting.	RMB 10,000 thousand	Note 1,b,8)	RMB 7,000 thousand	-	-	RMB 7,000 thousand	11,732	70.00	8,212	78,040	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting.	RMB 12,000 thousand	Note 1,b,8)	RMB 6,720 thousand	-	-	RMB 6,720 thousand	1,071	70.00	750	39,408	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2017	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow						
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	RMB1,000,000 thousand	Note 1,b,7),8)	RMB 247,100 thousand	RMB 102,900 thousand	$ -	RMB 350,000 thousand	$ 117,390	-	$ 41,087	$ 1,648,862	$ -
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting.	RMB 7,000 thousand	Note 1,b,8)	RMB 4,550 thousand	-	-	RMB 4,550 thousand	7,891	65.00	5,129	35,650	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting.	RMB 12,000 thousand	Note 1,b,8)	RMB 3,250 thousand	-	-	RMB 3,250 thousand	512	65.00	333	34,746	-
CPEC Huachuang Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	RMB1,0000,000 thousand	Note 1,b,7),8)	RMB 212,450 thousand	RMB 87,550 thousand	-	RMB 300,000 thousand	45,736	-	13,721	1,355,254	-
Focus Multimedia Technology (Shanghai) Co., Ltd.	Multimedia network information systems software R&D; multimedia network engineering design consultancy; market research and intermediary service; sales of self-produced products.	US$ 38,000 thousand	Note 1,b,9)	US$ 16,612 thousand	-	-	US$ 16,612 thousand	(Note 3)	0.94	-	505,609	-
Focus (China) Information Technology Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service.	US$ 10,000 thousand	Note 1,b,9)	US$ 4,371 thousand	-	-	US$ 4,371 thousand	(Note 3)	0.94	-	133,041	-
Chi Zhong Information Technology (Shanghai) Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service.	US$ 10,000 thousand	Note 1,b,9)	US$ 875 thousand	-	-	US$ 875 thousand	(Note 3)	0.94	-	26,622	-
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent.	US$ 400 thousand	Note 1,b,9)	US$ 174 thousand	-	-	US$ 174 thousand	(Note 3)	0.94	-	5,298	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale.	RMB 50,000 thousand	Note 1,b,10)	US$ 2,235 thousand	-	-	US$ 2,235 thousand	(Note 3)	19.86	-	68,353	-
Shengzhuang Co., Ltd.	Cosmetics sales.	RMB 54,300 thousand	Note 1,b,11)	US$ 5,000 thousand	-	-	US$ 5,000 thousand	(Note 3)	5.44	-	151,150	-
Lightel Technologies Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US$ 3,100 thousand	Note 1,b,12)	US$ 337 thousand	-	-	US$ 337 thousand	(Note 3)	13.48	-	10,076	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 313,432 thousand	Note 1,b,6),13)	US$ 2,311 thousand	-	-	US$ 2,311 thousand	(Note 3)	7.73	-	70,341	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 195,686 thousand	Note 1,b,6),13)	US$ 1,678 thousand	-	-	US$ 1,678 thousand	(Note 3)	7.73	-	51,081	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2017	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow						
Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK$ 494,706 thousand	Note 1,b,5	US$ 1,485 thousand	US$ 7,411 thousand	$ -	US$ 8,896 thousand	(Note 3)	4.05	$ -	$ 66,857	$ -
Hangzhou Huatong Industries Inc.	Business in sofa manufacture and sale; slipcover and leather products; the clothing; fur products; plush products; toys sale and doing wholesale and import business in furniture.	US$ 32,000 thousand	Note 1,b,5),14)	US$ 4,722 thousand	-	-	US$ 4,722 thousand	(Note 3)	2.37	-	164,830	15,819
Hangzhou Rilong Leather Co., Ltd.	Business in toys sale and doing wholesale and import business in furniture	US$ 1,000 thousand	Note 1,b,5),14)	US$ 20	-	-	US$ 20	(Note 3)	2.46	-	-	-
Power Logic Tech. (DongGuan) Inc.	Production and sale of computer cooling fan, radiator, computer peripheral products, LED electric lamps, LED electric driver, computer multimedia speaker, plastic mold, plastic components.	HK$ 21,000 thousand	Note 1,b,15)	US$ 2,590 thousand	-	-	US$ 2,590 thousand	(Note 3)	14.52	-	78,828	-
Dongguan TaiYi Electronics Co., Ltd.	Engaged in computer radiator, electronic products wholesale, commission agency (except auction), import and export and related business.	RMB 3,000 thousand	Note 1,b,15)	US$ 427 thousand	-	-	US$ 427 thousand	(Note 3)	14.52	-	13,005	-
Tutwo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	RMB 350,379 thousand	Note 1,b,16)	US$ 7,417 thousand	-	-	US$ 7,417 thousand	(Note 3)	2.67	-	55,741	-
Best Logistics Technology Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US$ 133,000 thousand	Note 1,b,17)	US$ 211 thousand	-	-	US$ 211 thousand	(Note 3)	0.42	-	6,437	-
Loyou, Inc.	Children’s products.	US$ 62,150 thousand	Note 1,b,18)	US$ 963 thousand	-	-	US$ 963 thousand	(Note 3)	5.24	-	29,206	-
CDIB International Leasing Corporation	Financial Leasing and management business consulting.	RMB 187,750 thousand	Note 1,a	US$ 30,000 thousand	-	-	US$ 30,000 thousand	(147,581)	100.00	(147,581)	266,047	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US$ 4,000 thousand	Note 1,b,19)	US$ 4,000 thousand	-	-	US$ 4,000 thousand	(15,296)	100.00	(15,296)	57,163	-

Accumulated Investment in Mainland China as of June 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$7,079,287	US$314,752 thousand	$81,707,854

(Continued)

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third place by:

1) Beauty Essentials International Ltd.
2) Derbysoft Holdings Limited.
3) Capital Excel Investments Limited.
4) Hartec Asia Pet Ltd.
5) CDIB Capital Investment I Limited.
6) CDIB Capital Investment II Limited
7) CDIB Venture Capital (Hong Kong) Corporation Limited
8) CDIB Private Equity (Hong Kong) Corporation Limited.
9) CDIB Global Markets Limited.
10) GSD Technologies Co., Ltd.
11) Shengzhuang Holdings Limited.
12) Lightel Technologies, Inc.
13) CBA Sport International Limited.
14) Shane Global Holding Inc.
15) Sun Max Tech Limited.
16) CCAP Tutwo Holdings (Hong Kong) Limited.
17) Best Logistics.
18) Leyou, Inc.
19) Richpoint Company Limited.

c. Other.

Note 2: The financial statements were audited by international CPA firms having a corporative relation with CPA firms in the Republic of China.

Note 3: Investee Company was not significantly influenced by the Company, therefore the Group cannot acquire the related financial information.

Note 4: Investment amount authorized or soon authorized by Investment Commission, MOEA.

Note 5: Subsidiary of the Corporation formerly indirectly invested in Focal Tech System Co., Ltd. through its subsidiary's investment in Focal Tech Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yanghou Enteres Industrial Co., Ltd., Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 8: Subsidiary of the Corporation formerly indirectly invested in Jinjiang Chandra Shoes Industry Co., Ltd. through its subsidiary's investment in Victory New Materials limited company has been listed on the Taiwan Stock Exchange on January 14, 2014, refer to its financial report for the information.

Note 9: Subsidiary of the Corporation formerly indirectly invested in Strong LED Lighting Systems (Suzhou) Corporation through its subsidiary's investment in Strong LED Lighting Systems (Cayman) Co., Ltd. has been listed on the Taipei Exchange on June 30, 2016, refer to its financial report for the information.

Note 10: Subsidiary of the Corporation formerly indirectly invested in China Peptides (Wuhan) Co., Ltd. through its subsidiary's investment in JHL Biotech, Inc. has been listed on the Taipei Exchange on September 17, 2015, refer to its financial report for the information.

Note 11: Subsidiary of the Corporation formerly indirectly invested in Touch Equipment Leasing (Shanghai) Co., Ltd. and Touch Multimedia Technology (Shanghai) Co., Ltd. through its subsidiary's investment in Touch Media International Holdings, and the amount of investment in Touch Media International Holdings by subsidiary has been totally recognized as impairment loss in 2017.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	CDIB Capital Group	1	Receivables, net	$ 2,343,237	Note 4	0.25%
1	CDIB Capital Group	The Corporation	2	Payables	2,343,237	Note 4	0.25%
0	The Corporation	CDIB Capital Group	1	Current tax assets	518,115	Note 4	0.06%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	518,115	Note 4	0.06%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	339,279	Note 4	0.04%
1	CDIB Capital Group	The Corporation	2	Current tax assets	339,279	Note 4	0.04%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	21,043,186	Note 4	2.27%
2	KGI Bank	The Corporation	2	Deposits and remittances	21,043,186	Note 4	2.27%
0	The Corporation	KGI Bank	1	Current tax assets	352,595	Note 4	0.04%
2	KGI Bank	The Corporation	2	Current tax liabilities	352,595	Note 4	0.04%
0	The Corporation	KGI Securities	1	Current tax assets	334,215	Note 4	0.04%
3	KGI Securities	The Corporation	2	Current tax liabilities	334,215	Note 4	0.04%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	4,947,707	Note 4	0.53%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	4,947,707	Note 4	0.53%
3	KGI Securities	KGI Bank	3	Other financial assets	457,702	Note 4	0.05%
2	KGI Bank	KGI Securities	3	Customers’ equity accounts - futures	457,702	Note 4	0.05%
3	KGI Securities	KGI Bank	3	Financial assets at fair value through profit or loss	336,820	Note 4	0.03%
2	KGI Bank	KGI Securities	3	Customers’ equity accounts - futures	336,820	Note 4	0.03%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Bank	KGI Securities and its securities	3	Deposits and remittances	$ 2,427,867	Note 4	0.26%
3	KGI Securities and its securities	KGI Bank	3	Cash and cash equivalents	2,427,867	Note 4	0.26%
2	KGI Bank	KGI Securities	3	Deposits and remittances	1,797,648	Note 4	0.19%
3	KGI Securities	KGI Bank	3	Other financial assets	1,797,648	Note 4	0.19%
2	KGI Bank	KGI Securities	3	Deposits and remittances	923,428	Note 4	0.10%
3	KGI Securities	KGI Bank	3	Restricted assets	923,428	Note 4	0.10%
2	KGI Bank	KGI Securities	3	Other assets	110,801	Note 4	0.01%
3	KGI Securities	KGI Bank	3	Deposits and remittances	110,801	Note 4	0.01%
2	KGI Bank	CDIB Global Markets Limited	3	Deposits and remittances	173,648	Note 4	0.02%
4	CDIB Global Markets Limited	KGI Bank	3	Cash and cash equivalents	173,648	Note 4	0.02%
2	KGI Bank	CDIB Venture Capital Corporation	3	Deposits and remittances	339,246	Note 4	0.04%
5	CDIB Venture Capital Corporation	KGI Bank	3	Cash and cash equivalents	339,246	Note 4	0.04%
3	KGI Securities	KGI Futures Co., Ltd.	3	Service fee and commission, net	112,468	Note 4	0.81%
6	KGI Futures Co., Ltd.	KGI Securities	3	Service fee and commission, net	112,468	Note 4	0.81%
3	KGI Securities	KGI Insurance Brokers Co., Ltd.	3	Net other noninterest profit	144,679	Note 4	1.04%
7	KGI Insurance Brokers Co., Ltd.	KGI Securities	3	Net other noninterest profit	144,679	Note 4	1.04%
3	KGI Securities	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	375,112	Note 4	0.04%
6	KGI Futures Co., Ltd.	KGI Securities	3	Customers' equity accounts - futures	375,112	Note 4	0.04%
8	Richpoint Company Limited (BVI Holding Co.)	KG International Holdings Limited	3	Receivables, net	3,656,977	Note 4	0.39%
9	KG International Holdings Limited	Richpoint Company Limited (BVI Holding Co.)	3	Other borrowings	3,656,977	Note 4	0.39%
6	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	163,535	Note 4	0.02%
10	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	163,535	Note 4	0.02%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
6	KGI Futures Co., Ltd.	KGI Futures (Singapore) Pte. Ltd.	3	Other financial assets	$ 508,245	Note 4	0.05%
10	KGI Futures (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	508,245	Note 4	0.05%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$100 million.

(Concluded)

BALANCE SHEETS
JUNE 30, 2017

ASSETS	Richpoint Company Limited (In U.S. Dollars)	KG Investments Holdings Limited (In U.S. Dollars)	KGI International Holdings Limited (In U.S. Dollars)	ANEW Holdings Limited (In U.S. Dollars)	KGI Investment Advisory (Shanghai) Co., Ltd. (In RMB)
CURRENT ASSETS					
Cash and cash equivalents	$ 264,795	$ 24,498	$ 72,115	$ -	$ 12,590,520
Receivables	-	-	16,000,000	-	-
Other receivable - related parties	120,000,000	-	168,922,974	-	-
Other current assets	383,655	1,008,868	-	-	83,714
Total current assets	120,648,450	1,033,366	184,995,089	-	12,674,234
NONCURRENT ASSETS					
Financial assets measured at cost - noncurrent	710,867	-	-	-	-
Investments accounted for using the equity method	396,970,358	499,750,945	516,687,893	-	-
Property and equipment	-	-	-	-	14,230
Other noncurrent assets	-	-	-	-	218,163
Total noncurrent assets	397,681,225	499,750,945	516,687,893	-	232,393
TOTAL	$ 518,329,675	$ 500,784,311	$ 701,682,982	$ -	$ 12,906,627
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term borrowings	$ 52,350,000	$ -	$ 120,000,000	$ -	$ -
Commercial paper payable	-	-	82,534,609	-	-
Other payable	26,586	1	361,012	-	21,676
Other payable - related parties	-	120,775,880	-	-	-
Total current liabilities	52,376,586	120,775,881	202,895,621	-	21,676
NONCURRENT LIABILITIES					
Other noncurrent liabilities	-	-	-	-	152,000
Total liabilities	52,376,586	120,775,881	202,895,621	-	173,676
EQUITY					
Common stock	229,751,070	156,864,163	209,248,261	-	25,278,600
Capital reserve	866,229	71,542	54,656,249	-	10,818
Special reserve	-	9,759,135	387,913	-	-
Retained earnings (accumulated deficit)	231,864,249	209,687,188	230,868,536	-	(12,556,467)
Other equity	3,471,541	3,626,402	3,626,402	-	-
Total equity	465,953,089	380,008,430	498,787,361	-	12,732,951
TOTAL	$ 518,329,675	$ 500,784,311	$ 701,682,982	$ -	$ 12,906,627

TABLE 13-2

BALANCE SHEETS
JUNE 30, 2017
(Expressed in U.S. Dollars)

ASSETS	**KG Investments Asset Management (International) Limited**	**KGI Limited**	**Supersonic Service Inc.**	**KGI International Limited**
CURRENT ASSETS				
Cash and cash equivalents	$ -	$ -	$ -	$ 500
NONCURRENT ASSETS				
Investments accounted for using the equity method	-	362,734,794	-	72,743,596
TOTAL	$ -	$ 362,734,794	$ -	$ 72,744,096
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable - related parties	$ -	$ 81,588,411	$ -	$ 2,454,121
Total liabilities	-	81,588,411	-	2,454,121
EQUITY				
Common stock	-	308,341,129	100	81,511,716
Accumulated deficit	-	(27,194,746)	(100)	(11,221,741)
Total equity	-	281,146,383	-	70,289,975
TOTAL	$ -	$ 362,734,794	$ -	$ 72,744,096

TABLE 13-3

BALANCE SHEETS
JUNE 30, 2017
(Expressed in U.S. Dollars)

ASSETS	Bauhinia 88 Ltd.	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Capital (Hong Kong) Limited
CURRENT ASSETS				
Cash and cash equivalents	$ -	$ -	$ 1,358,656	$ -
Prepayments	-	-	1,132,885	-
Other receivable - related parties	-	-	-	1
Other current assets	-	-	2,100,983	-
Total current assets	-	-	4,592,524	1
NONCURRENT ASSETS				
Property and equipment	-	-	3,948,554	-
TOTAL	$ -	$ -	$ 8,541,078	$ 1
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable	$ -	$ -	$ 12,521,268	$ -
Other payable - related parties	-	-	18,171,702	-
Total current liabilities	-	-	30,692,970	-
NONCURRENT LIABILITIES				
Other noncurrent liabilities	-	-	1,439,216	-
Total liabilities	-	-	32,132,186	-
EQUITY				
Common stock	2	-	15,000	1
Special reserve	-	-	52,760	-
Accumulated deficit	(2)	-	(23,658,868)	-
Total equity	-	-	(23,591,108)	1
TOTAL	$ -	$ -	$ 8,541,078	$ 1

TABLE 13-4

BALANCE SHEETS
JUNE 30, 2017
(Expressed in U.S. Dollars)

ASSETS	**KGI Korea Limited**	**KGI Asia (Holdings) Pte. Ltd.**	**KGI Capital (Singapore) Pte. Ltd.**
CURRENT ASSETS			
Cash and cash equivalents	$ -	$ 38,161	$ 4,930
Other receivable - related parties	72,750	-	3,635,987
Total current assets	72,750	38,161	3,640,917
NONCURRENT ASSETS			
Investments accounted for using the equity method	-	201,413,734	-
TOTAL	$ 72,750	$ 201,451,895	$ 3,640,917
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	$ -	$ 32,682,112	$ -
Current financial liabilities at fair value	-	433,007	-
Other payable	-	30,849	13,945
Other payable - related parties	-	83,025,493	-
Total current liabilities	-	116,171,461	13,945
Total liabilities	-	116,171,461	13,945
EQUITY			
Common stock	10,000	75,749,305	5,738,175
Retained earnings (accumulated deficit)	62,750	10,271,213	(1,782,141)
Other equity	-	(740,084)	(329,062)
Total equity	72,750	85,280,434	3,626,972
TOTAL	$ 72,750	$ 201,451,895	$ 3,640,917

TABLE 14-1

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In U.S. Dollars/RMB)

	Richpoint Company Limited (In U.S. Dollars)	KG Investments Holdings Limited (In U.S. Dollars)	KGI International Holdings Limited (In U.S. Dollars)	ANEW Holdings Limited (In U.S. Dollars)	KGI Investment Advisory (Shanghai) Co., Ltd. (In RMB)
REVENUES					
Other operating income	$ (303)	$ (132,041)	$ 1,026	$ (18,450)	$ -
COSTS AND EXPENSES					
Financial cost	340,488	279,942	1,027,294	-	-
Other operating cost	-	-	-	-	373,095
Other operating expenses	13,649	(12,291)	4,520	-	2,758,662
Total costs and expenses	354,137	267,651	1,031,814	-	3,131,757
PROFIT (LOSS) FROM OPERATIONS	(354,440)	(399,692)	(1,030,788)	(18,450)	(3,131,757)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	10,812,700	11,705,607	12,684,928	-	-
OTHER PROFITS (LOSSES)	1,100,360	5,282	69,917	-	(295,906)
NON-OPERATING REVENUE AND EXPENSE	11,913,060	11,710,889	12,754,845	-	(295,906)
NET PROFIT (LOSS) FOR THE PERIOD	11,558,620	11,311,197	11,724,057	(18,450)	(3,427,663)
OTHER COMPREHENSIVE INCOME	4,050,958	3,999,771	3,999,771	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 15,609,578	$ 15,310,968	$ 15,723,828	$ (18,450)	$ (3,427,663)

TABLE 14-2

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In U.S. Dollars)

	KG Investments Asset Management (International) Limited	KGI Limited	Supersonic Services Inc.	KGI International Limited
REVENUES				
Other operating income	$ -	$ 10,140	$ -	$ (1,393,061)
COSTS AND EXPENSES				
Other operating expenses	-	-	-	-
PROFIT (LOSS) FROM OPERATIONS	-	10,140	-	(1,393,061)
NON-OPERATING REVENUE AND EXPENSE	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	-	10,140	-	(1,393,061)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSSES) FOR THE PERIOD	$ -	$ 10,140	$ -	$ (1,393,061)

TABLE 14-3

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In U.S. Dollars)

	Bauhinia 88 Ltd.	Global Treasure Investments Limited	KGI Hong Kong Limited	KGI Capital (Hong Kong) Limited
REVENUES				
Other operating income	$ -	$ -	$ 2,386,325	$ -
COSTS AND EXPENSES				
Employee benefits	-	-	30,485,021	-
Depreciation and amortization	-	-	935,213	-
Other operating expenses	-	-	10,009,981	-
Total costs and expenses	-	-	41,430,215	-
LOSS FROM OPERATIONS	-	-	(39,043,890)	-
OTHER REVENUE AND EXPENSE	-	-	37,914,324	-
NON-OPERATING REVENUE AND EXPENSE	-	-	37,914,324	-
NET LOSS FOR THE PERIOD	-	-	(1,129,566)	-
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ -	$ -	$ (1,129,566)	$ -

TABLE 14-4

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In U.S. Dollars)

	KGI Korea Limited	KGI Asia (Holdings) Pte. Ltd.	KGI Capital (Singapore) Pte. Ltd.
REVENUES			
Derivative assets	$ -	$ (10,034)	$ -
Operating income	-	2,824,049	92
Total revenues	-	2,814,015	92
COSTS AND EXPENSES			
Financial cost	-	211,369	-
Other operating expenses	-	788,668	4,537
Total costs and expenses	-	1,000,037	4,537
PROFIT (LOSS) FROM OPERATIONS	-	1,813,978	(4,445)
SHARE OF PROFIT OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	-	7,713,029	-
NON-OPERATING REVENUE AND EXPENSE	-	7,713,029	-
NET PROFIT (LOSS) FOR THE PERIOD	-	9,527,007	(4,445)
OTHER COMPREHENSIVE PROFIT	-	3,776,836	174,431
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ -	$ 13,303,843	$ 169,986