CDIB Capital Group
(Formerly China Development Industrial Bank)
and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2016 and 2015 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)

By

March 27, 2017

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
CDIB Capital Group (formerly China Development Industrial Bank Corporation)

Opinion

We have audited the accompanying consolidated financial statements of CDIB Capital Group (the Corporation, formerly China Development Industrial Bank Corporation) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years 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 CDIB Capital Group and its subsidiaries as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) 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 year ended December 31, 2016. 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 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. The Corporation 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 year ended December 31, 2016.

Refer to Notes 4, 5 and 39 for the critical accounting policy, estimation uncertainty and related disclosure of the impairment of financial assets measured at cost.

We understood and assessed Corporation’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 have also audited the parent company only financial statements of CDIB Capital Group (formerly China Development Industrial Bank Corporation) as of and for the years ended December 31, 2016 and 2015 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 Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries’ 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries’ 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries' 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries' 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries 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 CDIB Capital Group (formerly China Development Industrial Bank Corporation) and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. 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 year ended December 31, 2016 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

March 27, 2017

Notice to Readers

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.

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 36)	$ 29,371,443	40	$ 28,193,361	39
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 7)	292,829	1	299,609	-
RECEIVABLES, NET (Notes 4, 8 and 36)	1,683,494	2	2,121,188	3
CURRENT TAX ASSETS (Notes 4, 34 and 36)	468,929	1	696,248	1
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 9 and 36)	9,370,050	13	9,182,329	13
HELD-TO-MATURITY FINANCIAL ASSETS, NET	-	-	102,564	-
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Notes 4, 10 and 11)	9,757,081	13	7,969,545	11
RESTRICTED ASSETS (Note 12)	304,111	1	298,982	-
FINANCIAL ASSETS MEASURED AT COST (Notes 4, 11 and 13)	17,065,739	23	18,870,601	26
OTHER FINANCIAL ASSETS (Notes 4 and 14)	1,502,481	2	1,620,002	2
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	1,248,457	2	1,214,475	2
INVESTMENT PROPERTY, NET (Notes 4 and 16)	1,752,669	2	1,806,069	3
DEFERRED TAX ASSETS (Notes 4 and 34)	100,835	-	101,227	-
OTHER ASSETS, NET (Notes 4 and 17)	284,493	-	300,347	-
TOTAL	$ 73,202,611	100	$ 72,776,547	100
LIABILITIES AND EQUITY				
LIABILITIES				
Payables (Notes 18 and 36)	$ 859,506	1	$ 990,323	1
Current tax liabilities (Notes 4, 34 and 36)	394,821	1	402,762	1
Short-term borrowings (Note 19)	100,000	-	-	-
Commercial paper payable, net (Note 20)	699,681	1	829,322	1
Other financial liabilities (Note 37)	386,632	1	396,059	1
Provisions (Notes 4, 21 and 22)	184,359	-	177,910	-
Deferred tax liabilities (Notes 4 and 34)	241,601	-	241,555	-
Other liabilities (Notes 22 and 36)	226,171	-	122,911	-
Total liabilities	3,092,771	4	3,160,842	4
EQUITY (Notes 4 and 24)				
Equity attributable to owners of the parent				
Capital	20,603,994	28	20,603,994	29
Capital surplus	24,703,001	34	24,700,436	34
Retained earnings				
Legal reserve	22,425,309	31	22,425,309	31
Special reserve	3,709,959	5	672,736	1
Unappropriated earnings	1,456,785	2	4,702,128	6
Exchange differences on translation on foreign financial statements	(98,320)	-	657,557	1
Unrealized gains (losses) on available-for-sale financial assets	(2,767,586)	(4)	(4,209,915)	(6)
Total equity attributable to owners of parent	70,033,142	96	69,552,245	96
Non-controlling interests	76,698	-	63,460	-
Total equity	70,109,840	96	69,615,705	96
TOTAL	$ 73,202,611	100	$ 72,776,547	100

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

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUES (Notes 4, 25 and 36)	$ 166,118	5	$ 2,379,692	34	(93)
INTEREST EXPENSES (Notes 4, 25 and 36)	(7,641)	-	(934,704)	(13)	(99)
NET INTEREST	158,477	5	1,444,988	21	(89)
NET REVENUES OTHER THAN INTEREST					
Service fee income (loss), net (Notes 4 and 26)	(46)	-	38,213	-	(100)
Losses on financial assets or liabilities measured at fair value through profit or loss, net (Notes 4 and 27)	(26,808)	(1)	(332,541)	(5)	(92)
Realized gains on available-for-sale financial assets, net (Notes 4 and 28)	673,585	21	2,572,053	37	(74)
Share of the profit of associates for using equity method (Notes 4 and 10)	52,416	2	273,462	4	(81)
Foreign exchange gain (loss), net (Note 4)	(6,765)	-	329,594	5	(102)
Impairment loss on assets, net (Notes 4 and 29)	(1,208,653)	(39)	(947,447)	(14)	28
Gains (losses) on financial assets measured at cost, net (Notes 4, 13 and 30)	2,233,180	71	2,367,889	34	(6)
Gain on sale of acquired loans (Note 4)	150,105	5	190,688	3	(21)
Gains on debt investments with no active market (Note 4)	406,634	13	328,230	5	24
Consulting service revenue (Note 36)	520,067	17	576,989	8	(10)
Others (Notes 31 and 36)	179,466	6	117,428	2	53
Total net revenues other than interest	2,973,181	95	5,514,558	79	(46)
TOTAL NET REVENUES	3,131,658	100	6,959,546	100	(55)

(Continued)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
REVERSAL OF ALLOWANCE FOR BAD DEBTS EXPENSE AND GUARANTEE LIABILITY PROVISION (Note 4)	$ 42,757	1	$ 205,757	3	(79)
OPERATING EXPENSES (Notes 4, 22, 32, 33 and 36)					
Employee benefits expense	(894,149)	(28)	(1,324,522)	(19)	(32)
Depreciation and amortization expense	(81,186)	(3)	(95,931)	(1)	(15)
Other general and administrative expenses	(594,866)	(19)	(889,473)	(13)	(33)
Total operating expenses	(1,570,201)	(50)	(2,309,926)	(33)	(32)
INCOME BEFORE INCOME TAX	1,604,214	51	4,855,377	70	(67)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 34)	(125,488)	(4)	33,574	-	(474)
NET PROFIT FOR THE PERIOD	1,478,726	47	4,888,951	70	(70)
OTHER COMPREHENSIVE INCOME (Note 4)					
Items that will not be reclassified subsequently to profit or loss, net of tax:					
Remeasurement of defined benefit plans	(11,299)	-	(67,881)	(1)	(83)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	189	-	(230)	-	182
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign financial statements	(690,011)	(22)	855,905	12	(181)

(Continued)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Unrealized gains (losses) on available-for-sale financial assets	$ 1,154,638	37	$ (3,863,462)	(55)	130
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Notes 4 and 10)	216,707	7	(26,824)	-	908
Other comprehensive income (loss), net of tax	670,224	22	(3,102,492)	(44)	122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 2,148,950	69	$ 1,786,459	26	20
NET PROFIT ATTRIBUTABLE TO:					
Shareholders of parent company	$ 1,467,895	47	$ 4,872,495	70	(70)
Non-controlling interests	10,831	-	16,456	-	(34)
	$ 1,478,726	47	$ 4,888,951	70	(70)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of parent company	$ 2,143,237	69	$ 1,770,958	26	21
Non-controlling interests	5,713	-	15,501	-	(63)
	$ 2,148,950	69	$ 1,786,459	26	20
EARNINGS PER SHARE (Note 35)					
Basic	$0.71		$1.49		

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

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars Except Per Share Amount)

	Equity Attributable to Owners of Parent									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	$ 56,603,994	$ 28,696,849	$ 19,922,597	$ 672,736	$ 8,240,117	$ (357,161)	$ (161,771)	$ 113,617,361	$ 2,481,660	$ 116,099,021
Appropriation of the 2014 earnings										
Legal reserve	-	-	2,502,712	-	(2,502,712)	-	-	-	-	-
Cash dividends - NT$2.83 per share	-	-	-	-	(5,839,661)	-	-	(5,839,661)	-	(5,839,661)
	-	-	2,502,712	-	(8,342,373)	-	-	(5,839,661)	-	(5,839,661)
Change in capital surplus form investments in associates and joint ventures accounted for by using equity method	-	333	-	-	-	-	-	333	-	333
Cash dividends	-	(4,000,000)	-	-	-	-	-	(4,000,000)	-	(4,000,000)
Net profit for the year ended December 31, 2015	-	-	-	-	4,872,495	-	-	4,872,495	16,456	4,888,951
Other comprehensive income (loss) for the year ended December 31, 2015, net income tax	-	-	-	-	(68,111)	1,014,718	(4,048,144)	(3,101,537)	(955)	(3,102,492)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	4,804,384	1,014,718	(4,048,144)	1,770,958	15,501	1,786,459
Capital reduction	(36,000,000)	-	-	-	-	-	-	(36,000,000)	-	(36,000,000)
Share-based payment	-	3,254	-	-	-	-	-	3,254	-	3,254
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,433,701)	(2,433,701)
BALANCE AT DECEMBER 31, 2015	20,603,994	24,700,436	22,425,309	672,736	4,702,128	657,557	(4,209,915)	69,552,245	63,460	69,615,705
Appropriation of the 2015 earnings										
Reversal of special reserve	-	-	-	3,037,223	(3,037,223)	-	-	-	-	-
Cash dividends - NT$0.81 per share	-	-	-	-	(1,664,905)	-	-	(1,664,905)	-	(1,664,905)
	-	-	-	3,037,223	(4,702,128)	-	-	(1,664,905)	-	(1,664,905)
Net profit for the year ended December 31, 2016	-	-	-	-	1,467,895	-	-	1,467,895	10,831	1,478,726
Other comprehensive income (loss) for the year ended December 31, 2016, net income tax	-	-	-	-	(11,110)	(755,877)	1,442,329	675,342	(5,118)	670,224
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	1,456,785	(755,877)	1,442,329	2,143,237	5,713	2,148,950
Share-based payment	-	2,565	-	-	-	-	-	2,565	-	2,565
Changes in non-controlling interests	-	-	-	-	-	-	-	-	7,525	7,525
BALANCE AT DECEMBER 31, 2016	$ 20,603,994	$ 24,703,001	$ 22,425,309	$ 3,709,959	$ 1,456,785	$ (98,320)	$ (2,767,586)	$ 70,033,142	$ 76,698	$ 70,109,840

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

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,604,214	$ 4,855,377
Adjustments to reconcile net profit (loss)		
Depreciation expenses	63,822	76,052
Amortization expenses	17,364	19,879
Reversal of allowance for bad debts and losses on guarantees, net	(42,757)	(205,757)
Net loss on financial assets and liabilities at fair value through profit or loss	37,806	28,931
Interest expense	7,641	934,704
Interest income	(166,118)	(2,379,692)
Dividend income	(920,722)	(1,035,157)
Share of profit of associates accounted for using equity method	(56,468)	(247,597)
Gain on disposal of investments	(2,236,142)	(3,263,648)
Loss on financial asset impairment	1,207,876	922,793
Loss on nonfinancial asset impairment	777	24,654
Others	1,671	121,066
Changes in operating assets and liabilities		
Due from the Central Bank and other banks	-	10,220,645
Financial assets at fair value through profit or loss	(31,026)	52,682,093
Receivables	3,405	40,364,171
Discounts and loans	-	126,114,314
Other financial assets	(10,604)	2,559,778
Other assets	11,306	2,913,934
Call loans from banks	-	(10,331,413)
Financial liabilities at fair value through profit or loss	-	(24,326,869)
Securities sold under repurchase agreements	-	(63,299,830)
Payables	(129,023)	(2,137,457)
Deposits and remittances	-	(173,337,066)
Other financial liabilities	(9,427)	(60,656,087)
Other liabilities	95,559	(1,096,959)
Cash used in operations	(550,846)	(100,479,141)
Interest received	133,309	4,245,381
Dividend received	1,529,753	1,571,028
Interest paid	(7,273)	(1,528,682)
Income tax received (paid)	78,335	(210,816)
Net cash generated from (used in) operating activities	1,183,278	(96,402,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(563,477)	(22,201,876)
Proceeds from the sale of available-for-sale financial assets	1,657,848	135,564,158
Purchase of debt investments with no active market	(358,350)	-

(Continued)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Proceeds on sale of debt investments with no active market	$ 941,171	$ 999,992
Acquisition of financial assets measured at cost	(1,955,050)	(1,803,767)
Proceeds from the sale of financial assets measured at cost	3,508,178	9,481,566
Proceeds from capital return on financial assets measured at cost	576,535	184,438
Acquisition of associates	(1,934,003)	(1,849,914)
Proceeds from disposal of associates	36,282	3,482
Proceeds from disposal of subsidiaries	-	1,589,115
Proceeds from capital return on investments accounted for using equity method	9,445	1,818,373
Acquisition of property and equipment	(17,990)	(108,139)
Others	93,918	264,567
Net cash generated from investing activities	1,994,507	123,941,995
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	100,000	(70,000)
Increase (decrease) in commercial paper payable	(129,641)	69,657
Decrease in bank debentures payable	-	(12,750,000)
Cash dividend paid	(1,664,905)	(5,839,661)
Reduction of capital	-	(36,000,000)
Changes in non-controlling interest	-	(174,960)
Others	10,715	(4,000,620)
Net cash used in financing activities	(1,683,831)	(58,765,584)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(315,872)	200,826
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,178,082	(31,024,993)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	28,193,361	59,218,354
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 29,371,443	$ 28,193,361

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

CDIB Capital Group (the Corporation) was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1999, the Corporation was converted from a trust corporation into an industrial bank under government approval. On December 28, 2001, the Corporation's shareholders exchanged their Bank holdings of shares in China Development Financial Holding Corporation (CDFH; the Corporation's parent company) at a 1:1 ratio, which was approved by the Ministry of Finance (MOF). As required by the Financial Holding Company Act, CDFH's shares were listed on the Taiwan Stock Exchange after the exchange and the Corporation became a wholly owned subsidiary of CDFH.

On March 2 and April 13, 2015, CDIB's board of the directors approved the transfer to KGI Bank (KGIB) of (a) all assets and liabilities associated with the commercial banking business of CDIB and (b) CDIB's holdings of shares in CDIB's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation in accordance with Article 185 of Company Act and Article 27 of Business Mergers and Acquisitions Act. On April 16, 2015, the transaction was approved by the Financial Supervisory Commission with Official Letter No. 10400053521, and the chairman was authorized by the board of directors to approve May 1, 2015 as the date of the business transfer.

Assets and liabilities transferred:

	Financial Market Business	Corporate Finance Business	Other Business	Amount
Assets				
Financial assets	$ 233,378,734	$ 161,800,416	$ 50,000	$ 395,229,150
Other assets	-	-	30,994	30,994
	233,378,734	161,800,416	80,994	395,260,144
Liabilities				
Financial liabilities	141,757,437	215,298,264	-	357,055,701
Other liabilities	-	-	204,443	204,443
	141,757,437	215,298,264	204,443	357,260,144
Net amount	$ 91,621,297	$ (53,497,848)	$ (123,449)	$ 38,000,000

Before the transfer of business, CDIB's industrial banking operations included certain deposit-taking, lending, investment, bank debenture issuing, securities underwriting, domestic and foreign exchange, guarantee provision, letter of credit issuing, receivable acquisition, government bond purchasing, trust operations, offshore banking, transacting derivative financial instruments and other activities under the authority approval. After the transfer of business, CDIB's industrial banking operations included securities investment, investment, financial related business, venture capital and other activities approved by the authorities.

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 the Corporation will continue to expand its assets management business. The FSC approved the conversion on March 10, 2017 with Official Letter No. 1600025880.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and authorized for issue on March 27, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 from 2017.

Order No. 1050050021 and Order No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Corporation and subsidiaries should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Corporation and subsidiaries' 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 has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Corporation and subsidiaries are 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. The amendment will be applied retrospectively.

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 Corporation and subsidiaries 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 requires the Corporation and subsidiaries 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. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

   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 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. The amendment will be applied prospectively to acquisitions of investment property on or after January 1, 2017.

5) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

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 Corporation are 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 Corporation and subsidiaries has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Corporation and subsidiaries' respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

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.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Corporation and subsidiaries' financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Corporation and subsidiaries have not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
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 3)
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarification to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
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

(Concluded)

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.

Note 3: The postponement in June 2015 applies to changes introduced by the IASB in September 2014 through narrow-scope amendments to IFRS 10 and IAS 28, earlier application in permitted.

1) IFRS 9 "Financial Instruments"

Recognition and measurement 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 Corporation and subsidiaries' 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 Corporation and subsidiaries 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.

The impairment of financial assets

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 Corporation and subsidiaries 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.

2) 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries' share of the gain or loss is eliminated. Also, when the Corporation and subsidiaries loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, 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 Corporation and subsidiaries' share of the gain or loss is eliminated.

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 from January 1, 2018.

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, an entity 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) 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries as lessor.

When IFRS 16 becomes effective, the Corporation and subsidiaries 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.

5) 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries' assets for more than their carrying amount if there is sufficient evidence that the Corporation and subsidiaries will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

6) 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 an entity'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 amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Corporation and subsidiaries may elect to measure that investment at fair value through profit or loss. The Corporation and subsidiaries 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 Corporation and subsidiaries (non-investment entity) applies the equity method to account for investment in an associate or a joint venture that is an investment entity, the Corporation and subsidiaries 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.

The Corporation and subsidiaries shall apply the aforementioned amendments retrospectively.

7) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Corporation and subsidiaries 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.

The Corporation and subsidiaries may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. The Corporation and subsidiaries is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Corporation and subsidiaries may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

8) 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 Corporation and subsidiaries shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Firms, “IFRS” as endorsed by the FSC.

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, accounts included in the consolidated financial statements of the Corporation 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. Please refer to Note 39 for the maturity analysis of assets and liabilities.

Principles for Preparing Consolidated Financial Statements

The Corporation’s subsidiaries have been included in the consolidated financial statements. All significant intra-group transactions, balances, income and expenses have been eliminated in full upon consolidation

The subsidiaries’ accounting policies are the same as those used by the Corporation.

All significant intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

The functional currency of the Corporation is the New Taiwan dollars, and the consolidated financial statements are presented in New Taiwan dollars.

As of December 31, 2016 and 2015, the consolidated entities included in the consolidated financial statements included 23 and 26 companies, respectively (please refer to the attached Table 5 for details).

Foreign Currencies

The Corporation recognizes foreign-currency transactions in the respective currencies in which they are denominated, while the Corporation and subsidiaries other than the Corporation recognize at the rates of exchange prevailing at the dates of the transactions. Foreign-currency gains or losses of the Corporation are recorded in New Taiwan dollars using rates in effect at the time of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period occurred.

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising are recognized in profit or loss in the period occurred. Except for exchange differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation’s foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the shareholders of the parent company and noncontrolling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Corporation and subsidiaries’ entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation and subsidiaries losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to noncontrolling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents includes commercial paper instruments and time deposits with maturities of three months or less from the date of acquisition and future excess margin are classified as cash equivalents. Their carrying amounts are similar to fair value.

Investments in Associates

An associate is an entity over which the Corporation and subsidiaries have significant influence and that is not a subsidiary.

The Corporation and subsidiaries use the equity method to account for their investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and subsidiaries also recognize the changes in the Corporation and subsidiaries' share of equity of associates.

Any excess of the cost of acquisition over the Corporation and subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation and subsidiaries subscribe for additional new shares of the associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and subsidiaries' proportionate interest in the associate and joint venture. The Corporation and subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation and subsidiaries' share of equity of associates and joint ventures. If the Corporation and subsidiaries' ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation and subsidiaries discontinue the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and subsidiaries transact with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation and subsidiaries' consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and subsidiaries.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets and liabilities

All regular way purchases or sales of financial assets and liabilities are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1) Measurement category

a) Financial assets or liabilities at fair value through profit or loss

Financial assets or liabilities are classified as at fair value through profit or loss when the financial asset or liability is either held for trading or it is designated as at fair value through profit or loss.

A financial asset or liability other than a financial asset or liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation and subsidiaries' documented risk management or investment strategy, and information about the Corporation and subsidiaries is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets or liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset other financial liabilities are measured at amortized cost using the effective interest method. Fair value is determined in the manner described in Note 38.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets cannot be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b) Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and the Corporation and subsidiaries have a positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial measurement, held-to-maturity financial assets are recorded at amortized cost less impairment.

c) Available-for-sale financial assets

Available-for-sale financial assets are nonderivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss that previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Corporation and subsidiaries' right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

d) Loans and receivables

Loans and receivables are initially recognized at its fair value, which is usually the transaction price, plus significant transaction costs, service fees paid or received, premiums or discounts, etc. After initial recognition, loans and receivables shall be measured subsequently using the effective interest method in accordance with related rules. If the effect of discounting is not significant, the loans and receivables can be measured at initial undiscounted value in accordance with Regulations Governing the Preparation of Financial Reports by Public Bank.

2) Impairment of financial assets

a) Financial assets measured at amortized cost

The Corporation and subsidiaries' discounts and loans, 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, and these assets have allowances at 1%, 2%, 10% and 50%, respectively, of outstanding credit.

Credit deemed uncollectable 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) Available-for-sale financial asset

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

c) 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.

3) Derecognition of financial assets or liabilities

The Corporation and subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party; and derecognize a financial liability when obligations are discharged, cancelled or they expire.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss; and the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

b. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the contracts are not measured at fair value through profit or loss.

Securities Purchased and Sold Under Resell and Repurchase Agreements

For securities purchased under resell agreements, the payment to a counter-party is treated as a financing transaction. For securities sold under repurchase agreements, the payment by a counter-party and the related interest revenue or interest expense are recognized on the accrual basis.

Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Corporation and subsidiaries and the cost of the item can be measured reliably.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Collaterals Assumed

Collaterals assumed (recognized as other assets) are recorded at cost, which includes the price and the expenditure for placing the collateral in a position to be sold, and are evaluated at their fair value periodically. An impairment loss is recognized when the cost of collaterals exceeds the fair value.

Nonfinancial Asset Impairment

The Corporation and subsidiaries evaluate the possibility of impairment loss on nonfinancial assets as of the balance sheet date. If there is sufficient objective evidence of asset impairment, the Corporation and subsidiaries recognizes an impairment whenever the recoverable amount of the asset or the cash-generating unit is below the carrying amount of an asset, and this impairment loss either is charged to accumulated impairment or reduces the carrying amount of an asset directly. After the recognition of an impairment loss, the depreciation (amortization) charged to the assets should be adjusted in future years at the revised asset carrying amount (net of accumulated impairment), less its salvage value, on a systematic basis over its remaining service life. If asset impairment loss (excluding goodwill) is reversed, the increase in the carrying amount resulting from reversal is credited to current income and debited to accumulated impairment or is used to increase the carrying amount of the asset. However, loss reversal should not be more than the carrying amount (net of depreciation) had the impairment not been recognized.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Corporation and subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation and subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability. The Corporation and subsidiaries do not recognize contingent liabilities but disclose them in accordance with related rules instead.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity. The Corporation and subsidiaries do not recognize contingent assets but disclose them in accordance with related rules when the inflow of economic benefits is probable.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Corporation and Subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Since 2003, CDFH and its qualified subsidiaries, including the Corporation, have used the linked-tax system for income tax filings. Under this system, the Corporation adjusts the deferred tax assets (liabilities), income tax payable (receivable) and income tax expense (profit) on a systematic and consistent basis.

Based on the "Basic Income Tax Act," if the basic income tax is greater than the amount of regular income tax, the income tax payable should be the basic income tax. The incremental tax payable is recorded as current income tax expense.

b. Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits acquisition to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Interest and Service Fee Revenue Recognition

Interest revenue is calculated at the effective interest rate for loans and receivables net of cost and service fee. Service fees are recognized as income upon receipt or when a major part of the earnings process is completed.

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue on loans and credits extended by the Corporation is recorded using the accrual method. For nonperforming loans and other credits extended by the Corporation, interest revenue is recognized upon collection.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation and subsidiaries' net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation and subsidiaries' net investment outstanding in respect of the leases.

Rental income (expense) from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit from the use (consumption) of the leased asset. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and subsidiaries' 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.

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 difference between book value and 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

	December 31	
	2016	**2015**
Due from other banks	$ 19,781,653	$ 12,674,958
Cash in banks	8,618,735	13,339,838
Commercial paper	970,904	2,058,404
Other	151	120,161
	$ 29,371,443	$ 28,193,361

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	**2015**
Financial assets held for trading		
Nonderivative financial assets		
Listed and OTC stocks	$ 108,740	$ 111,208
Derivative financial instruments		
Options	9,824	-
Financial assets designated as FVTPL		
Convertible (exchangeable) corporate bonds	158,126	188,401
Others	16,139	-
Financial assets at FVTPL	$ 292,829	$ 299,609

The Corporation and subsidiaries signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015. The Capital Securities Corporation (CSC) shares held by the Corporation and subsidiaries trust to the CTBC. The trustee in accordance with the contract agreed disposition within the contract period.

8. RECEIVABLES

	December 31	
	2016	2015
Acquired loans	$ 1,951,151	$ 2,116,953
Interest receivable	363,961	336,852
Receivable from securities sold	231,214	365,865
Accrued incomes	221,702	394,410
Others	28,998	70,493
	2,797,026	3,284,573
Less: Allowance for bad debts	(1,113,532)	(1,163,385)
	$ 1,683,494	$ 2,121,188

The Corporation and subsidiaries' changes in allowance for bad debts of receivables were as follows:

	For the Years Ended December 31	
	2016	2015
Balance, January 1	$ 1,163,385	$ 1,873,447
Reversal of allowance	(49,853)	(138,469)
Transferred to KGI Bank	-	(557,768)
Effect of exchange rate changes	-	(13,825)
Balance, December 31	$ 1,113,532	$ 1,163,385

For the impairment loss analysis of receivables, please refer to Note 39.

The Corporation and subsidiaries had not pledged any receivables as collateral.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2016	2015
Listed, OTC and emerging market stocks	$ 8,759,455	$ 8,497,996
Government bonds	158,798	161,308
Others	451,797	523,025
	$ 9,370,050	$ 9,182,329

As of December 31, 2015, government bonds held by the Corporation and provided as a deposit for business operations had aggregate values of $7,193 thousand, and unit face value of $7,000 thousand.

For the trust contract with holding shares to CSC, please refer to Note 7.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2016		2015	
	Carrying Amount	%	Carrying Amount	%
Unlisted companies				
CDIB & Partners Investment Holding Corporation	$ 4,254,892	29	$ 4,065,214	29
CDIB Capital Asia Partners L.P.	2,109,639	-	1,314,206	-
OPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	1,165,320	-	667,550	-
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	960,603	-	585,700	-
CDIB Biomedical Venture Capital Corporation	585,893	34	584,514	34
CDIB CME Fund Ltd.	568,380	40	576,143	40
Others	112,354		176,218	
	$ 9,757,081		$ 7,969,545	

The summarized financial information in respect of the not individually material associates was set out below:

	For the Years Ended December 31	
	2016	2015
The Corporation and subsidiaries' share of:		
Net profit for the year	$ 10,299	$ 247,597
Other comprehensive income (loss)	216,782	(26,946)
Total comprehensive income for the year	$ 227,081	$ 220,651

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 was based on the associates' financial statements audited by the auditors.

The Corporation and subsidiaries had not pledged any investments accounted for using the equity method as collateral.

11. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Private equity investment

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

	December 31	
	2016	2015
Private equity investment		
Financial assets measured at cost	$ 6,135,403	$ 6,891,768
Maximum exposure	$ 6,135,403	$ 6,891,768

b. Private equity management

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

The funds of unconsolidated structured entities are from the Corporation and subsidiaries and external third parties.

	December 31	
	2016	**2015**
Private equity management		
Total assets	$ 15,250,696	$ 9,351,364
Total liabilities	17,840	101,340
Investments accounted for using equity method	4,235,562	2,567,456
Maximum exposure	4,235,562	2,567,456

12. RESTRICTED ASSETS

	December 31	
	2016	**2015**
Stocks	$ 149,392	$ 149,392
Accounts receivable	105,831	105,447
Revenue receivable	35,879	30,287
Due from other banks	13,009	13,856
	$ 304,111	$ 298,982

After the filing of a certain complaint against Morgan Stanley & Co. International PLC (Morgan Stanley) (Note 37), the Corporation could not access the following funds 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. Because of the inaccessibility of these funds, these financial assets reclassified as “restricted assets.”

13. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2016	**2015**
Unlisted stocks - common stock	$ 6,483,600	$ 6,689,830
Unlisted overseas partnership fund	6,135,403	6,891,768
Others	4,446,736	5,289,003
	$ 17,065,739	$ 18,870,601
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 16,708,198	$ 18,416,795
Financial assets at FVTPL	357,541	453,806
	$ 17,065,739	$ 18,870,601

For the years ended December 31, 2016 and 2015, the Corporation and subsidiaries disposed of certain financial assets measured at cost with carrying amounts of $2,107,720 thousand and $7,551,693 thousand, respectively, and recognized gains of $1,521,450 thousand and $1,929,873 thousand, respectively.

14. OTHER FINANCIAL ASSETS

	December 31 2016	December 31 2015
Debt instruments with no active market	$ 1,502,481	$ 1,619,702
Time deposits with original maturities over three months	-	300
	$ 1,502,481	$ 1,620,002

15. PROPERTY AND EQUIPMENT

	December 31 2016	December 31 2015
Land	$ 785,555	$ 744,866
Buildings and facilities	424,540	429,826
Computer equipment	14,467	19,493
Transportation equipment	47	61
Other equipment	10,904	14,139
Leasehold improvements	12,380	5,526
	1,247,893	1,213,911
Prepayments for acquisition of properties	564	564
	$ 1,248,457	$ 1,214,475

The Corporation and subsidiaries' changes in property and equipment were as follows:

	Land	Buildings and Facilities	Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Leased Assets	Prepayments for Acquisition of Properties	Total
Cost									
Balance at January 1, 2015	$ 1,208,416	$ 1,190,335	$ 94,869	$ 76	$ 88,799	$ 55,303	$ 120,908	$ 19,673	$ 2,778,379
Additions	-	30,969	10,418	68	6,539	1,151	30,397	28,597	108,139
Disposals	(2,927)	(43,352)	(61,772)	(76)	(38,214)	(29,254)	(151,305)	(12,837)	(339,737)
Reclassification	(460,623)	(314,542)	-	-	561	(206)	-	(34,869)	(809,679)
Effect of exchange rate changes	-	-	(135)	-	122	(543)	-	-	(556)
Balance at December 31, 2015	744,866	863,410	43,380	68	57,807	26,451	-	564	1,736,546
Accumulated depreciation									
Balance at January 1, 2015	-	(598,358)	(49,090)	(14)	(70,483)	(27,745)	(62,034)	-	(807,724)
Depreciation	-	(39,420)	(9,646)	(12)	(5,289)	(10,008)	(8,906)	-	(73,281)
Disposals	-	31,485	34,860	19	32,256	16,524	70,940	-	186,084
Reclassification	-	172,709	-	-	-	206	-	-	172,915
Effect of exchange rate changes	-	-	(11)	-	(152)	98	-	-	(65)
Balance at December 31, 2015	-	(433,584)	(23,887)	(7)	(43,668)	(20,925)	-	-	(522,071)
Balance at December 31, 2015, net	$ 744,866	$ 429,826	$ 19,493	$ 61	$ 14,139	$ 5,526	$ -	$ 564	$ 1,214,475
Cost									
Balance at January 1, 2016	$ 744,866	$ 863,410	$ 43,380	$ 68	$ 57,807	$ 26,451	$ -	$ 564	$ 1,736,546
Additions	-	398	2,083	-	1,966	13,543	-	-	17,990
Disposals	-	(63,569)	(7,509)	-	(4,127)	(8,944)	-	-	(84,149)
Reclassification	42,523	44,687	-	-	-	-	-	-	87,210
Effect of exchange rate changes	-	-	(469)	-	(493)	(1,273)	-	-	(2,235)
Balance at December 31, 2016	787,389	844,926	37,485	68	55,153	29,777		564	1,755,362
Accumulated depreciation									
Balance at January 1, 2016	-	(433,584)	(23,887)	(7)	(43,668)	(20,925)	-	-	(522,071)
	(1,834)	-	-	-	-	-	-	-	(1,834)
Depreciation	-	(43,648)	(6,761)	(14)	(4,989)	(6,129)	-	-	(61,541)
Disposals	-	63,486	7,339	-	4,066	8,944	-	-	83,835
Reclassification	-	(6,640)	-	-	-	-	-	-	(6,640)
Effect of exchange rate changes	-	-	291	-	342	713	-	-	1,346
Balance at December 31, 2016	(1,834)	(420,386)	(23,018)	(21)	(44,249)	(17,397)	-	-	(506,905)
Balance at December 31, 2016, net	$ 785,555	$ 424,540	$ 14,467	$ 47	$ 10,904	$ 12,380	$ -	$ 564	$ 1,248,457

The above items of property and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings and facilities	
Main building and parking spaces	50 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Computer equipment	3-8 years
Transportation equipment	5 years
Other equipment	
Office furniture and equipment	5-8 years
Others	5 years
Leasehold improvements	1-3 years

The Corporation and subsidiaries had not pledged any property and equipment as collateral.

16. INVESTMENT PROPERTY

	December 31	
	2016	**2015**
Land	$ 1,528,061	$ 1,544,872
Buildings and facilities	224,608	261,197
	$ 1,752,669	$ 1,806,069

The changes in the Corporation and subsidiaries' investment properties were as follows:

	For the Years Ended December 31	
	2016	**2015**
Cost		
Beginning balance	$ 2,384,203	$ 1,856,942
Addition	31,152	-
Disposal	(3,863)	(270,747)
Reclassification	(87,210)	798,008
Ending balance	2,324,282	2,384,203
Accumulated depreciation		
Beginning balance	(210,182)	(59,874)
Depreciation	(2,281)	(2,771)
Disposal	415	25,172
Reclassification	6,640	(172,709)
Ending balance	(205,408)	(210,182)
Accumulated impairment		
Beginning balance	(367,952)	(501,361)
Reversal of impairment	1,747	133,409
Ending balance	(366,205)	(367,952)
Carrying amount, net	$ 1,752,669	$ 1,806,069

The above items of investment properties were depreciated on a straight-line basis at the following rates per annum:

Buildings and facilities	
Main building and parking spaces	50 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years

The fair values of the Corporation and subsidiaries' investment property as of December 31, 2016 and 2015 were $5,466,433 thousand and $5,556,202 thousand, respectively.

The fair value of the Corporation's investment properties as of December 31, 2016 and 2015 had been performed by independent qualified professional appraiser. The valuation was measured using the sales comparison approach and income approach. The former compares a subject property's characteristics with those of comparable properties which have recently sold in similar transaction; the latter is computed by taking the net operating income of the rent collected and dividing it by the capitalization rate.

The Corporation and subsidiaries had not pledged and investment property for using the equity method as collateral.

17. OTHER ASSETS

	December 31	
	2016	**2015**
Collaterals assumed	$ 115,449	$ 118,804
Guarantee deposits paid	78,144	65,914
Computer software	45,300	62,781
Prepaid expense	35,919	45,141
Others	9,681	7,707
	$ 284,493	$ 300,347

As of December 31, 2016 and 2015, the above collaterals were net of accumulated impairment losses of $13,107 thousand and $12,539 thousand, respectively.

18. PAYABLES

	December 31	
	2016	**2015**
Accrued expenses	$ 737,532	$ 865,748
Others	121,974	124,575
	$ 859,506	$ 990,323

19. SHORT-TERM BORROWINGS

	December 31	
	2016	**2015**
Unsecured loans - credit borrowings	$ 100,000	$ -

The weighted average effective interest rate on the bank loans was 0.9% for the years ended December 31, 2016.

20. COMMERCIAL PAPER PAYABLE

	December 31	
	2016	2015
Commercial paper payable	$ 700,000	$ 830,000
Less: Unamortized discount	(319)	(678)
	$ 699,681	$ 829,322
Rate	0.91%-0.94%	1.05%-1.09%
Last maturity date	February 2017	February 2016

21. PROVISIONS

	December 31	
	2016	2015
Provisions for employee benefits	$ 181,378	$ 176,352
Others	2,981	1,558
	$ 184,359	$ 177,910

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (the LPA), which is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The total expenses recognized in profit or loss for the years ended December 31, 2016 and 2015 were $11,994 thousand and $21,779 thousand, respectively.

The Corporation's foreign subsidiaries adopted the defined contribution pension plans, and they recognized their contributions as pension expenses amounting to $7,547 thousand and $6,638 thousand for the years ended December 31, 2016 and 2015, respectively.

b. Defined benefit plans

The Corporation and domestic subsidiaries adopted a defined benefit pension plan for all formal employees based on the Labor Standards Act. Benefit payments are based on service periods and basic salaries and wages at the time of retirement.

Under the defined benefit plan, the Corporation has made monthly contributions at 13% of salaries and wages to a pension fund. In February 2006, the Corporation changed the contribution rate from 13% to 4.5% and then further adjusted the contribution rate from 4.5% to 3.14% in November 2008. The fund is managed by the Employees' Pension Reserve Supervisory Committee and deposited in the Corporation of Taiwan in the committee's name. Before the end of each year, The Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Corporation and subsidiaries' defined benefit plans were as follows:

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	December 31	
	2016	**2015**
Present value of defined benefit obligation	$ 508,519	$ 502,062
Fair value of plan assets	(329,506)	(326,532)
Net defined benefit liability	$ 179,013	$ 175,530

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2015	$ 700,196	$ (356,582)	$ 343,614
Transfer to KGIB	(228,840)	5,371	(223,469)
Current service cost	6,330	-	6,330
Net interest expense (income)	8,453	(5,475)	2,978
Recognized in profit or loss	14,783	(5,475)	9,308
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,880)	(3,880)
Actuarial loss - changes in financial assumptions	20,412	-	20,412
Actuarial loss - experience adjustments	51,349	-	51,349
Recognized in other comprehensive income	71,761	(3,880)	67,881
Contributions from the employer	-	(21,804)	(21,804)
Benefits paid	(55,838)	55,838	-
Balance at December 31, 2015	502,062	(326,532)	175,530
Service cost			
Current service cost	4,577	-	4,577
Net interest expense (income)	5,863	(3,834)	2,029
Recognized in profit or loss	10,440	(3,834)	6,606
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,526	1,526
Actuarial loss - changes in financial assumptions	(6,701)	-	(6,701)
Actuarial loss - experience adjustments	16,474	-	16,474
Recognized in other comprehensive income	9,773	1,526	11,299
Contributions from the employer	-	(14,422)	(14,422)
Benefits paid	(13,756)	13,756	-
Balance at December 31, 2016	$ 508,519	$ (329,506)	$ 179,013

Through the defined benefit plans under the Labor Standards Law, the Corporation and subsidiaries is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at December 31	
	2016	**2015**
Discount rates	1.35%	1.20%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2016	**2015**
Discount rate(s)		
0.25% increase	$ (10,882)	$ (11,494)
0.25% decrease	$ 11,244	$ 11,895
Expected rate(s) of salary increase		
0.25% increase	$ 9,910	$ 10,388
0.25% decrease	$ (9,642)	$ (10,091)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2016	**2015**
The expected contributions to the plan for the next year	$ 34,968	$ 12,867
The average duration of the defined benefit obligation	6.89-20.7 years	8.09-18.70 years

23. OTHER LIABILITIES

	December 31 2016	December 31 2015
Advance receipts	$ 72,589	$ 72,202
Guarantee deposits received	25,083	27,029
Temporary receipts and suspense account	2,274	9,221
Others	126,225	14,459
	$ 226,171	$ 122,911

24. EQUITY

a. Capital

Common stock

	December 31 2016	December 31 2015
Numbers of shares authorized (in thousands)	9,266,851	9,266,851
Shares authorized	$ 92,668,510	$ 92,668,510
Number of shares issued and fully paid (in thousands)	2,060,400	2,060,400
Shares issued	$ 20,603,994	$ 20,603,994

On April 13, 2015, the Corporation's board of the directors was entitled to execute shareholders' meeting functions and thus approved the reduction of the Corporation's capital by $36,000,000 thousand, representing 3,600,000 thousand issued shares with NT$10 par value. The Corporation's board of the directors also authorized the chairman to set the effective date of capital reduction. The Corporation set the effective date of capital reduction on May 4, 2015.

b. Capital surplus

	December 31 2016	December 31 2015
Arising from issuance of common shares	$ 24,593,957	$ 24,593,956
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition	98,845	98,845
Arising from share of changes in capital surplus of associates	3,169	3,169
Share-based payments awards	7,010	4,446
Arising from donations	20	20
	$ 24,703,001	$ 24,700,436

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions, and excess of the 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.

On March 27, 2017, the Corporation's board of the directors and May 11, 2015, the Corporation's board of the directors was entitled to execute shareholders' meeting functions. Also, according to the Article 241 of Company Act, the board of the directors approved the distribution of cash dividend of \$8,000,000 thousand and \$4,000,000 thousand to shareholders from capital surplus arising from issuance of common shares, respectively.

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

c. Special reserve

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 Order 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

In accordance with the Corporation's Articles of Incorporation before modified, to expand the Corporation's operations and increase its profitability as well as comply with the Banking Act and relevant regulations, the Corporation applies the residual dividend policy. That is, the Corporation decides the time and amount of dividend allocation on the basis of relevant government regulations and the Corporation's Articles of Incorporation. In principle, the Corporation pays dividends in the form of cash. The cash dividends should not be more than 15% of paid-in capital when legal reserve is less than paid-in capital.

The current year's earnings will be first used to settle all taxes payable as well as cover losses of the past years. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay the accrued dividends of the past years and dividend of the current year.

When the Corporation's legal reserve equals its paid-in capital, or when the Corporation has complied with the FSC's financial soundness requirements and has provided a legal reserve based on the Company Act, the Corporation is no longer subject to the requirement for legal reserve appropriation and to the 15% of paid-in capital limit on cash dividend distribution.

The appropriation of earnings should be presented for approval at the shareholders' meeting in the year following, and given effect to in the financial statements of the year following the year of earnings generation.

Under the Financial Holding Company Act, because the Corporation has only one shareholder, CDFH, the Company Act provisions on shareholders' meetings do not apply to the Corporation and the board of directors is thus entitled to exercise shareholders' meeting functions.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Corporation made consequential amendments to the Corporation's Articles of Incorporation that approved by board of directors which entitled to execute shareholders' meeting function on December 2015. For information about the accrual basis of the employee's compensation and remuneration to directors and supervisors, please refer to employee benefits expense in Note 32.

Appropriation of the 2015 and 2014 earnings that approved by board of directors which entitled to execute shareholders' meeting function on April 25, 2016 and shareholders' meeting on May 25, 2015 respectively were as follows:

	2015	2014
Legal reserve	$ -	$ 2,502,712
Special reserve	3,037,223	-
Cash dividends (NT$0.81 and NT$2.83 per share)	1,664,905	5,839,661

In response to the conversion of the Corporation, the Corporation made consequential amendments to the Corporation's Articles of Incorporation approved in March 2017 by the board of directors which was authorized to assume the function of the shareholders' meeting. To expand the Corporation's operations and increase its profitability as well as to comply with the relevant regulations, the Corporation applied the residual dividend policy. In principle, the Corporation should pay dividends in the form of cash; however, in case which the Corporation opts to pay dividends in a combination of cash, shares, etc., the cash paid should not be less than 10% of the total amount of dividends paid.

The current year's earnings will be first used to settle all taxes payable as well as to cover losses of the past years. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay for the accrued dividends of the past years and dividend of the current year.

When the Corporation's legal reserve equals its paid-in capital, the Corporation is no longer subject to the requirement for legal reserve appropriation.

The earnings appropriation of 2016 has not been approved by the board of directors as of the issuance date of auditors' report.

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

25. NET INTEREST

	For the Years Ended December 31	
	2016	2015
Interest revenues		
Due from and call loans to banks	$ 64,575	$ 164,781
Deposits	47,327	47,207
Securities	6,423	602,221
Discounts and loans	-	882,705
Accounts receivable - forfeiting	-	339,157
Others	47,793	343,621
	166,118	2,379,692

(Continued)

	For the Years Ended December 31	
	2016	2015
Interest expenses		
Deposits	$ -	$ 634,010
Securities sold under repurchase agreements	-	96,359
Structured notes	-	61,133
Bank debentures	-	55,187
Others	7,641	88,015
	7,641	934,704
	$ 158,477	$ 1,444,988

(Concluded)

26. SERVICE FEE INCOME (LOSS), NET

	For the Years Ended December 31	
	2016	2015
Service fee revenues		
Syndication loans	$ -	$ 34,010
Guarantee	-	9,466
Others	-	46,229
	-	89,705
Service fee expenses		
Financial transaction	-	40,888
Foreign-currency business	-	7,000
Others	46	3,604
	46	51,492
	$ (46)	$ 38,213

27. GAINS (LOSSES) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Years Ended December 31	
	2016	2015
Realized gain (loss)		
Derivative instruments	$ -	$ (900,285)
Debentures	-	595,901
Stocks	5,499	13,960
Others	-	9,229
	5,499	(281,195)
Valuation gain (loss)		
Debentures	(29,838)	(45,286)
Stocks	(2,469)	(6,060)
	(32,307)	(51,346)
	$ (26,808)	$ (332,541)

For the years ended December 31, 2016 and 2015, the Corporation and subsidiaries' financial assets and liabilities at FVTPL included realized gain of $0 thousand and loss of $578,197 thousand, respectively, interest revenues of $0 thousand and $312,606 thousand, respectively, dividend incomes of $5,499 thousand and $6,733 thousand, and interest expenses of $0 thousand and $22,337 thousand, respectively.

28. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Years Ended December 31	
	2016	**2015**
Dividend income	$ 344,089	$ 437,858
Gain on stock disposal	314,794	1,476,692
Gain on bond disposal	-	644,946
Others	14,702	12,557
	$ 673,585	$ 2,572,053

29. IMPAIRMENT LOSS ON ASSETS, NET

	For the Years Ended December 31	
	2016	**2015**
Impairment loss on available-for-sale financial assets	$ 646,561	$ 34,278
Impairment loss on financial assets measured at cost	559,205	816,652
Impairment loss on debt instrument with no active market	-	71,863
Others	2,887	24,654
	$ 1,208,653	$ 947,447

30. GAINS ON FINANCIAL ASSETS MEASURED AT COST

	For the Years Ended December 31	
	2016	**2015**
Gain (loss) on disposal of securities	$ 1,521,450	$ 1,929,873
Fund capital gain distributions	308,038	109,026
Dividend income	263,096	281,185
Others	140,596	47,805
	$ 2,233,180	$ 2,367,889

31. OTHER NON-INTEREST INCOME, NET

	For the Years Ended December 31	
	2016	2015
Rental income	$ 98,348	$ 89,292
Others	81,118	28,136
	$ 179,466	$ 117,428

32. EMPLOYEE BENEFITS AND DEPRECIATION AND AMORTIZATION EXPENSES

	For the Years Ended December 31	
	2016	2015
Employee benefit expense		
Salaries and wages	$ 778,762	$ 1,123,123
Employee insurance	37,523	66,355
Pension	26,147	37,725
Others	51,717	97,319
	$ 894,149	$ 1,324,522
Depreciation and amortization expenses	$ 81,186	$ 95,931

a. Compensation of employees

To comply with the Company Act as amended in May 2015 and the conversion of the Corporation, the Corporation made consequential amendments to the Corporation's Articles of Incorporation approved by the board of directors which was authorized to assume the function of the shareholders' meeting to distribute the compensation of employees at the rates no less than 1% of net profit before paying income tax and the compensation of employees. However, if the Corporation had incurred cumulative losses, the profit should be used to offset the losses. For the years ended December 31, 2016 and 2015, the compensation of employees was $16,000 thousand and $47,000 thousand approved by the board of directors on March 27, 2017 and March 28, 2016, respectively.

Material differences between the estimated amounts and the amounts proposed by the board of directors on or before the date the financial statements of the fiscal year are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the financial statements of the fiscal year were authorized for issue, the differences will be recorded as a change in accounting estimate.

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

Related information can be accessed through the Market Observation Post System (M.O.P.S.) on the Web site of the Taiwan Stock Exchange (http://mops.twse.com.tw/mops/web/index).

b. Bonus of employees

The amount of bonus of employees recognized in the year ended December 31, 2014, was approved on May 25, 2015 by the board of directors authorized to assume the function of shareholders' meeting; there was no difference between the amount recognized and approved.

Related information can be accessed through the Market Observation Post System (M.O.P.S.) on the Web site of the Taiwan Stock Exchange (http://mops.twse.com.tw/mops/web/index).

33. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Years Ended December 31	
	2016	2015
Taxation	$ 200,152	$ 172,268
Professional services	118,836	234,892
Rental	55,978	65,592
Commission	39,361	50,908
Donation	37,933	55,291
Travel	30,689	39,206
Postage	15,840	71,860
Computer information	11,362	44,509
Others	84,715	154,947
	$ 594,866	$ 889,473

34. INCOME TAX

a. Income tax benefit (expense)

	For the Years Ended December 31	
	2016	2015
Current income tax		
Current period	$ (236,508)	$ 21,540
Prior periods	111,412	14,389
	(125,096)	35,929
Deferred income tax	(392)	(2,355)
Income tax benefit (expense)	$ (125,488)	$ 33,574

The reconciliation of accounting income and current income tax expense adjustments were as follows:

	For the Years Ended December 31	
	2016	2015
Income tax expenses at the statutory rate	$ (325,422)	$ (940,183)
Permanent differences	167,098	734,676
Prior year’s adjustments	111,412	14,389
Additional income tax under the Alternative Minimum Tax Act	(44,238)	-
Unrecognized temporary differences	(34,338)	225,004
Tax on unappropriated earnings	-	(312)
Income tax benefit (expenses)	$ (125,488)	$ 33,574

The applicable tax rate used above is the corporate tax rate of 17% payable by the Corporation and subsidiaries in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 10% of 2016 unappropriated earnings are not reliably determinable.

b. The estimated receivables/payables resulting from the use of the linked-tax system on the Corporation's consolidated tax returns were as follows:

	December 31	
	2016	**2015**
Tax charged to the parent company	$ 461,986	$ 690,918
Tax paid to the parent company	$ 386,864	$ 248,526

c. Deferred tax assets and liabilities

	December 31	
	2016	**2015**
Deferred tax assets		
Collaterals assumed	$ 64,134	$ 63,841
Loss carryforwards	36,701	36,892
Others	-	494
	$ 100,835	$ 101,227
Deferred tax liabilities		
Land value increment tax	$ 241,555	$ 241,555
Other	46	-
	$ 241,601	$ 241,555

d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2016	**2015**
Loss carryforwards		
Expiry in 2018	$ -	$ 1,100,330
Expiry in 2019	46,525	591,520
Expiry in 2021	422,212	487,389
	$ 468,737	$ 2,179,239

e. Integrated income tax

	December 31	
	2016	**2015**
Imputation credits accounts - the Corporation	$ 102,280	$ 216,786

The Corporation's creditable tax ratios for the distribution of earnings of 2016 and 2015 were 7.02% (estimated) and 4.61%.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders 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, 1998.

f. Income tax assessments

The Corporation used the linked-tax system in filing of the income tax and unappropriated earnings returns of its parent company and eligible subsidiaries.

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

Income tax returns of CDIB Capital Management Corp., China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp., formerly named ROC Strategic Company Ltd., formerly named CDIB Strategic Venture Fund Ltd. and formerly named China Venture Management Inc. through 2014 had been examined by the tax authorities. Income tax returns of CDIB venture Capital Corporation through 2012 had been examined by the tax authorities.

35. EARNINGS PER SHARE

	Amounts (Numerator)	Weighted Average Outstanding Common Shares Denominator (Shares in Thousands)	EPS (In Dollars)
For the year ended December 31, 2016			
Net profit attributable to shareholders of parent company	$ 1,467,895	2,060,400	$ 0.71
For the year ended December 31, 2015			
Net profit attributable to shareholders of parent company	$ 4,872,495	3,273,550	$ 1.49

36. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities Co., Ltd.	Subsidiary of the parent company
KGI Commercial Bank Co., Ltd.	Subsidiary of the parent company
Others	Other related parties (Note)

Note: CDC Finance & Leasing Corporation is no longer the subsidiary of the Corporation after the transfer date of May 1, 2015.

a. Cash in bank (recognized as cash and cash equivalents)

	Amount	%
December 31, 2016		
Subsidiary of the parent company	$ 1,982,576	7
December 31, 2015		
Subsidiary of the parent company	10,720,076	38

For the years ended December 31, 2016 and 2015, the interest revenues from cash in bank were $32,686 thousand and $20,091 thousand, respectively.

b. Due from banks (recognized as cash and cash equivalents)

	Amount	%
December 31, 2016		
Subsidiary of the parent company	$ 19,723,431	67
Other related parties	17,486	-
December 31, 2015		
Subsidiary of the parent company	12,613,249	45
Other related parties	6,292	-

For the years ended December 31, 2016 and 2015, the interest revenues from due from banks were $64,561 thousand and $16,047 thousand, respectively.

c. Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the year December 31, 2015		
Subsidiary of the parent company	$ 1,583,244	$ 2,211,662

d. Purchase and sale of securities

	Sale of Securities
For the year ended December 31, 2015	
Subsidiary of the parent company	$ 13,860

e. Interest receivables (recognized as receivables, net)

	Amount	%
December 31, 2016	$ 7,074	-
December 31, 2015	11,900	1

f. Accrued income (recognized as receivables, net)

	Amount	%
December 31, 2016	$ 128,793	8
December 31, 2015	65,967	3

g. Other receivables (recognized as receivable, net)

	Amount	%
December 31, 2016	$ 14,660	1
December 31, 2015	12,038	1

h. Receivables from parent (recognized as current tax assets)

	December 31			
	2016		2015	
	Amount	%	Amount	%
Parent company	$ 461,986	99	$ 690,918	99

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

i. Discounts and loans

For the year ended December 31, 2015, the interest revenues from discounts and loans were $398 thousand.

Balance as of December 31, 2015

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Was the Transaction Conducted at Arm's Length
Others	Other related parties	$ 100,000	$ -	$ -	$ -	-	Yes

j. Stock holdings (recognized as available-for-sale financial assets)

	Amount	%
December 31, 2016	$ 166,408	2
December 31, 2015	169,918	2

k. Payables

	Amount	%
December 31, 2016	$ 17,884	2
December 31, 2015	20,915	2

l. Payables to parent (recognized as current tax liabilities)

	December 31			
	2016		2015	
	Amount	%	Amount	%
Parent company	$ 386,864	98	$ 248,526	62

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

m. Guarantee deposits received (recognized as other liabilities)

	Amount	%
December 31, 2016		
Subsidiary of the parent company	$ 17,997	8
Other related parties	4,214	2
December 31, 2015		
Subsidiary of the parent company	18,545	15
Other related parties	4,214	3

n. Consulting service revenues

	For the Years Ended December 31			
	2016		2015	
	Amount	%	Amount	%
Other related parties	$ 486,564	94	$ 570,426	99

o. Rental revenue (recognized as noninterest profits and gains)

	Amount	%
2016		
Subsidiary of the parent company	$ 73,553	41
Parent company	9,117	5
Other related parties	7,740	4
2015		
Subsidiary of the parent company	48,241	41
Parent company	9,343	8
Other related parties	9,780	8

The rent was based on market prices and receivable quarterly.

p. Donation (recognized as other operating and administrative expenses)

	Amount	%
2016	$ 30,000	5
2015	54,000	6

q. Compensation of key management personnel

	For the Years Ended December 31	
	2016	2015
Salary and short-term benefits	$ 89,495	$ 109,443
Post-employment benefits	768	926
Share-based payment	492	867
	$ 90,755	$ 111,236

The terms of transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings and loans.

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

37. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies of the Corporation and subsidiaries, in addition to those disclosed in Notes 38 and 39 were summarized as follows:

a. In April 2007, the Corporation 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 the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to the Corporation. On July 15, 2010, the Corporation initiated action against Morgan Stanley to recover losses the Corporation 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 the Corporation by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to the Corporation. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and the Corporation had recognized all the gains and losses from the transaction. The balance of US$11,978 thousand (NT$386,632 thousand based on the exchange rate of December 31, 2016) was reclassified to "other financial liabilities". The litigation had not yet been concluded as December 31, 2016. In addition, Morgan Stanley overlooked the Corporation'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), the Corporation reserves the right of legal proceedings.

b. Securities and Futures Investors Protection Center sued CDIB Capital Management Corp. and claimed that due to the fact that CDIB Capital Management Corp. is the corporate director of Powercom Ltd., CDIB Capital Management Corp. Inc. 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 Corp. Inc. and Powercom Ltd. CDIB Capital Management Corp. 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.

c. In February 2008, during a financial crisis involving Far Eastern Air Transport Limited (FEAT), nine people, including Hu, Tsui and Chen, were sued by a state prosecutor after they were investigated. Hu, the Corporation's former designated representative to FEAT's board of directors, was charged by the state prosecutor of dereliction of duty as an FEAT board member, resulting in financial loss to FEAT. FEAT also initiated a civil action against Hu and the Corporation, claiming that they were jointly liable for damages of $677,199 thousand plus interest. The criminal case brought by FEAT against Hu and the Corporation was adjudicated on September 28, 2012, and both defendants were acquitted of the charge brought against them; thus, the civil lawsuit was also dismissed by the criminal court. FEAT disagreed with this judgment and filed for appeal of the court's decision on the Corporation and Hu's criminal and civil cases, claiming that these two defendants were jointly liable for damages of $660,000 thousand plus interest. The lawsuit was adjudicated on January 28, 2016, and both defendants, Hu and the Corporation, were acquitted of the charge brought against them again; the civil lawsuit was also dismissed by the criminal court of the Taiwan High Court. However, the manners of execution of the two judgements are still uncertain so that the Corporation could not ascertain the final outcome of the lawsuit. In July 2013, FEAT sued Yageo Corporation Limited, Feng Dan Bai Lu Corporation Limited, Yong Chun Corporation Limited and the Corporation for failing to discharge its obligations as a good administrator, resulting in embezzlement FEAT, for which FEAT demanded the payment of $100,000 thousand and interests. FEAT lost the lawsuit on December 30, 2014 claimed by the Taipei District Court and decided to appeal to the Taiwan High Court. The Corporation won the lawsuit on April 14, 2016 claimed by the Taiwan High Court. Although FEAT filed appeal to the Supreme Court of ROC, the Supreme Court dismissed the appeal on November 30, 2016. Thus, the decision was certain; the Corporation was not liable for the damages.

38. FINANCIAL INSTRUMENTS

a. Fair value hierarchy of financial instruments

   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 or price estimates arrived at through pricing models that use inputs such as interest rates, which are derived from or can be corroborated by observable market data.

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

b. Fair value hierarchy of financial instruments

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

December 31, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Measured at fair value used by repetitive basis				
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 108,740	$ -	$ -	$ 108,740
Financial assets designated as at FVTPL	-	-	174,265	174,265
Available-for-sale financial assets				
Stock investments	8,759,455	143,902	307,895	9,211,252
Bond investments	50,597	108,201	-	158,798
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	-	-	9,824	9,824

December 31, 2015

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Measured at fair value used by repetitive basis				
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 111,208	$ -	$ -	$ 111,208
Financial assets designated as at FVTPL	-	-	188,401	188,401
Available-for-sale financial assets				
Stock investments	8,497,996	523,025	-	9,021,021
Bond investments	-	161,308	-	161,308

2) Financial instruments measured 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 Corporation and subsidiaries' various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Corporation and subsidiaries use for fair value estimation is consistent with that generally used in the market.

3) Movement of financial instrument hierarchy between Level I and Level II

The main reason for hierarchy transfer of financial instrument is due to quotation of market in 2016.

	2016	
	From Level I to Level II	**From Level II to Level I**
Available-for-sale financial assets - stock investments	$ -	$ 394,954
Available-for-sale financial assets - bond investments	-	50,597

The main reason for hierarchy transfer of financial instrument is due to changes of market liquidity in 2015 affected partly valuation sources of some holding government bond.

	2015	
	From Level I to Level II	**From Level II to Level I**
Available-for-sale financial assets - bond investments	$ 51,351	-

4) Reconciliation of Level III items of financial instruments

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

For the Year Ended December 31, 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	$ -	$ -	$ 9,824	$ -	$ -	$ -	$ 9,824
Financial assets designated as FVTPL	188,401	(29,838)	15,702	-	-	-	174,265
Available-for-sale financial assets	-	27,509	280,386	-	-	-	307,895

For the Year Ended December 31, 2015

(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	$ 1,994,719	$ 194,330	$ 137,461	$ -	$ (2,326,510)	$ -	$ -
Financial assets designated as FVTPL	233,686	(45,285)	-	-	-	-	188,401
Available-for-sale financial assets	311,154	(8,247)	-	-	(302,907)	-	-

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

For the Year Ended December 31, 2015

(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 held for trading	$ 2,114,959	$ 916,588	$ 512,851	$ -	$ (3,544,398)	$ -	$ -

The total gain or losses for the years ended December 31, 2016 and 2015 included loss of $29,838 thousand and $755,071 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

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

The explanation of quantitative information about Level 3 security investments of the Corporation and subsidiaries were as follows:

	Fair Value at December 31, 2016	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Item measured at fair value used by repetitive basis					
Non-derivative instruments					
Financial assets at FVTPL					
Convertible bonds	$ 158,126	Comparative Market Pricing Technique	Income multiplier Lack of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value.
Others	16,139	Recently completed the Transaction Pricing Technique	-	-	-
Available-for-sale financial assets	307,895	Market approach Discounted cash-flow method	Income multiplier WACC Lack of liquidity discount	4.7 11.7% 20%	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.
Derivative instruments					
Others	9,824	Recently completed the Transaction Pricing Technique	-	-	-

	Fair Value at December 31, 2015	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Item measured at fair value used by repetitive basis					
Non-derivative instruments					
Financial assets at FVTPL	$ 188,401	Comparative Market Pricing Technique	Income multiplier Lack of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value.

6) Pricing process of level III fair value

The Corporation and subsidiaries' pricing models and condition assumptions conform to those generally used in the market and are commonly recognized by the industry as bases for measuring fair value. Further, the Corporation and subsidiaries verifies whether the sources of the information are independent or whether the information itself reasonably reflects prices in normal circumstances, and also examines and adjusts fair value periodically to insure that valuation results are reasonable. Investment Property is valued by the Corporation and subsidiaries based on FSC'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

1) Fair value information of financial instruments

Financial instruments measured at cost, excluding investment properties, investments accounted for using equity method - unlisted stocks, and financial assets measured at cost, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

2) Fair value hierarchy of financial instruments

December 31, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Non-financial assets				
Investment properties	$ -	$ -	$ 5,466,433	$ 5,466,433

December 31, 2015

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Non-financial assets				
Investment properties	$ -	$ -	$ 5,556,202	$ 5,556,202

3) Measurement technique

a) The carrying amounts of financial instruments such as cash and cash equivalents, receivables, held-to-maturity financial assets, restricted assets, other financial assets, payables and other financial liabilities approximate their fair values because of the short maturities of these instruments.

b) 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 their fair value cannot be reliably measured owing to that the variation interval of the estimate of the fair value is not quite small and the estimates adopted in the interval thereof cannot be assessed reasonably, thus the Corporation and subsidiaries does not disclose their fair value.

c) For fair value measurement of investment property, please refer to Note 16.

39. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

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 business, 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 and provide related information to the management and the board of directors.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation’s maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation could be the same as the carrying amount.

For the objectives to enhance shareholder value and to ensure degree of risk tolerance, the Corporation’s credit risk strategy focuses on superior credit quality assets.

1) Credit quality assessment

Some the Corporation and subsidiaries’ financial assets such as cash and cash equivalents, financial assets at fair value through profit or loss, receivables and refundable deposits are regarded as having very low credit risk because of the good credit rating of counter-parties.

In addition to the above, the credit analyses of other financial assets were as follows:

a) Credit quality analysis for receivables

(In Thousands of New Taiwan Dollars)

	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impairment Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
December 31, 2016	$ -	$ -	$ -	$ -	$ -	$ 2,233,477	$ 2,233,477	$ 123,934	$ 989,598	$ 1,119,945
December 31, 2015	-	-	-	-	-	2,404,132	2,404,132	194,780	968,605	1,240,747

b) Credit quality analysis of marketable securities

(In Thousands of New Taiwan Dollars)

December 31, 2016	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impairment Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets									
Investment in bonds	$ 158,798	$ -	$ -	$ 158,798	$ -	$ -	$ 158,798	$ -	$ 158,798

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $13,019,570 thousand, loss on valuation of $3,698,010 thousand and accumulated impairment of $110,308 thousand.

Note 2: Financial assets measured at cost have an initial cost of $19,425,997 thousand and accumulated impairments of $2,360,258 thousand.

Note 3: Debt instruments with no active markets have initial costs of $1,720,516 thousand and accumulated impairments of $218,035 thousand.

(In Thousands of New Taiwan Dollars)

December 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impairment Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets									
Investment in bonds	$ 161,308	$ -	$ -	$ 161,308	$ -	$ -	$ 161,308	$ -	$ 161,308

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $13,923,194 thousand, loss on valuation of $4,867,019 thousand and accumulated impairment of $35,154 thousand.

Note 2: Financial assets measured at cost have an initial cost of $20,996,006 thousand and accumulated impairments of $2,125,405 thousand.

Note 3: Debt instruments with no active markets have initial costs of $1,837,737 thousand and accumulated impairments of $218,035 thousand.

Note 4: Held-to-maturity financial assets measured at cost have an initial cost of $102,564 thousand.

2) Impairment of receivables

(In Thousands of New Taiwan Dollars)

Items		Receivables		Allowance for Bad Debts	
		December 31, 2016	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**
With objective evidence of impairment	Assessment of individual impairment	$ 1,090,485	$ 1,263,179	$ 123,934	$ 194,780
With no objective evidence of impairment	Assessment of collective impairment	1,142,992	1,140,953	989,598	968,605

Note: The amounts of receivables do not include the amounts of allowance and adjustments for discounts (premiums).

3) The Corporation and subsidiaries had no overdue but not yet impaired financial assets.

4) Management policies of collaterals assumed

The Corporation and subsidiaries' collaterals assumed were mainly land and buildings. As of December 31, 2016 and 2015, the carrying amounts of the collaterals were $115,449 thousand and $118,804 thousand, respectively. Collaterals assumed are classified as other assets in the consolidated balance sheets.

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

a) Asset quality of overdue loans and receivables: None.

b) Excluded overdue loans and receivables: None.

c) Concentration of credit risk: None.

c. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk is defined as the Corporation is unable to meet its obligation for the asset funding within a reasonable time, which causes the risk of earnings or economic capital loss.

2) Management policies

Pursuant to liquidity risk control, the Corporation calculates the maximum cumulative cash outflow (maximum cumulative outflows, or MCO) to monitor daily funding gap by each major currency. There were various measures such as valuating possible future capital requirements and deconcentration of capital sources, to assure the Corporation could acquire capital at any time and have the ability to pay liabilities when due, and to maintain adequate liquidity at best cost to volume.

3) Maturity gap analysis of financial assets and nonderivative financial liabilities held for liquidity purpose

a) Financial assets held for liquidity management

The Corporation holds cash and highly liquid and high grade carry assets to pay off obligations and meet the potential emergency funding events. That is the assets held for liquidity management include cash and cash equivalents, financial assets at fair value through profit or loss, and available-for-sale financial assets.

b) Nonderivative financial liabilities

The following tables show the cash outflows of the Corporation's nonderivative financial liabilities based on the duration of contract maturities. The amounts disclosed were based on contractual cash flows; therefore, some of them will not relatively match with those shown on the consolidated balance sheets.

(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
Call loans from banks	$ -	$ -	$ -	$ -	$ -	$ -
Securities sold under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Bank debentures payable	-	-	-	-	-	-
Other capital outflow on maturity	96,178	99,241	2,406	173,114	855,535	1,226,474
Subtotal	$ 96,178	$ 99,241	$ 2,406	$ 173,114	$ 855,535	$ 1,226,474

(In Thousands of New Taiwan Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ -	$ -	$ -	$ -	$ -	$ -
Securities sold under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Bank debentures payable	-	-	-	-	-	-
Other capital outflow on maturity	58,158	166,209	4,956	6,660	922,179	1,158,162
Subtotal	$ 58,158	$ 166,209	$ 4,956	$ 6,660	$ 922,179	$ 1,158,162

(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
Call loans from banks	$ -	$ -	$ -	$ -	$ -	$ -
Securities sold under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Other capital outflow on maturity	-	-	-	-	13,855	13,855
Subtotal	$ -	$ -	$ -	$ -	$ 13,855	$ 13,855

(In Thousands of U.S. Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Call loans from banks	$ -	$ -	$ -	$ -	$ -	$ -
Securities sold under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Other capital outflow on maturity	-	-	-	-	13,855	13,855
Subtotal	$ -	$ -	$ -	$ -	$ 13,855	$ 13,855

4) Regulations Governing the Preparation of Financial Reports by Public Banks, and the required disclosures are summarized as follows:

a) Maturity analysis of New Taiwan dollars of the Corporation

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 694,599	$ 14,854,367	$ 2,196,688	$ 229,701	$ 491,241	$ 50,667,627	$ 69,134,223
Cash outflow	42,238	53,940	99,241	2,406	173,114	70,905,362	71,276,301
Gap	652,361	14,800,427	2,097,447	227,295	318,127	(20,237,735)	(2,142,078)

(In Thousands of New Taiwan Dollars)

December 31, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 884,933	$ 713,673	$ 12,205,182	$ 513,495	$ 1,109,081	$ 55,552,135	$ 70,978,499
Cash outflow	50,626	7,532	166,209	4,956	6,660	69,400,808	69,636,791
Gap	834,307	706,141	12,038,973	508,539	1,102,421	(13,848,673)	1,341,708

b) Maturity analysis of U.S. dollars of the Corporation

(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
Cash inflow	$ 34	$ -	$ 75,398	$ -	$ 1,208	$ 76,640
Cash outflow	-	-	-	-	13,855	13,855
Gap	34	-	75,398	-	(12,647)	62,785

(In Thousands of U.S. Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 34	$ -	$ -	$ -	$ 1,208	$ 1,242
Cash outflow	-	-	-	-	45,467	45,467
Gap	34	-	-	-	(44,259)	(44,225)

d. Market risk

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.

2) Risk management policies

To have a common-language of market risk management, definition, communication and measurement, the Corporation has developed “Market Risk Policy” and “Business Risk control Policy” based on CDFH’s market risk management policy framework.

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

Risk factors analyzed through the Corporation’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 Corporation’s market risk report includes limits usage, trading portfolio risk assessment.

The risk management unit of the Corporation independently performs daily market risk limit controls, regular disclosure of positions, prices and profit or loss and monthly reports to both the management and the public.

4) Foreign currency rate risk information

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

(In Thousands of Foreign currencies/New Taiwan Dollars)

	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

(Continued)

	December 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
KRW	$ 7,363,850	0.027	$ 197,506
JPY	429,029	0.276	118,283
Investments 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

(Concluded)

	December 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 277,091	33.066	$ 9,162,288
HKD	128,796	4.266	549,495
RMB	46,867	5.033	238,862
KRW	6,146,111	0.028	172,816
Investments accounted for using the equity method			
USD	39,808	33.066	1,316,305
RMB	252,073	5.033	1,266,917
Financial liabilities			
Monetary items			
USD	20,256	33.066	669,786

5) Disclosures 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)

December 31, 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	$ 17,303,349	$ -	$ -	$ 158,798	$ 17,462,147
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	17,303,349	-	-	158,798	17,462,147
Net worth					70,049,827
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					25

December 31, 2015

(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	$ 12,623,859	$ -	$ -	$ 161,308	$ 12,785,167
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	12,623,859	-	-	161,308	12,785,167
Net worth					68,478,629
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					19

Note 1: The above amounts included only New Taiwan dollar amounts held in the domestic and overseas branches (i.e., excluding foreign currencies).

Note 2: Interest rate-sensitive assets and liabilities refer to 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 (interest rate-sensitive assets and interest rate-sensitive liabilities are in New Taiwan dollars).

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

December 31, 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	$ 34	$ 75,389	$ -	$ -	$ 75,423
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	34	75,389	-	-	75,423
Net worth					-
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					-

December 31, 2015

(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	$ 34	$ -	$ -	$ -	$ 34
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	34	-	-	-	34
Net worth					31,612
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					-

Note 1: The above amounts included only U.S. dollar amounts held in the domestic and overseas branches and OBU (i.e., excluding contingency assets and liabilities).

Note 2: Interest rate-sensitive assets and liabilities refer to 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 (interest rate-sensitive assets and interest rate-sensitive liabilities are in U.S. dollars).

6) Other price risk

The Corporation and subsidiaries were exposed to equity price risk through its investments in principal investment business. The Corporation 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 years ended December 31, 2016 and 2015 would increase/decrease by $92,118 thousand and $90,210 thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

40. CAPITAL MANAGEMENT

a. Objectives

The Corporation's eligible capital should be higher than the statutorily required capital and should meet the authorities' minimum requirements for capital adequacy ratio. This is the fundamental principle of capital management.

Capital is needed to cover any future losses. Capital management is the main tool of financial institutions for developing business and risk management strategies. To effectively manage the Corporation's capital as well as meet the regulatory authorities' minimum requirements, the Corporation follows the principle "Capital bears risk as well as requires compensation"; thus, under an effective capital management framework, the Corporation balances risk control and business development and achieves the business objective of maximizing shareholder value.

b. Capital management procedures

The Corporation had met the authorities' minimum requirements for capital adequacy ratio and reported to the authorities quarterly. Eligible capital is calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks."

c. Capital adequacy ratio

(In Thousands of New Taiwan Dollars, %)

Items		Year	December 31, 2016	December 31, 2015
Eligible capital	Common shareholders' equity		$ 20,910,410	$ 14,497,173
	Other Tier 1 capital		-	-
	Tier 2 capital		-	-
	Eligible capital		20,910,410	14,497,173
Risk-weighted assets	Credit risk	Standardized approach	5,938,428	4,880,609
		Internal rating-based approach	N/A	N/A
		Securitization	-	-
	Operational risk	Basic indicator approach (Note 4)	5,669,725	6,668,563
		Standardized approach/alternative standardized approach	N/A	N/A
		Advanced measurement approach	N/A	N/A
	Market risk	Standardized approach	2,479,113	1,795,975
		Internal model approach	N/A	N/A
	Total risk-weighted assets		14,087,266	13,345,147
Capital adequacy ratio			148.43%	108.63%
Ratio of common shareholders' equity to risk-weighted assets			148.43%	108.63%
Ratio of Tier 1 capital to risk-weighted assets			148.43%	108.63%
Leverage ratio			92.95%	89.92%

Note 1: The above table was filled in accordance with the "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: The Corporation should disclose the capital adequacy ratios of the current and previous periods in annual financial reports. For semiannual financial reports, the Corporation should disclose the capital adequacy ratios of the current and previous periods, and of the previous year-end.

Note 3: The formulas used in calculating the above table entries were as follows:

1) Eligible capital = Common shareholder's equity + Other Tier 1 capital + Tier 2 capital.

2) Total risk-weighted asset = Risk-weighted assets for credit risk + (Capital requirement for operational risk + Capital requirements for market risk) × 12.5.

3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.

4) Ratio of common shareholders' equity to risk-weighted assets = Common stock/Total risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Shareholders' equity + Other Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Tier 1 capital/Total exposure.

Note 4: Included the amount of change from transfer of business.

41. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

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

The Corporation will not engage in trust operations from the date of transfer of business on May 1, 2015.

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Four Months Ended April 30, 2015
Trust income and gains	
Gain on financial assets at FVTPL, net	$ 225,466
Interest income	15,721
Rental income	1,025
Total trust income and gains	242,212
Trust expenses	
Interest expenses	19,635
Trust administrative	188
Other expenses	34
Total trust expenses	19,857
Net income before income tax	$ 222,355

b. Trust business operations under the Trust Enterprises Act: Please refer to Note 1 to the consolidated financial statements.

42. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY COOPERATION AND RESOURCE SHARING

For the cooperation and resource sharing between China Development Financial Holding Corporation, the Corporation's parent, and subsidiaries, please refer to Note 36 to the consolidated financial statements.

43. PROFITABILITY

(%)

Items		December 31, 2016	December 31, 2015
Return on total assets	Before income tax	2.20	1.78
	After income tax	2.03	1.79
Return on net worth	Before income tax	2.30	5.23
	After income tax	2.12	5.27
Profit margin		47.22	70.25

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total net revenues.

Note 4: Income before (after) income tax means income accumulated from January of the current period to the current period.

44. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and subsidiaries:

1) Financing provided: The Corporation: Not applicable. For information on other subsidiaries: None.

2) Collaterals/guarantees provided: The Corporation: Not applicable. For information on other subsidiaries: None.

3) Marketable securities held: The Corporation: Not applicable. For information on other subsidiaries, please refer to Table 1 (attached).

4) Subsidiaries are 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): Please refer to Table 2 (attached).

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the issued capital: For the Corporation and subsidiaries' information: None.

6) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: For the Corporation and subsidiaries' information: None.

7) Discount on service fees received from related parties amounting to NT$5 million: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 36 to the consolidated financial statements and Table 3 (attached).

9) Sold nonperforming loans: Please refer to Table 4 (attached).

10) Financial asset securitization: None.

11) Other significant transactions which may affect the decisions of the consolidated financial statements users: None.

12) The information of investees: Table 6 (attached).

13) Derivative transactions: Please refer to Notes 7 and 38.

b. Investments in Mainland China: Please refer to Table 7 (attached).

c. Business relationships and significant transactions among the Corporation and subsidiaries. Please refer to Table 8 (attached).

45. SEGMENT INFORMATION

The reportable segments of the Corporation and subsidiaries are the principal investment business, financial market business and corporate banking business. The principal investment business includes principal investments, equity-related financial product investments and trading business. The financial market business includes the distribution of funds, issuance of bank debentures, money market, foreign exchange, bond market, products, equity, other financial market-related products and transactions and of derivative products; and corporate banking business includes deposits, remittance and corporate lending.

There was no inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4. The Corporation and subsidiaries use net profit before income tax as the measurement for segment profit and the basis of performance assessment. The net revenue, net profit before income tax, assets and liabilities are composed of direct attributed and allocated revenues and expenses. The revenue and expenses between the operating segments are netted off.

a. Segment revenues and results

Following is an analysis of the Corporation and subsidiaries' operating revenue and results by reportable segment:

	Principal Investment Business	Financial Market Business	Corporate Banking Business	Others	Total
For the year ended December 31, 2016					
Interest profit, net	$ 92,794	$ -	$ -	$ 65,683	$ 158,477
Net revenue (loss) - intersegment	(444,658)	-	-	444,658	-
Noninterest profits and gains, net	2,701,201	-	-	271,980	2,973,181
Net revenue	2,349,337	-	-	782,321	3,131,658
Reversal of allowance for bad debts and losses on guarantees	42,757	-	-	-	42,757
Operating expenses	(1,106,945)	-	-	(463,256)	(1,570,201)
Income before income tax	1,285,149	-	-	319,065	1,604,214
Income tax expense	(42,783)	-	-	(82,705)	(125,488)
Net profit	$ 1,242,366	$ -	$ -	$ 236,360	$ 1,478,726
For the year ended December 31, 2015					
Interest profit, net	$ 175,133	$ 461,863	$ 773,280	$ 34,712	$ 1,444,988
Net revenue (loss) - intersegment	(483,143)	(215,699)	(58,082)	756,924	-
Noninterest profits and gains, net	3,746,597	1,248,978	150,556	368,427	5,514,558
Net revenue	3,438,587	1,495,142	865,754	1,160,063	6,959,546
Reversal of allowance for bad debts and losses on guarantees	116,456	358	87,358	1,585	205,757
Operating expenses	(1,100,911)	(133,558)	(215,193)	(860,264)	(2,309,926)
Income before income tax	2,454,132	1,361,942	737,919	301,384	4,855,377
Income tax benefit (expense)	(67,514)	-	(6,084)	107,172	33,574
Net profit	$ 2,386,618	$ 1,361,942	$ 731,835	$ 408,556	$ 4,888,951

b. Segment assets and liabilities

	Principal Investment Business	Financial Market Business	Corporate Banking Business	Others	Total
December 31, 2016					
Assets	$ 50,774,230	$ -	$ -	$ 22,428,381	$ 73,202,611
Liabilities	$ 1,512,959	$ -	$ -	$ 1,579,812	$ 3,092,771
December 31, 2015					
Assets	$ 57,523,921	$ -	$ -	$ 15,252,626	$ 72,776,547
Liabilities	$ 1,537,448	$ -	$ -	$ 1,623,394	$ 3,160,842

c. Geographical information

The Corporation and subsidiaries' revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	For the Years Ended December 31	
	2016	2015
Taiwan	$ 1,174,580	$ 4,279,047
British Virgin Islands	567,842	1,224,025
Malaysia	548,229	483,605
Hong Kong	273,182	202,067
Grand Cayman	249,392	395,164
China	213,611	287,561
Others	104,822	88,077
	$ 3,131,658	$ 6,959,546

d. Information about major customers

No revenue from any individual customer exceeded 10% of the Corporation and subsidiaries' revenue in 2016 and 2015.

TABLE 1

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Management Inc.	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	$ 72,600	0.41	$ 72,600	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	5,266	0.05	5,266	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	2,490	0.18	2,490	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	101,240	1,689	0.14	1,689	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	26,160	0.67	26,160	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	557	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	14,886	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	1,606	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	6,241	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,442,883	13,645	2.16	17,676	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	402	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	243,651	100.00	243,651	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	1,500,000	14,281	1.00	14,281	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	1,750,000	17,089	1.00	17,089	
	CDIB Innovation Advisors Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	11,106	60.00	11,106	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 41,054	100.00	HK$ 41,054	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,546	27.08	HK$ 3,546	
	CPEC Huachung Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 7,649	56.00	HK$ 7,649	
CDIB Private Equity Management Corporation	Stock							
	CPEC Huachuang Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	CNY 6,793	65.00	CNY 6,793	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Stocks							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 6,879	58.33	CNY 6,879	
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Fund							
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 6,954	-	CNY 6,954	
CPEC Huachung Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund							
	CPEC Huachung Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	CNY 7,143	-	CNY 7,143	
CDIB Venture Capital Corporation	Stocks							
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	183,142	1.91	183,142	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	121,285	3.62	121,285	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	17,825	0.75	17,825	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	3,455,158	30,060	5.51	30,060	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	28,843	1.17	28,843	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	2,355	0.02	2,355	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	3,228,366	161,418	0.86	161,418	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,215,328	77,351	1.41	77,351	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	4,555,307	67,102	0.44	67,102	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	34,426	0.46	34,426	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2016 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	$ 26,197	0.76	$ 26,197	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	613,462	50,672	0.34	50,672	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	23,004	5.71	23,004	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	15,854	0.37	15,854	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	223,663	7,783	0.30	7,783	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	1,167,000	38,161	1.84	38,161	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	6,400,000	6,260	0.42	6,260	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	49,262	1.58	49,262	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	70,263	2.31	70,263	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	1,110,000	17,927	2.93	17,927	
	FocalTech Corporation, Ltd.	-	Available-for-sale financial assets	495,352	17,436	0.17	17,436	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	86,658	0.45	86,658	
	Enterex International Limited	-	Available-for-sale financial assets	1,751,000	93,503	1.74	93,503	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	4,250,961	7,822	2.23	7,822	
	HIM International Music Inc.	-	Available-for-sale financial assets	1,116,960	130,684	2.61	130,684	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	8,575	0.04	8,575	
	Andes Technologies Co., Ltd.	-	Available-for-sale financial assets	958,296	67,742	2.58	67,742	
	Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	743,847	15,621	0.73	15,621	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	202,480	12,804	0.29	12,804	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Available-for-sale financial assets	1,281,000	31,769	3.46	31,769	
	Shane Global Holding Inc.	-	Available-for-sale financial assets	1,715,700	144,545	1.72	144,545	
	Dyaco Co., Ltd.	-	Available-for-sale financial assets	5,575,500	227,759	6.00	227,759	
	Interactive Digital Technologies Inc.	-	Available-for-sale financial assets	2,881,000	108,038	6.24	108,038	
	4Gamers Entertainment Inc.		Available-for-sale financial assets	24,000	12,912	20.00	12,912	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,408,659	35,751	2.01	27,469	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	4,986	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	5,568	
	Top Green Technologies Inc.	-	Financial assets measured at cost	1,111,111	16,667	0.89	5,505	
	Biodenta Corporation	-	Financial assets measured at cost	1,299,999	32,500	3.10	13,000	
	M2Communication, Inc.	-	Financial assets measured at cost	6,477,527	96,810	16.73	103,640	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.48	52,485	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	9.96	66,529	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	522	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	188,158	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	56,724	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	108,946	19.47	177,703	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	155,666	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	133,731	
	DL-tek Co., Ltd.	-	Financial assets measured at cost	3,772,331	51,100	1.03	47,994	
	Cvie Therapeutics Limited	-	Financial assets measured at cost	846,351	40,262	4.15	71,940	
	Zentera Systems, Inc. - preferred stock	-	Financial assets measured at cost	1,324,503	61,900	39.35	75,852	(Note 4)
	Greenvines Biotech Co., Ltd.	-	Financial assets measured at cost	136,363	12,000	13.11	17,700	
	AMPAK Technology Inc.	-	Financial assets measured at cost	1,208,650	24,795	1.44	15,833	
	Azotek Co., Ltd.	-	Financial assets measured at cost	824,500	27,645	1.65	10,136	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	1,500,000	33,000	4.22	35,169	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	4,301	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,920,000	6,720	5.50	30,544	
	CBA Sports International Ltd.	-	Financial assets measured at cost	514,821	78,046	0.69	16,422	
	Chipsip Technology Co., Ltd.	-	Financial assets measured at cost	428,928	1,759	1.02	756	
	Derbysoft Holdings Limited - preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	45.78	276,455	(Note 4)
	Derbysoft Holdings Limited - preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	45,847	(Note 4)
	Cvie Therapeutics Company Limited	-	Financial assets measured at cost	560,000	21,708	4.15	39,337	
	Regal Holding Co., Ltd.	-	Financial assets measured at cost	2,200,000	182,600	6.49	268,400	
	Handa Pharmaceuticals Inc. - preferred stock	-	Financial assets measured at cost	2,850,000	91,200	2.73	299,250	
	Sum Max Tech. Limited	-	Financial assets measured at cost	2,340,000	108,000	14.52	226,980	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets measured at cost	11,167,513	73,874	40.74	78,786	(Note 4)
	FUNP Co., Ltd. - preferred stock	-	Financial assets measured at cost	400,000	48,283	20.00	58,093	(Note 4)
	Fiiser Inc. - preferred stock	-	Financial assets measured at cost	878,029	48,585	100.00	40,503	(Note 4)
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	16,139	2.46	16,139	(Note 4)
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	650,000,000	2,435,332	100.00	2,435,332	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
	Option							
	CBA Sports International Limited	-	Financial assets measured at cost	-	$ 142,819	-	$ 159,079	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	158,126	-	76,638	
CDIB Venture Capital (Hong Kong) Corporation Limited	Stocks							
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 17,262	70.00	HK$ 17,262	
	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 272,045	-	HK$ 272,045	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 226,654	-	HK$ 226,654	
CPEC Huakai Private Equity (Fujian) Co., Ltd	Stocks							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	CNY 2,460	20.00	CNY 2,460	
CDIB Capital Investment I Limited	Stocks							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 80	100.00	US$ 80	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 4,538	4.74	US$ 4,538	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	24,298,000	US$ 736	1.59	US$ 736	
	CCAP Best Logistics Holdings Limited	-	Available-for-sale financial assets	1,000	US$ 4,661	11.11	US$ 4,661	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 4,144	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 16,575	(Note 4)
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 1,062	(Note 4)
	Touch Media International Holdings - preferred stock - B	-	Financial assets measured at cost	8,097,973	US$ 906	60.44	US$ 23	(Note 4)
	Rock Mobile (Cayman) Co. - preferred stock - C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 530	(Note 4)
	Chewy, Inc.	-	Financial assets measured at cost	12,368	US$ 11,699	2.17	US$ 11,699	
	Fund							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 65,356	-	US$ 65,356	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,231	-	US$ 1,284	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 540	-	US$ 9,886	
	MSD Sports Partners, L.P.	-	Financial assets measured at cost	-	US$ 8,060	-	US$ 8,060	
	Option							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 1,785	-	US$ 12,849	
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	-	US$ 304	-	US$ 304	
	Convertible (exchangeable) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 4,368	-	US$ 4,023	
	Mestay Cayman Islands Limited	-	Debt instruments with no active markets	-	US$ 4,696	-	US$ 4,696	
	Corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,398	-	US$ 6,513	
Subicvest, Inc.	Stocks							
	SPEC Protertices, Inc.	-	Financial assets measured at cost	242,683	PHP 2,590	3.44	PHP 2,590	
CDIB Capital Investment II Limited	Stocks							
	Neo-neon Holdings Ltd.	-	Available-for-sale financial assets	14,000,000	US$ 2,058	0.72	US$ 2,058	
	Great Rich Technologies Limited	-	Available-for-sale financial assets	1,660,000	US$ 6,218	2.46	US$ 6,218	
	Indostar Capital	-	Financial assets measured at cost	992,674	US$ 9,927	4.53	US$ 19,423	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	992,332	US$ 9,923	9.37	US$ 19,324	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 503	
	Option							
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 2,347	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
	Fund							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 4,232	-	US$ 6,535	
CDIB Global Markets Limited	Stocks							
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ 42	
	Sonics, Inc. - preferred stock-B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ 446	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 22	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 13	(Note 4)
	Optoplex Corporation - preferred stock-A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 4	(Note 4)
	Optoplex Corporation - preferred stock-B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 10	(Note 4)
	Optoplex Corporation - common stock		Financial assets measured at cost	55	US$ -	-	US$ -	
	GoPro, Inc.	-	Available-for-sale financial assets	51,878	US$ 452	0.04	US$ 452	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	834	US$ 19,980	39.94	US$ 33,590	(Note 4)
	Fund							
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,460	-	US$ 4,611	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 3,523	-	US$ 3,265	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 7,475	-	US$ 6,807	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 3,119	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 7,002	-	US$ 7,811	
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 6,143	-	US$ 6,006	
	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$ 8,351	-	US$ 10,580	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,620	-	US$ 7,920	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 6,954	-	US$ 7,870	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,727	-	US$ 8,480	
	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$ 4,235	-	US$ 6,246	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 14,773	-	US$ 63,121	
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 4,067	-	US$ 4,559	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,383	-	US$ 6,149	
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 11,408	-	US$ 11,716	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 4,077	-	US$ 4,557	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 5,924	-	US$ 5,421	
	Huaxing Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 3,688	-	US$ 3,783	
	THL Equity Fund VI Investors (Ceridian) L.P.	-	Financial assets measured at cost	-	US$ 5,006	-	US$ 7,950	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 6,151	100.00	US$ 6,151	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,364	100.00	US$ 5,364	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,581	100.00	US$ 1,581	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (45)	100.00	US$ (45)	
China Development Asset Management Corp.	Stocks							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	2,000,000	112,598	100.00	112,598	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	226,000,000	2,530,059	100.00	2,530,059	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	19,000,000	198,529	100.00	198,529	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	46,031	12.25	46,093	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,748,769	8,672	1.07	106,551	

Note 1: The Corporation and subsidiaries 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 December 31, 2016. The net assets values of unlisted stocks, on which the Corporation 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.

(Continued)

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)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
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 CORPORATION'S SUBSIDIARIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 Corporation	Stock													
	CDIB Venture Capital Corporation	Investment accounted for using the equity method	-	-	822,790,915	$ 7,754,037	100,000,000	$ 1,110,658 (Note 1)	-	$ -	$ -	$ -	922,790,915	$ 8,864,695
	China Development Asset Management Corp.	Investment accounted for using the equity method	-	-	400,000,000	4,509,009	-	-	200,000,000	-	2,112,054 (Note 2)	-	200,000,000	2,396,955
	CDIB Capital Management Corporation	Investment accounted for using the equity method	-	-	73,093,889	989,009	-	-	40,000,000	-	387,081 (Note 3)	-	33,093,889	601,928
	Transcend Information Inc.	Available-for-sale financial assets	-	-	5,314,287	274,322	-	-	4,860,287	447,557	250,887	196,670	454,000	23,435 (Note 4)
	JHL Biotech, Inc.	Financial assets measured at cost	-	-	23,915,844	413,228	-	-	11,021,000	765,397	190,425	574,972	12,894,844	222,803
China Development Asset Management Corp.	Stock													
	Development Industrial Bank Asset Management Corp.	Investment accounted for using the equity method	-	-	120,000,000	1,389,860	-	-	118,000,000	-	1,277,262 (Note 5)	-	2,000,000	112,598
	Chung Hwa Growth 3 Asset Management Corp.	Investment accounted for using the equity method	-	-	300,000,000	3,347,955	-	-	74,000,000	-	817,896 (Note 6)	-	226,000,000	2,530,059
CDIB Venture Capital Corporation	Stock													
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment accounted for using the equity method	-	-	420,000,000	1,582,533	230,000,000	852,799 (Note 7)	-	-	-	-	650,000,000	2,435,332
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund													
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Investment accounted for using the equity method	-	-	-	HK$ 152,034	-	HK$ 120,011 (Note 8)	-	-	-	-	-	HK$ 272,045
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Investment accounted for using the equity method	-	-	-	HK$ 136,235	-	HK$ 90,419 (Note 9)	-	-	-	-	-	HK$ 226,654
CDIB Capital Investment I Limited	Fund													
	Calera XV, LLC	Financial assets measured at cost	-	-	-	US$ 15,173	-	US$ 84	-	US$ 23,262	US$ 15,257	US$ 8,005	-	-
	CDIB Capital Asia Partner Fund	Investment accounted for using the equity method	-	-	-	US$ 39,745	-	US$ 25,611 (Note 10)	-	-	-	-	-	US$ 65,356
	Stocks													
	B&M Holdings, Inc.	Financial assets measured at cost	-	-	199,999	US$ 8,828	-	-	199,999	US$ 10,000	US$ 8,828	US$ 1,172	-	-
	Chewy, Inc.	Financial assets measured at cost	-	-	-	-	12,368	US$ 11,699	-	-	-	-	12,368	US$ 11,699
CDIB Capital Investment II Limited	Bond													
	Mirae Asset PEF VII Fund	Financial assets measured at cost	-	-	-	US$ 19,971	-	-	-	US$ 15,739	US$ 15,739	-	-	US$ 4,232
	Sungjoo Design Tech & Distribution Inc.	Debt instruments with no active markets	-	-	3,334	US$ 13,379	-	-	3,334	US$ 20,431 (Note 11)	US$ 13,379	US$ 7,052	-	-

Note 1: Consists of $1,000,000 thousand from new issue, cash dividends of $40,676 thousand, exchange loss on translating foreign operations of $180,880 thousand, investment gain $145,723 thousand and unrealized gain on available-for-sale financial assets of $186,491 thousand.

Note 2: Consists of reduction of the Corporation's capital of $2,000,000 thousand, cash dividends of $196,937 thousand, defined benefit plans gain $1,276 thousand, investment gain $83,569 thousand and additional paid-in capital increase $38 thousand.

Note 3: Consists of reduction of the Corporation's capital of $400,000 thousand, cash dividends of $74,689 thousand, defined benefit plans gain $621 thousand, investment gain $57,648 thousand, exchange loss on translating foreign operations of $19,978 thousand, unrealized gain on available-for-sale financial assets of $24,981 thousand and additional paid-in capital increase $24,336 thousand.

Note 4: The cost of original acquisition.

Note 5: Consists of reduction of the Corporation's capital of $1,180,000 thousand, cash dividends of $11,409 thousand, cash dividends grated reserve of $90,000 thousand and investment gain $4,147 thousand.

Note 6: Consists of reduction of the Corporation's capital of $740,000 thousand, cash dividends of $167,713 thousand, and investment gain $89,817 thousand.

Note 7: Consists of $972,000 thousand from new issue, exchange loss on translating foreign operations of $180,880 thousand and investment gain $61,679 thousand.

(Continued)

Note 8: Consists of HK$122,451 thousand from new issue, exchange loss on translating foreign operations of HK$17,826 thousand and investment gain HK$15,386 thousand.

Note 9: Consists of HK$102,560 thousand from new issue, exchange loss on translating foreign operations of HK$12,768 thousand and investment gain HK$627 thousand.

Note 10: Consists of US$29,983 from new issue thousand, investment loss US$4,372 thousand.

Note 11: Total amount of the transaction is between KRW265 billion and KRW 313 billion, and the amount of KRW230 billion is temporarily for recognizing disposal gain, which will be adjusted by the court's judgment eventually.

Note 12: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

(Concluded)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2016
(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		
The Corporation	China Development Financial Holding Corporation	Parent company	$ 461,986	-	$ -	-	$ -	$ -

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

SOLD NONPERFORMING LOANS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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
2016.02.19	A	Unsecured loans	$ 1,601	$ 10,500	$ 8,899	-	-
2016.02.19	B	Unsecured loans	864	1,500	636	-	-
2016.02.19	C	Real estate mortgages	3,071	3,684	613	-	-
2016.03.14	D	Real estate mortgages	1,479	2,100	621	-	-
2016.03.14	E	Real estate mortgages	-	300	300	-	-
2016.04.27	F	Real estate mortgages	9,080	13,500	4,420	-	-
2016.07.14	G	Real estate mortgages	-	10,000	10,000	-	-
2016.08.16	H	Real estate mortgages	2,512	2,750	238	-	-
2016.08.23	I	Real estate mortgages	39	7,000	6,961	-	-

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 Corporation and subsidiaries: None.

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership		Note
			December 31, 2016	December 31, 2015	
The Corporation	CDIB Capital Management Corporation	Management company of venture fund	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	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 I Limited	Venture fund	-	100.00	
	CDIB Global Markets Limited (formerly named CDIB Global Markets II Limited)	Venture fund	100.00	100.00	
	CDIB Global Markets III Limited	Venture fund	-	100.00	
	CDIB Capital Investment I Limited	Venture fund	100.00	100.00	
	CDIB Capital Investment II Limited	Venture fund	100.00	100.00	
	CDIB Capital International Corporation	Management company of venture fund	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	
	Chung Hwa Growth 3 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
	Chung Hwa Growth 4 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Management company of venture fund	100.00	100.00	
	CDIB Capital International (USA) Corporation	Management company of venture fund	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Management company of venture fund	100.00	100.00	
	CDIB Capital Asia Partners Limited	Management of private equity fund	100.00	100.00	(Note)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	
CDIB Venture Capital (Hong Kong) Corporation Limited	CDIB Private Equity Management Corporation	Management and consulting	-	100.00	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	70.00	70.00	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	-	56.00	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	20.00	20.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership December 31, 2016	Percentage of Ownership December 31, 2015	Note
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	
	CDIB Innovative Advisors Corporation Limited	Management and consulting	60.00	60.00	
CDIB Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	4.33	4.53	
	CDIB Private Equity Management Corporation	Management and consulting	100.00	-	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	56.00	-	
CDIB Private Equity Management Corporation	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	-	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	93.34	93.02	

Note: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB had not invested any capital as of December 31, 2016.

Unconsolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership December 31, 2016	Percentage of Ownership December 31, 2015	Note
The Corporation	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	As of December 31, 2016, CDIB's investment in CDIB Biotech USA Investment Co., Ltd. of CDIB 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	As of December 31, 2016, 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.

(Concluded)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
						Present Shares	Virtual Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
Available-for-sale financial assets										
Financial industry - related										
China Development Financial Holding Corporation	Taiwan	Financial holding	0.14	$ 166,408	$ 10,323	347,425,670	-	347,425,670	2.32	
Nonfinancial industry - related										
Chipbond Technology Corporation	Taiwan	Manufacture, packaging and testing of semi-conductors	1.23	366,278	19,140	7,971,229	-	7,971,229	1.23	
King Yuan Electronics Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.60	176,266	12,178	6,994,695	-	6,994,695	0.60	
Formosa Advanced Technologies Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.46	47,500	4,034	2,117,000	-	2,117,000	0.48	
Transcend Information Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.11	38,681	25,060	454,000	-	454,000	0.11	
Aspeed Technology Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.42	63,513	1,074	134,276	-	134,276	0.42	
FocalTech Corporation Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	1.20	125,596	2,610	4,063,413	-	4,063,413	1.37	
Sino-America Silicon Products Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.59	114,360	5,136	6,118,918	-	6,118,918	1.05	
GlobalWafers Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.79	335,578	14,590	2,918,072	-	2,918,072	0.79	
Topoint Technology Co., Ltd.	Taiwan	Metal processing	0.94	29,261	2,035	4,006,293	-	4,006,293	2.51	
De Poan Pneumatic Corp.	Taiwan	Metal processing	4.06	29,302	1,047	2,093,000	-	2,093,000	4.06	
China Metal Products Co., Ltd.	Taiwan	Electric machinery	3.21	394,954	26,229	12,381,003	-	12,381,003	3.21	
Sharehope Medicine Co., Ltd.	Taiwan	Wholesale trade	0.48	12,528	2,895	583,663	-	583,663	0.77	
Tong Hsing Electronic Industries, Ltd.	Taiwan	Photoelectric materials and components manufacturing	0.86	154,027	9,321	2,060,248	-	2,060,248	1.26	
Epistar Corporation	Taiwan	Photoelectric materials and components manufacturing	0.22	56,546	-	2,442,607	-	2,442,607	0.22	
Lextar Electronics Corp.	Taiwan	Photoelectric materials and components manufacturing	1.96	145,729	7,146	13,648,130	-	13,648,130	2.43	
InnoLux Display Corporation	Taiwan	Photoelectric materials and components manufacturing	0.09	103,620	1,787	8,970,486	-	8,970,486	0.09	
Tera Xtal Technology Co., Ltd.	Taiwan	Photoelectric materials and components manufacturing	0.71	2,499	-	5,608,933	-	5,608,933	2.94	
Green Energy Technology Inc.	Taiwan	Manufacture of solar cells	0.09	5,982	-	371,561	-	371,561	0.09	
Solartech Energy Corp.	Taiwan	Manufacture of solar cells	2.12	118,645	-	13,072,594	-	13,072,594	3.52	
Neo Solar Power Corp.	Taiwan	Manufacture of solar cells	1.38	207,379	70	18,567,731	-	18,567,731	1.82	
Entery Industrial Co., Ltd.	Taiwan	Manufacture of other electronic parts and components	13.60	21,518	(182,482)	8,364,000	-	8,364,000	13.60	
Aces Electronic Co., Ltd.	Taiwan	Manufacture of other electronic parts and components	0.92	27,965	454	3,984,904	-	3,984,904	3.23	
Hotron Precision Electronic Industrial Co., Ltd.	Taiwan	Manufacture of other electronic parts and components	4.65	96,530	2,531	4,119,000	-	4,119,000	6.49	
Copartner Tech. Corp.	Taiwan	Manufacture of other electronic parts and components	12.97	163,711	11,024	11,024,340	-	11,024,340	12.97	
Dynamic Electronics Co., Ltd.	Taiwan	Manufacture of bare printed circuit boards and the assembly	3.54	87,352	-	13,234,137	-	13,234,137	4.71	
Qisda Corporation	Taiwan	Manufacture of computers and peripheral equipment	7.60	2,249,536	85,075	149,470,831	-	149,470,831	7.60	
Darfon Electronics Corp.	Taiwan	Manufacture of computers and peripheral equipment	0.50	31,726	3,863	1,486,000	-	1,486,000	0.50	
Aten International Co., Ltd.	Taiwan	Manufacture of computers and peripheral equipment	1.29	123,605	8,014	3,890,438	-	3,890,438	3.26	
ADDA Corporation	Taiwan	Manufacture of computers and peripheral equipment	3.74	55,167	-	5,462,124	-	5,462,124	3.74	
Gallant Precision Machine Co., Ltd.	Taiwan	Manufacture of electrical and machinery equipment	5.27	182,897	9,431	9,956,857	-	9,956,857	6.03	
Utechzone Co., Ltd.	Taiwan	Manufacture of electrical and machinery equipment	4.54	129,478	6,946	2,778,496	-	2,778,496	4.54	
Chime Ball Technology Co., Ltd.	Taiwan	Manufacture of electrical and machinery equipment	1.29	20,879	1,344	522,637	-	522,637	1.29	
Super Dragon Technology Co., Ltd.	Taiwan	Water supply and remediation activities	1.14	18,589	-	1,176,512	-	1,176,512	1.14	
Powertech Industrial Co., Ltd.	Taiwan	Manufacture of electrical and machinery equipment	3.43	46,407	371	3,911,825	-	3,911,825	3.61	
Coland Holdings Limited	Grand Cayman	Manufacture of pharmaceuticals and medicinal chemical products	0.72	28,407	842	561,402	-	561,402	0.72	
Taiwan Hon Chuan Enterprise Co., Ltd.	Taiwan	Manufacture of rubber and plastic materials	0.25	39,003	2,334	755,004	-	755,004	0.26	
Donpon Precison Inc.	Taiwan	Manufacture of rubber and plastic materials	6.82	108,017	7,153	6,793,493	-	6,793,493	6.82	
Taihan Precision Technology Co., Ltd.	Taiwan	Manufacture of rubber and plastic materials	3.64	19,848	-	5,736,545	-	5,736,545	9.14	
Magnate Technology Corp.	Taiwan	Manufacture of transport equipment and parts	2.23	32,280	1,630	1,209,000	-	1,209,000	2.23	
Kuangli Photoelectric Technology Co., Ltd.	Taiwan	Manufacture of other non-metallic mineral products	11.45	41,795	-	5,224,326	-	5,224,326	11.45	

(Continued)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
						Present Shares	Virtual Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
Pili International Multimedia Co., Ltd.	Taiwan	Motion picture, video and television programmer production, sound recording and music publishing activities	2.74	$ 107,518	$ 3,162	1,533,000	-	1,533,000	3.41	
Sunko Ink Co., Ltd.	Taiwan	Industrial chemical manufacturing	5.68	188,124	-	12,625,788	-	12,625,788	5.68	
Investments accented for using equity method										
Financial industry - related										
China Development Asset Management Corporation	Taiwan	Financial institution creditor's right (money) purchase and management	100.00	2,396,955	83,570	200,000,000	-	200,000,000	100.00	
Nonfinancial industry - related										
CDIB Venture Capital Corporation	Taiwan	Venture fund	100.00	8,864,695	169,634	922,790,915	-	922,790,915	100.00	
CDIB Capital Investment I Limited	British Virgin Islands	Venture fund	100.00	6,168,009	(69,536)	132,800,000	-	132,800,000	100.00	
CDIB Global Markets Limited	Malaysia	Venture fund	100.00	7,828,463	332,957	339,392	-	339,392	100.00	
CDIB Capital Investment II Limited	British Virgin Islands	Venture fund	100.00	2,582,414	322,757	80,000,000	-	80,000,000	100.00	
CDIB Biotech USA Investment Co., Ltd.	British Virgin Islands	Venture fund	50.00	-	46,383	3,060,000	-	3,060,000	50.00	
CDIB Capital International Corporation	Grand Cayman	Venture fund management	100.00	744,739	166,470	4,700,000	-	4,700,000	100.00	
CDIB Bioscience Venture Management (BVI), Inc.	British Virgin Islands	Fund management activities	28.04	4,716	31	112,500	-	112,500	28.04	
CDIB Biomedical Venture Capital Corporation	Taiwan	Venture fund	33.29	568,805	1,531	60,000,000	-	60,000,000	34.29	
CDIB CME Fund Ltd.	Taiwan	Venture fund	38.80	554,099	(9,669)	59,400,000	-	59,400,000	39.60	
CDIB & Partners Investment Holding Corporation	Taiwan	Investment	28.71	4,254,892	82,903	367,200,000	-	367,200,000	33.66	
CDIB Bioscience Ventures I, Inc.	Taiwan	Venture fund	20.00	55,068	4,503	5,729,721	-	5,729,721	21.41	
Tuntex Gas Corporation	Taiwan	Electricity and gas supply	47.30	50,000	-	104,066,400	-	104,066,400	47.30	
CDIB Capital Management Corp.	Taiwan	Venture capital fund management	100.00	601,928	57,648	33,093,889	-	33,093,889	100.00	
Financial assets measured at cost										
Financial industry - related										
Taiwan Stock Exchange Corp.	Taiwan	Other securities	7.00	8,400	69,519	56,765,477	-	56,765,477	8.39	
Taiwan Futures Exchange Co., Ltd.	Taiwan	Other futures	0.51	10,250	3,350	18,734,929	-	18,734,929	6.12	
Nonfinancial industry - related										
Dabomb Protein Corp.	Taiwan	Manufacture of food, beverages and tobacco	12.86	83,032	3,815	3,128,160	-	3,128,160	12.86	
Chain Yarn Co., Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	10.30	222,642	-	16,671,977	-	16,671,977	10.85	
Solar Fine Chemical Co., Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	10.83	61,960	-	4,828,064	-	4,828,064	10.83	
Orgchem Technologies, Inc.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	1.86	49,000	1,067	1,067,220	-	1,067,220	1.86	
EChem Hightech Co., Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	11.69	27,720	-	2,047,913	-	2,047,913	11.69	
Nytex Composites Co., Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	0.67	6,026	-	533,322	-	533,322	0.67	
Beauty Essentials International Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	8.81	179,045	-	86,503,067	-	86,503,067	8.81	
Hair O' right International Corp.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	9.02	89,120	797	1,835,837	-	1,835,837	9.02	
Nan Pao Technology Co., Ltd.	Taiwan	Manufacture of petroleum and coal products and wholesale of chemical materials and chemical products	1.30	105,000	4,830	1,267,875	-	1,267,875	1.30	
5V Technologies Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.99	10,172	-	159,435	-	159,435	0.99	
Beyond Innovation Technology Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	6.27	41,289	-	2,984,756	-	2,984,756	8.84	
Initio Corporation	Taiwan	Manufacture, packaging and testing of semi-conductors	2.72	3,599	-	584,010	-	584,010	3.24	
Subtron Technology Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	4.19	193,819	-	12,316,000	-	12,316,000	4.19	
Terawins, Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	6.30	27,173	488	1,913,996	-	1,913,996	6.30	
Mosart Semiconductor Corp.	Taiwan	Manufacture, packaging and testing of semi-conductors	10.57	60,056	1,119	2,731,098	-	2,731,098	10.57	
Aptos Technology Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	7.38	319,933	-	10,620,446	-	10,620,446	7.38	
Asia Pacific Microsystems, Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	0.74	3,524	(7,154)	697,026	-	697,026	0.74	
Feature Integration Technology, Inc.	Taiwan	Manufacture, packaging and testing of semi-conductors	4.03	52,585	1,449	1,341,803	-	1,341,803	4.03	
LeFram Technology Corp.	Taiwan	Manufacture, packaging and testing of semi-conductors	17.48	54,757	3,048	7,484,454	-	7,484,454	17.48	

(Continued)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
						Present Shares	Virtual Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
Yenyo Technology Co., Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	9.91	$ 42,000	$ -	4,500,000	-	4,500,000	11.15	
Orient Pharma Co., Ltd.	Taiwan	Manufacture of pharmaceuticals and medicinal chemical products	2.20	55,307	-	2,892,151	-	2,892,151	2.22	
Vita Genomics, Inc.	Taiwan	Manufacture of pharmaceuticals and medicinal chemical products	0.13	1,413	-	141,310	-	141,310	0.13	
PlexBio Co., Ltd.	Taiwan	Manufacture of pharmaceuticals and medicinal chemical products	6.93	88,150	-	3,526,000	-	3,526,000	6.93	
JHL Biotech, Inc.	Taiwan	Manufacture of pharmaceuticals and medicinal chemical products	5.88	222,803	-	12,894,844	-	12,894,844	5.88	
Foresee Pharmaceuticals Co., Ltd.	Taiwan	Manufacture of pharmaceuticals and medicinal chemical products	4.34	129,854	-	4,087,050	-	4,087,050	5.67	
Samara Capital Partners Fund I Limited	India	Trusts, funds and other financial vehicles	-	199,658	-	-	-	-	-	
Arch Venture Fund V, L.P.	USA	Trusts, funds and other financial vehicles	-	27,329	-	-	-	-	-	
CommLaunch Ventures L.P.	Israel	Trusts, funds and other financial vehicles	-	40,092	-	-	-	-	-	
Platinum Venture Capital L.P.	Israel	Trusts, funds and other financial vehicles	-	6,492	-	-	-	-	-	
The Asia Java Fund PTE Ltd.	Singapore	Trusts, funds and other financial vehicles	11.34	6	-	2,111	-	2,111	11.34	
Forward Ventures IV, L.P.	USA	Trusts, funds and other financial vehicles	-	15,719	-	-	-	-	-	
Forward Venture V, L.P.	USA	Trusts, funds and other financial vehicles	-	64,388	-	-	-	-	-	
Mpm Bioventures III L.P.	USA	Trusts, funds and other financial vehicles	-	63,643	-	-	-	-	-	
Sanderling Ventures V Co-Investment Fund	USA	Trusts, funds and other financial vehicles	-	32,535	-	-	-	-	-	
Ca-Hire Co-Investment, L.P. - Coates Hire Funding	Grand Cayman	Trusts, funds and other financial vehicles	-	135,062	-	-	-	-	-	
THL Equity Fund VI Investors (Ceridian), L.P.	USA	Trusts, funds and other financial vehicles	-	228,510	-	-	-	-	-	
Power Venture Co.	Taiwan	Investing and venture fund	5.68	7,696	(1,220)	769,597	-	769,597	5.68	
Riselink Venture Capital Corp.	Taiwan	Investing and venture fund	12.50	80,158	-	8,015,792	-	8,015,792	12.50	
Overseas Investment & Development Corp.	Taiwan	Construction	2.89	26,000	600	2,600,000	-	2,600,000	2.89	
Vita Genomics, Inc.	Taiwan	Professional, scientific and technical activities	0.42	8,587	-	858,690	-	858,690	0.42	
Core Pacific City Co., Ltd.	Taiwan	Retail trade	0.70	70,313	-	11,250,000	-	11,250,000	0.70	
Yih Dah Co., Ltd.	Taiwan	Retail trade	19.89	-	(153,354)	13,746,864	-	13,746,864	19.89	
Leyou, Inc.	Grand Cayman	Retail trade	5.07	450,150	-	-	663,958,732	663,958,732	5.07	
Arcoa Communication Co., Ltd.	Taiwan	Retail trade	5.64	101,207	10,216	8,350,424	-	8,350,424	6.22	
Insrea Game Center Corp.	Taiwan	Publishing activities	17.65	8,610	-	3,000,000	-	3,000,000	17.65	
Lager Network Technologies Inc.	Taiwan	Publishing activities	5.00	30,000	-	1,500,000	-	1,500,000	5.00	
Excelsior Medical Co., Ltd.	Taiwan	Human health and social work activities	4.81	147,857	3,196	66,000	-	66,000	9.62	
Jochu Technology Co., Ltd.	Taiwan	Metal processing	5.70	145,462	2,646	8,499,726	-	8,499,726	10.21	
TopGreen Technology Co., Ltd.	Taiwan	Metal processing	1.70	22,500	-	814,377	-	814,377	1.70	
Wai-Gin Industrial Co., Ltd.	Taiwan	Metal processing	3.44	11,106	-	1,170,000	-	1,170,000	3.44	
YIEH United Steel Corp.	Taiwan	Metal processing	0.59	121,321	-	14,930,136	-	14,930,136	0.60	
UP Scientech Materials Corp.	Taiwan	Metal processing	6.85	252,200	1,395	4,651,344	-	4,651,344	6.85	
Kaohsiung Rapid Transit Co., Ltd.	Taiwan	Transportation and storage	1.38	39,703	-	3,845,330	-	3,845,330	1.38	
HCT Logistics Co., Ltd.	Taiwan	Transportation and storage	1.97	113,705	7,381	4,920,876	-	4,920,876	1.97	
Jouge Technology Co., Ltd.	Taiwan	Photoelectric materials and components manufacturing	9.68	32,625	(10,750)	1,568,700	-	1,568,700	9.68	
Gloria Solar International Holding, Inc.	Grand Cayman	Photoelectric materials and components manufacturing	3.43	17,920	-	4,000,000	-	4,000,000	3.43	
Luxtaltek Corporation	Taiwan	Photoelectric materials and components manufacturing	2.47	27,094	-	1,659,662	-	1,659,662	2.67	
Elit Fine Ceramics Co., Ltd.	Taiwan	Photoelectric materials and components manufacturing	10.64	80,000	-	5,000,000	-	5,000,000	10.64	
Axuntek Solar Energy Co., Ltd.	Taiwan	Photoelectric materials and components manufacturing	6.06	-	(13,200)	880,000	-	880,000	6.06	
Lightel Technologies, Inc.	USA	Electronic and optical products manufacturing	11.27	89,700	-	-	3,000,000	3,000,000	11.27	
Vactronics Technologies, Inc.	Taiwan	Photoelectric materials and components manufacturing	5.46	48,060	-	2,375,533	-	2,375,533	5.46	
Cando Corporation	Taiwan	Photoelectric materials and components manufacturing	3.97	-	(7,903)	21,425,050	-	21,425,050	5.49	
AeroVision Avionics, Inc.	Taiwan	Photoelectric materials and components manufacturing	5.46	-	207	2,070,000	-	2,070,000	5.46	
MEC Imex Inc.	Taiwan	Manufacture of other electronic parts and components	10.52	107,853	-	4,802,000	-	4,802,000	10.52	
Dee Van Enterprise Co., Ltd.	Taiwan	Manufacture of other electronic parts and components	6.04	120,761	1,388	5,634,638	-	5,634,638	8.05	
Hua Jie (Taiwan) Corp.	Taiwan	Manufacture of other electronic parts and components	6.45	13,395	-	1,300,403	-	1,300,403	6.45	
Sunshine PV Corp.	Taiwan	Manufacture of solar cells	4.67	31,871	-	3,187,128	-	3,187,128	4.67	
Top Green Energy Technologies Inc.	Taiwan	Manufacture of solar cells	12.99	292,333	-	17,351,851	-	17,351,851	13.88	
Tak Technology Co., Ltd.	Taiwan	Manufacture of electronic passive devices	4.14	2,665	-	2,467,706	-	2,467,706	4.14	
Luminous Town Electric Co., Ltd.	Taiwan	Manufacture of electronic passive devices	13.80	87,209	-	10,664,632	-	10,664,632	15.96	
EVA Technologies Co., Ltd.	Taiwan	Manufacture of bare printed circuit boards and the assembly	10.43	97,940	-	6,120,399	-	6,120,399	11.87	
Microprogram Information Co., Ltd.	Taiwan	Manufacture of electronic and optical products	7.95	68,000	-	2,550,000	-	2,550,000	7.95	
Topview Technology Corp.	Taiwan	Manufacture of electronic and optical products	7.47	40,346	4,346	1,863,227	-	1,863,227	8.87	
Eastern Electronic Co., Ltd.	Taiwan	Manufacture of electronic and optical products	6.47	46,598	1,883	4,348,680	-	4,348,680	6.47	
Aonvision Technology Corp.	Taiwan	Manufacture of electronic and optical products	11.71	-	(45,075)	1,803,000	-	1,803,000	11.71	
Everest Display Inc.	Taiwan	Manufacture of electronic and optical products	2.49	4,297	(17,188)	408,760	-	408,760	2.49	
Dragon Jet Corporation	Taiwan	Manufacture of computers and peripheral equipment	4.77	178,450	2,150	4,300,000	-	4,300,000	4.77	

(Continued)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
						Present Shares	Virtual Shares (Note 2)	Total		
								Shares	Percentage of Ownership	
Logitech Inc.	Taiwan	Manufacture of electrical and machinery equipment	10.69	$ 23,862	$ -	2,965,248	-	2,965,248	10.69	
STL Technology Co., Ltd.	Taiwan	Manufacture of electrical and machinery equipment	7.76	191,968	-	12,457,934	-	12,457,934	17.71	
E-One Moli Energy Corp.	Taiwan	Manufacture of electrical and machinery equipment	2.40	105,234	-	6,035,000	-	6,035,000	2.40	
Gold Peak Industries (Taiwan) Ltd.	Taiwan	Manufacture of electrical and machinery equipment	15.04	173,341	110	30,616,980	-	30,616,980	15.04	
Amia Co., Ltd.	Taiwan	Water supply and remediation activities	9.54	210,000	1,425	6,000,000	-	6,000,000	9.54	
Eastern Power and Electric Company Limited	Thailand	Electricity and gas supply	12.00	295,572	59,654	3,201,019	-	3,201,019	12.00	
General Life Biotechnology Co., Ltd.	Taiwan	Manufacture of furniture and other manufacturing	8.40	54,000	-	2,520,000	-	2,520,000	8.40	
Biodenta Corporation	Taiwan	Manufacture of furniture and other manufacturing	3.58	37,500	-	2,799,999	-	2,799,999	6.68	
Healthstream Taiwan Inc.	Taiwan	Manufacture of furniture and other manufacturing	13.96	59,980	2,033	4,774,523	-	4,774,523	13.96	
Apexigen, Inc.	USA	Manufacture of pharmaceuticals and medicinal chemical products	5.62	75,847	-	-	4,970,588	4,970,588	5.62	
Awise Fiber Technology Co., Ltd.	Taiwan	Manufacture of transport equipment and parts	18.15	43,750	-	3,500,000	-	3,500,000	18.15	
Motive Power Industry Co., Ltd.	Taiwan	Manufacture of transport equipment and parts	10.00	141,000	8,000	10,000,000	-	10,000,000	10.00	
China Products Dev. Co.	Taiwan	Agriculture, forestry, fishing and animal husbandry	6.47	4,993	22	646,884	-	646,884	6.47	
Engineering and IP Advanced Technologies Ltd.	Israel	Computer system design services	-	2	-	4,216	-	4,216	-	
Engineering and IP Advanced Technologies Ltd.-Preferred stock	Israel	Computer system design services	0.32	2,354	232	-	6,392,765	6,392,765	0.32	
Eversol Corp.	Taiwan	Manufacture of solar cells	2.50	1,403	(195,618)	7,015,000	-	7,015,000	2.50	
Chipship Technology Ltd.	Taiwan	Manufacture, packaging and testing of semi-conductors	4.56	7,853	-	2,344,216	-	2,344,216	5.58	
<u>Debt instruments with no active market</u>										
<u>Nonfinancial industry - related</u>										
Belta (Cayman) Holding Company Ltd. - Corporate Bond	Grand Cayman	Services	19.26	358,439	-	-	35,781	35,781	19.26	

Note 1: All present shares or virtual shares of the Corporation, directors, supervisors, the Corporation's managers, and affiliates should be included.

Note 2: (1) Virtual shares are acquired under the hypothesis that equity-type securities and derivative financial instrument contracts are transferred to common shares. Based on the transaction terms or the holding purposes of the Corporation, the two types of investments are linked to the equity of investees, which are recognized as investments accounted for using equity method, available-for-sale financial assets and financial assets measured at cost, to comply with Article 74 of the Securities and Exchange Act. (2) Equity-type securities are securities regulated by Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible bonds and warrants. (3) Financial instrument contracts are those defined under International Accounting Standard 39 "Accounting for Financial Instruments," such as stock options.

(Concluded)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2016
(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, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
China Healthcare Multi-services, Inc.	Third party medical services under emergency	RMB 41,192 thousand	Note 1,b,1)	US$ 1,871 thousand	$ -	US$ 1,871 thousand	$ -	Note 3	-	$ -	$ -	$ -
China Peptides (Wuhan) Co., Ltd.	Sale and R&D protein drugs	US$ 65,000 thousand	Note 1,b,2)	US$ 2,988 thousand	US$ 9,215 thousand	US$ 2,988 thousand	US$ 9,215 thousand	Note 3	-	-	-	-
JHL Biotech, Inc. (Wuhan)	R&D protein drugs	RMB 50,000 thousand	Note 1,b,2)	US$ 734 thousand	-	US$ 734 thousand	-	Note 3	-	-	-	-
Beauty Essential International Ltd.	Sale and R&D the cosmetic	US$ 2,000 thousand	Note 1,b,3)	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,4)	US$ 2,800 thousand	-	-	US$ 2,800 thousand	Note 3	41.69 (Note 6)	-	91,938	-
	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1,b,4)	US$ 464 thousand	-	-	US$ 464 thousand	Note 3	9.26 (Note 6)	-	15,297	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments	US$ 35,200 thousand	Note 1,b,5)	US$ 1,400 thousand	-	-	US$ 1,400 thousand	Note 3	1.66	-	45,003	-
Solar PV Corp.	Solar cell manufacture and sell	US$ 79,940 thousand	Note 1,b,6)	US$ 11,400 thousand	-	-	US$ 11,400 thousand	Note 3	9.14	-	339,711	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering	US$ 17,130 thousand	Note 1,b,7)	US$ 3,000 thousand	-	-	US$ 3,000 thousand	Note 3	10.23	-	99,603	-
Unifun Computer (Shanghai) Co., Ltd.	Internet service provider	US$ 8,000 thousand	Note 1,b,8)	US$ 1	-	-	US$ 1	Note 3	6.75	-	-	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging	US$ 87,070 thousand	Note 1,b,9)	US$ 228 thousand	-	-	US$ 228 thousand	Note 3	1.79	-	7,360	-
Touch Equipment Leasing (Shanghai) Co., Ltd.	Mobile interactive LCD equipment leasing	US$ 8,000 thousand	Note 1,b,9)	US$ 669 thousand	-	-	US$ 669 thousand	Note 3	9.61	-	21,595	-
Touch Multimedia Technology (Shanghai) Co., Ltd.	Multimedia technology, network technology, computer software development, design production and sales	RMB 114,660 thousand	Note 1,b,9)	US$ 1,080 thousand	-	-	US$ 1,080 thousand	Note 3	9.61	-	34,861	-
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,10)	US$ 182 thousand	-	-	US$ 182 thousand	Note 3	5.00	-	5,875	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 25,000 thousand	Note 1,b,9)	US$ 882 thousand	$	$	US$ 882 thousand	Note 3	2.16	$ -	$ 7,033	$ -
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,9)	US$ 33 thousand	-	-	US$ 33 thousand	Note 3	2.16	-	263	-
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; enterprise management consulting; enterprise planning and international transport agent	RMB 104,222 thousand	Note 1,b,9)	RMB 1,016 thousand	-	-	RMB 1,016 thousand	Note 3	2.16	-	1,159	-
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale; enterprise management consulting; enterprise planning and international transport agent	US$ 500 thousand	Note 1,b,9)	US$ 42 thousand	-	-	US$ 42 thousand	Note 3	2.16	-	332	-
CDIB Private Equity Management Corporation	Management and consulting	US$ 7,000 thousand	Note 1,b,12)	US$ 4,000 thousand	US$ 3,000 thousand	-	US$ 7,000 thousand	16,352	100.00	16,352	170,878	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	RMB 10,000 thousand	Note 1,b,11)	RMB 7,000 thousand	-	-	RMB 7,000 thousand	19,312	70.00	13,518	71,848	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	RMB 12,000 thousand	Note 1,b,11,12)	RMB 6,720 thousand	-	-	RMB 6,720 thousand	1,932	70.00	1,353	39,794	-
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment	RMB 700,000 thousand	Note 1,b,11,12)	RMB 141,200 thousand	RMB 105,900 thousand	-	RMB 247,100 thousand	186,790	-	65,376	1,165,320	-
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	RMB 7,000 thousand	Note 1,b,12)	RMB 4,550 thousand	-	-	RMB 4,550 thousand	14,737	65.00	9,579	31,397	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting	RMB 12,000 thousand	Note 1,b,12)	RMB 195 thousand	RMB 3,055 thousand	-	RMB 3,250 thousand	(100)	65.00	(65)	35,427	-
CPEC Huachuang Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment	RMB 700,000 thousand	Note 1,b,11,12)	RMB 121,400 thousand	RMB 91,050 thousand	-	RMB 212,450 thousand	8,560	-	2,568	960,603	-
Focus Multimedia Technology (Shanghai) Co., Ltd.	LCD advertising and multimedia network information systems software R&D; multimedia network engineering design consultancy; market research and intermediary service; LCD displays and related electronic product manufacture, assembling, integrating, packing and sale	US$ 38,000 thousand	Note 1,b,13)	US$ 16,612 thousand	-	-	US$ 16,612 thousand	Note 3	0.94	-	536,226	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
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,13)	US$ 4,371 thousand	$ -	$ -	US$ 4,371 thousand	Note 3	0.94	$ -	$ 141,097	$ -
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,13)	US$ 875 thousand	-	-	US$ 875 thousand	Note 3	0.94	-	28,234	-
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent	US$ 400 thousand	Note 1,b,13)	US$ 174 thousand	-	-	US$ 174 thousand	Note 3	0.94	-	5,618	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale	RMB 50,000 thousand	Note 1,b,14)	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,15)	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,16)	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,10,17)	US$ 2,311 thousand	-	-	US$ 2,311 thousand	Note 3	7.73	-	74,597	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 195,686 thousand	Note 1,b,10,17)	US$ 1,677 thousand	-	-	US$ 1,677 thousand	Note 3	7.73	-	54,132	-
Stonehenge Indutrial 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,9)	-	US$ 1,485 thousand	-	US$ 1,485 thousand	Note 3	4.05	-	11,835	-
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,9,18)	-	US$ 3,545 thousand	US$ 343 thousand	US$ 3,202 thousand	Note 3	1.66	-	105,678	11,074
Hangzhou Rilong Leather Co., Ltd.	Business in toys sale and doing wholesale and import business in furniture	US$ 1,000 thousand	Note 1,b,9,18)	-	US$ 10	-	US$ 10	Note 3	1.72	-	-	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
Power Logic Tech. (DongGuan) Inc.	Production and sale of computer cooling fans, radiators, computer peripheral products, LED electronic light, LED electronic drives, computer multimedia speaker, plastic mold, plastic spare parts	HK$ 21,000 thousand	Note 1,b,19)	$ -	US$ 2,590 thousand	$ -	US$ 2,590 thousand	Note 3	14.52	$ -	$ 82,879	$ -
Dongguan TaiYi Electronics Co., Ltd.	Engaged in computer radiator, wholesale electronic products, commission agents (except auction), import and export and related ancillary business	RMB 3,000 thousand	Note 1,b,19)	-	US$ 427 thousand	-	US$ 427 thousand	Note 3	14.52	-	13,673	-
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,20)	-	US$ 7,417 thousand	-	US$ 7,417 thousand	Note 3	2.67	-	59,111	-
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,21)	-	US$ 211 thousand	-	US$ 211 thousand	Note 3	0.42	-	6,827	-

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$5,963,733	US$303,899 thousand	$57,647,190

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third place by:

1) China Healthcare Multi-Service, Inc.
2) JHL Biotech, Inc.
3) Beauty Essentials International Ltd.
4) Derbysoft Holdings Limited.
5) Capital Excel Investments Limited.
6) Solar PV Corporation.
7) Hartec Asia Pte Ltd.
8) Sunfun Info Co., Ltd.
9) CDIB Capital Investment I Limited.
10) CDIB Capital Investment II Limited.
11) CDIB Venture Capital (Hong Kong) Corporation Limited.
12) CDIB Private Equity (Hong Kong) Corporation Limited.
13) CDIB Global Markets Limited.
14) GSD Technologies Co., Ltd.
15) Shengzhuang Holdings Limited.
16) Lightel Technologies, Inc.
17) CBA Sport International Limited.
18) Shane Global Holding Inc.
19) Sun Max Tech. Limited.
20) CCAP Tutwo Holdings (Hong Kong) Limited.
21) Best Logistics.

(Continued)

c. Other.

Note 2: Using the financial statements audited by an international accounting firm with a cooperative relationship with an ROC CPA firm.

Note 3: Investee Company was not significantly influenced by the Corporation, therefore the Corporation cannot acquire the related financial information.

Note 4: Investment amount authorized or soon authorized by Investment Commission, MOEA.

Note 5: The Corporation indirectly invested in Changshu Everbright Material Technology Co., Ltd. through its subsidiary's investment in Ferro China on which the Corporation fully impaired and recognized an impairment loss in 2008.

Note 6: The ratios of investees' preferred stock A or B held by subsidiaries was calculated by dividing the number of held preferred shares by the number of preferred shares outstanding.

Note 7: The Corporation formerly indirectly invested in Wuxi Paiho Testiles Co., Ltd. and Dongguan Paihong Corporation Ltd. through its subsidiary's investment in Paiho Shih Holdings Corporation. Because Paiho Shih Holdings Corporation has been listed on the Taiwan Stock Exchange on August 17, 2011, refer to its financial report for the information.

Note 8: 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 9: 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 10: 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 11: 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 12: 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 December 31, 2016, refer to its financial report for the information.

Note 13: The Corporation's subsidiary, CDIB Private Equity (Hong Kong) Corporation Limited, spent US$1,313 thousand of equity fund acquiring 100% stock right of CDIB Private Equity Management Corporation formerly invested by its subsidiary, CDIB Venture Capital (Hong Kong) Corporation Limited, and the acquiring price become the newly authorized amount.

The Corporation's subsidiary, CDIB Private Equity (Hong Kong) Corporation Limited, spent US$1,059 thousand of equity fund acquiring 56% stock right of CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership) formerly invested by its subsidiary, CDIB Venture Capital (Hong Kong) Corporation Limited, and the acquiring price become the newly authorized amount.

(Concluded)

CDIB CAPITAL GROUP
(Formerly China Development Industrial Bank)
AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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)
1	CDIB Capital International Corporation	CDIB Global Markets Limited	c	Consulting service revenue	$ 198,806	Note 4	6.20%
2	CDIB Global Markets Limited	CDIB Capital International Corporation	c	Other operating and administrative expense	198,806	Note 4	6.20%
1	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	c	Other operating and administrative expense	245,153	Note 4	7.56%
3	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	c	Consulting service revenue	245,153	Note 4	7.56%
4	CDIV Venture Capital Corporation	CDIB Capital Management Corporation	c	Other operating and administrative expense	101,563	Note 4	3.17%
5	CDIB Capital Management Corporation	CDIV Venture Capital Corporation	c	Consulting service revenue	101,563	Note 4	3.17%

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: (a) from parent to subsidiary; (b) from subsidiary to parent; and (c) 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.