

## **momo.com Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2017 and 2016 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
momo.com Inc.

We have reviewed the accompanying consolidated balance sheets of momo.com Inc. and its subsidiaries (the "Group") as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with Statement on Auditing Standards No. 36 "Review of Financial Statements," issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China (the "ROC"). A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the ROC, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the ROC.



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

April 20, 2017

### Notice to Readers

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

*For the convenience of readers, the auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in Taiwan, 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 auditors' review report and consolidated financial statements shall prevail.*

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**  
**(In Thousands of New Taiwan Dollars)**

	<b>March 31, 2017</b>		<b>December 31, 2016</b>		<b>March 31, 2016</b>	
	<b>(Reviewed)</b>		<b>(Audited)</b>		<b>(Reviewed)</b>	
<b>ASSETS</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 29)	\$ 3,200,206	31	\$ 2,745,359	27	\$ 3,019,854	31
Available-for-sale financial assets - current (Notes 7 and 29)	997,191	10	1,011,259	10	1,002,934	10
Notes and accounts receivable, net (Note 9)	33,585	-	44,969	1	23,206	-
Accounts receivable from related parties (Note 29)	8,857	-	4,947	-	10,102	-
Other receivables, net (Note 9)	397,886	4	494,611	5	388,726	4
Other receivables from related parties (Note 29)	101,070	1	165,402	2	120,702	1
Inventories (Note 10)	388,315	4	312,270	3	117,553	1
Prepayments (Note 29)	54,050	1	26,705	-	47,355	1
Other financial assets - current (Notes 11, 29 and 30)	136,967	1	890,123	9	1,206,707	13
Other current assets	<u>17,776</u>	<u>-</u>	<u>19,428</u>	<u>-</u>	<u>17,887</u>	<u>-</u>
Total current assets	<u>5,335,903</u>	<u>52</u>	<u>5,715,073</u>	<u>57</u>	<u>5,955,026</u>	<u>61</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at cost - non-current (Note 8)	60,000	1	60,000	1	60,000	1
Investments accounted for using equity method (Note 13)	1,283,234	13	1,286,727	12	1,339,406	14
Property, plant and equipment (Notes 14 and 29)	3,426,384	33	2,921,160	29	2,273,617	23
Intangible assets	21,208	-	24,239	-	20,039	-
Deferred tax assets	16,540	-	17,243	-	19,000	-
Refundable deposits (Note 29)	52,781	1	52,708	1	47,167	1
Other financial assets - non-current (Notes 11 and 30)	<u>34,150</u>	<u>-</u>	<u>34,150</u>	<u>-</u>	<u>34,750</u>	<u>-</u>
Total non-current assets	<u>4,894,297</u>	<u>48</u>	<u>4,396,227</u>	<u>43</u>	<u>3,793,979</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 10,230,200</u>	<u>100</u>	<u>\$ 10,111,300</u>	<u>100</u>	<u>\$ 9,749,005</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 15, 29 and 31)	\$ 59,929	1	\$ 63,005	1	\$ 80,763	1
Accounts payable (Note 16)	2,718,829	26	2,818,318	27	2,439,655	25
Accounts payable to related parties (Note 29)	33,833	-	5,167	-	45,824	-
Other payables (Note 17)	375,501	4	493,943	5	270,638	3
Other payables to related parties (Note 29)	96,233	1	80,527	1	38,248	-
Current tax liabilities	180,216	2	123,111	1	169,871	2
Advance receipts	52,536	-	59,708	1	58,746	1
Other current liabilities (Note 18)	<u>421,128</u>	<u>4</u>	<u>422,578</u>	<u>4</u>	<u>398,181</u>	<u>4</u>
Total current liabilities	<u>3,938,205</u>	<u>38</u>	<u>4,066,357</u>	<u>40</u>	<u>3,501,926</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	13,773	-	13,773	-	13,773	-
Deferred tax liabilities	5,338	-	4,854	-	8,833	-
Net defined benefit liabilities (Note 19)	4,971	-	5,307	-	4,535	-
Guarantee deposits (Note 20)	<u>235,390</u>	<u>3</u>	<u>241,407</u>	<u>3</u>	<u>235,428</u>	<u>3</u>
Total non-current liabilities	<u>259,472</u>	<u>3</u>	<u>265,341</u>	<u>3</u>	<u>262,569</u>	<u>3</u>
Total liabilities	<u>4,197,677</u>	<u>41</u>	<u>4,331,698</u>	<u>43</u>	<u>3,764,495</u>	<u>39</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>						
Common stock	<u>1,420,585</u>	<u>14</u>	<u>1,420,585</u>	<u>14</u>	<u>1,420,585</u>	<u>15</u>
Capital surplus	<u>3,175,583</u>	<u>31</u>	<u>3,175,583</u>	<u>31</u>	<u>3,354,858</u>	<u>34</u>
Retained earnings						
Legal reserve	461,548	5	461,548	5	355,652	4
Special reserve	151,358	1	151,358	1	-	-
Unappropriated earnings	<u>1,491,714</u>	<u>15</u>	<u>1,181,786</u>	<u>12</u>	<u>1,402,328</u>	<u>14</u>
Total retained earnings	<u>2,104,620</u>	<u>21</u>	<u>1,794,692</u>	<u>18</u>	<u>1,757,980</u>	<u>18</u>
Other equity	<u>(267,872)</u>	<u>(3)</u>	<u>(212,342)</u>	<u>(2)</u>	<u>(159,884)</u>	<u>(2)</u>
Treasury shares	<u>(397,175)</u>	<u>(4)</u>	<u>(397,175)</u>	<u>(4)</u>	<u>(397,175)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	6,035,741	59	5,781,343	57	5,976,364	61
<b>NON-CONTROLLING INTERESTS (Note 21)</b>	<u>(3,218)</u>	<u>-</u>	<u>(1,741)</u>	<u>-</u>	<u>8,146</u>	<u>-</u>
Total equity	<u>6,032,523</u>	<u>59</u>	<u>5,779,602</u>	<u>57</u>	<u>5,984,510</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 10,230,200</u>	<u>100</u>	<u>\$ 10,111,300</u>	<u>100</u>	<u>\$ 9,749,005</u>	<u>100</u>

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

# **momo.com Inc. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** **(In Thousands of New Taiwan Dollars, Except Earnings Per Share)** **(Reviewed, Not Audited)**

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 22 and 29)	\$ 7,581,526	100	\$ 7,006,276	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>6,747,961</u>	<u>89</u>	<u>6,105,127</u>	<u>87</u>
GROSS PROFIT FROM OPERATIONS	<u>833,565</u>	<u>11</u>	<u>901,149</u>	<u>13</u>
OPERATING EXPENSES (Notes 19, 23 and 29)				
Marketing expenses	241,493	3	258,048	4
Administrative expenses	<u>279,290</u>	<u>4</u>	<u>273,416</u>	<u>4</u>
Total operating expenses	<u>520,783</u>	<u>7</u>	<u>531,464</u>	<u>8</u>
NET OTHER INCOME AND EXPENSES	<u>468</u>	<u>-</u>	<u>(1,036)</u>	<u>-</u>
OPERATING INCOME	<u>313,250</u>	<u>4</u>	<u>368,649</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	15,295	-	16,275	-
Other gains and losses, net (Notes 23 and 29)	746	-	(744)	-
Finance costs (Note 23)	(805)	-	(866)	-
Share of profit of associates accounted for using equity method (Note 13)	<u>38,255</u>	<u>1</u>	<u>25,434</u>	<u>1</u>
Total non-operating income and expenses	<u>53,491</u>	<u>1</u>	<u>40,099</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	366,741	5	408,748	6
INCOME TAX EXPENSE (Note 24)	<u>58,479</u>	<u>1</u>	<u>72,228</u>	<u>1</u>
PROFIT	<u>308,262</u>	<u>4</u>	<u>336,520</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	(38,669)	(1)	853	-
Unrealized loss on available-for-sale financial assets	(14,068)	-	(9,803)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>(2,604)</u>	<u>-</u>	<u>524</u>	<u>-</u>
Other comprehensive losses, net of tax	<u>(55,341)</u>	<u>(1)</u>	<u>(8,426)</u>	<u>-</u>
COMPREHENSIVE INCOME	<u>\$ 252,921</u>	<u>3</u>	<u>\$ 328,094</u>	<u>5</u>

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# **momo.com Inc. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** **(In Thousands of New Taiwan Dollars, Except Earnings Per Share)** **(Reviewed, Not Audited)**

	<b>For the Three Months Ended March 31</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	\$ 309,928	4	\$ 343,501	5
Non-controlling interests	<u>(1,666)</u>	<u>-</u>	<u>(6,981)</u>	<u>-</u>
	<u>\$ 308,262</u>	<u>4</u>	<u>\$ 336,520</u>	<u>5</u>
COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Parent	\$ 254,398	3	\$ 334,975	5
Non-controlling interests	<u>(1,477)</u>	<u>-</u>	<u>(6,881)</u>	<u>-</u>
	<u>\$ 252,921</u>	<u>3</u>	<u>\$ 328,094</u>	<u>5</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$2.21</u>		<u>\$2.45</u>	
Diluted	<u>\$2.21</u>		<u>\$2.45</u>	

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

(Concluded)

**momo.com Inc. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
						Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translation	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2016	\$ 1,420,585	\$ 3,354,858	\$ 355,652	\$ -	\$ 1,058,963	\$ 17,941	\$ (169,299)	\$ (397,175)	\$ 5,641,525	\$ 15,027	\$ 5,656,552
Other changes in capital surplus											
Change in capital surplus from investments in associates accounted for by using equity method	-	-	-	-	(136)	-	-	-	(136)	-	(136)
Profit for the three months ended March 31, 2016	-	-	-	-	343,501	-	-	-	343,501	(6,981)	336,520
Other comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	873	(9,399)	-	(8,526)	100	(8,426)
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	343,501	873	(9,399)	-	334,975	(6,881)	328,094
BALANCE AT MARCH 31, 2016	\$ 1,420,585	\$ 3,354,858	\$ 355,652	\$ -	\$ 1,402,328	\$ 18,814	\$ (178,698)	\$ (397,175)	\$ 5,976,364	\$ 8,146	\$ 5,984,510
BALANCE AT JANUARY 1, 2017	\$ 1,420,585	\$ 3,175,583	\$ 461,548	\$ 151,358	\$ 1,181,786	\$ (37,926)	\$ (174,416)	\$ (397,175)	\$ 5,781,343	\$ (1,741)	\$ 5,779,602
Profit for the three months ended March 31, 2017	-	-	-	-	309,928	-	-	-	309,928	(1,666)	308,262
Other comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	(38,883)	(16,647)	-	(55,530)	189	(55,341)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	309,928	(38,883)	(16,647)	-	254,398	(1,477)	252,921
BALANCE AT MARCH 31, 2017	\$ 1,420,585	\$ 3,175,583	\$ 461,548	\$ 151,358	\$ 1,491,714	\$ (76,809)	\$ (191,063)	\$ (397,175)	\$ 6,035,741	\$ (3,218)	\$ 6,032,523

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

# **momo.com Inc. AND SUBSIDIARIES**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 366,741	\$ 408,748
Adjustments:		
Depreciation expenses	21,940	23,929
Amortization expenses	3,211	2,597
Provision for (reversal of) bad debt expense	510	(146)
Finance costs	805	866
Interest income	(14,578)	(15,738)
Share of profit of associates accounted for using equity method	(38,255)	(25,434)
(Gain) loss on disposal of property, plant and equipment, net	(2,583)	556
Gain on disposal of investments, net	(12)	-
Gain on foreign currency exchange, net	(586)	(5)
Others	(147)	(147)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	11,277	6,432
Accounts receivable from related parties	(3,910)	5,728
Other receivables	96,244	22,441
Other receivables from related parties	64,250	11,350
Inventories	(76,045)	7,086
Prepayments	(27,345)	(15,279)
Other current assets	(1,830)	4,309
Accounts payable	(99,489)	(36,985)
Accounts payable to related parties	28,666	(125)
Other payables	(124,220)	(135,544)
Other payables to related parties	15,707	(3,982)
Advance receipts	(7,172)	284
Other current liabilities	(1,450)	(95,178)
Net defined benefit liabilities	(336)	(477)
Cash generated from operations	211,393	165,286
Interest received	120	95
Income tax refunded (paid)	3,295	(319)
Net cash generated by operating activities	<u>214,808</u>	<u>165,062</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(120,000)	(200,000)
Proceeds from disposal of available-for-sale financial assets	120,012	-
Acquisition of property, plant and equipment	(519,899)	(118,988)
Proceeds from disposal of property, plant and equipment	2,583	511
Increase in refundable deposits	(166)	(2,832)
Decrease in refundable deposits	-	5,861
Acquisition of intangible assets	(429)	(2,131)

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**momo.com Inc. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)****(Reviewed, Not Audited)**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Increase in other financial assets	\$ (4,228)	\$ (449,000)
Decrease in other financial assets	757,971	474,500
Interest received	<u>14,618</u>	<u>15,946</u>
Net cash generated by (used in) investing activities	<u>250,462</u>	<u>(276,133)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	9,782
Proceeds from guarantee deposits received	10,392	6,600
Refunds of guarantee deposits received	(16,409)	(12,835)
Increase in lease payables	-	1
Decrease in lease payables	-	(85)
Interest paid	<u>(806)</u>	<u>(868)</u>
Net cash (used in) generated by financing activities	<u>(6,823)</u>	<u>2,595</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(3,600)</u>	<u>249</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	454,847	(108,227)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>2,745,359</u>	<u>3,128,081</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,200,206</u>	<u>\$ 3,019,854</u>

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

(Concluded)



# **momo.com Inc. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

momo.com Inc. (“momo” or the “Company”), a ROC corporation was incorporated on September 27, 2004. The Company’s shares were listed on the ROC Over-the-Counter Securities Exchange on February 27, 2014. On December 19, 2014, The Company’s shares were shifted to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in software design, TV and radio production, radio and TV program distribution, radio and TV advertising, issuing of magazine, and retailing.

The consolidated financial statements by the Company as of and for the year ended March 31, 2017, comprise the Company and its subsidiaries (collectively, the “Group”).

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars (NTD).

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s Board of Directors on April 20, 2017.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

#### 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 and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group 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 Group has significant transaction.

If the transaction or balance with a specific related party is 10% or more of the Group's 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.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions is enhanced. Refer to Note 29 for related disclosures.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed and issued into effect 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.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
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

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

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

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

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of 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 the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

### The impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be 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, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

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

## Transition

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

### 2) IFRS 15 “Revenue from Contracts with Customers” and related amendment.

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:

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

IFRS 15 and related amendment require that when another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Since a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

- a) The good or another asset that it then transfers to the customer.
- b) The right to a service to be performed by other party, which gives the Group the ability to direct that party to provide the service to the customer on its behalf.
- c) The good or service from the other party that it then combines with the other goods or services in providing the specified good or service to the customer.

Indicators to support the Group’s assessment of whether it controls a specified good or service include, but are not limited to, the following:

- a) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.
- b) The Group has inventory risk before or after the specified good or service is transferred to the customer.
- c) The Group has discretion in establishing the price of the specified good or service.

Under current standard, the Group determines whether it is a principal or an agent based on its exposure to the significant risks and rewards of the transaction.

IFRS 15 establishes the principles that incremental costs of obtaining a contract will be recognized as an asset to the extent the Group expects to recover those costs. Such asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services during the contract period to which the asset relates. This will lead to the later recognition of charges for certain customer-obtaining costs.

When IFRS 15 becomes effective, the Group may elect to apply this Standard either retrospectively to each period presented or to recognize the accumulated adjustment at the date of initial application.

### 3) IFRS 16 “Leases”

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

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

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

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

### b. Basis of preparation

The basis for the consolidated financial statements applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

See Note 12, Table 5 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2016.

1) Retirement benefits

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

2) Taxation

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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.

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2016.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand and revolving funds	\$ 43	\$ 50	\$ 60
Cash in banks	307,713	271,016	496,758
Time deposits	2,892,450	1,924,950	1,824,000
Short-term notes and bills	<u>-</u>	<u>549,343</u>	<u>699,036</u>
	<u>\$ 3,200,206</u>	<u>\$ 2,745,359</u>	<u>\$ 3,019,854</u>
The market rate intervals of time deposits	0.1%-0.6%	0.1%-0.6%	0.17%-0.74%

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	March 31, 2017	December 31, 2016	March 31, 2016
Domestic investments			
Beneficiary certificates	\$ 958,031	\$ 965,833	\$ 939,338
Foreign investments			
Unlisted stock	<u>39,160</u>	<u>45,426</u>	<u>63,596</u>
	<u>\$ 997,191</u>	<u>\$ 1,011,259</u>	<u>\$ 1,002,934</u>

For the three months ended March 31, 2017, the financial assets were not pledged.

## 8. FINANCIAL ASSETS AT COST - NON-CURRENT

	March 31, 2017	December 31, 2016	March 31, 2016
Domestic unlisted common stock	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>

The management believed that the fair value of domestic unlisted equity investments held by the Group, cannot be reliably measured due to the significant range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

For the three months ended March 31, 2017 and 2016, there was no impairment loss recognized on the financial assets at cost.

## 9. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Notes and accounts receivable</u>			
Notes receivable	\$ -	\$ -	\$ 1
Accounts receivable	34,287	45,930	25,513
Less: Allowance for doubtful accounts	<u>(702)</u>	<u>(961)</u>	<u>(2,308)</u>
Notes and accounts receivable, net	<u>\$ 33,585</u>	<u>\$ 44,969</u>	<u>\$ 23,206</u>
<u>Other receivables</u>			
Other receivables	\$ 401,243	\$ 497,566	\$ 390,890
Less: Allowance for doubtful accounts	<u>(3,357)</u>	<u>(2,955)</u>	<u>(2,164)</u>
Other receivables, net	<u>\$ 397,886</u>	<u>\$ 494,611</u>	<u>\$ 388,726</u>

Accounts receivable and other receivables mainly include amounts that customers has paid through banks and logistics companies but not yet received.

The aging of receivables was as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Neither past due nor impaired	\$ 406,438	\$ 514,832	\$ 398,270
Past due but not impaired			
Past due within 180 days	20,947	22,675	13,087
Past due over 180 days	<u>4,086</u>	<u>2,073</u>	<u>575</u>
	<u>\$ 431,471</u>	<u>\$ 539,580</u>	<u>\$ 411,932</u>

The above aging schedule was based on the past due date.

Movements of allowance for doubtful receivables by individual assessment were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Beginning balance	\$ 3,916	\$ 4,820
Add: Provision (reversal)	510	(146)
Less: Write-off	<u>(367)</u>	<u>(202)</u>
Ending balance	<u>\$ 4,059</u>	<u>\$ 4,472</u>

## 10. INVENTORIES

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Merchandise	<u>\$ 388,315</u>	<u>\$ 312,270</u>	<u>\$ 117,553</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2017 and 2016 were \$6,049,931 thousand and \$5,435,263 thousand, respectively. The aforementioned cost included inventory write-downs of \$4,765 thousand and inventory obsolescence losses of \$0 thousand for the three months ended March 31, 2017 and reversal of inventory write-downs of \$12,266 thousand and inventory obsolescence losses of \$1,955 thousand for the three months ended March 31, 2016. Previous write-downs were reversed due to the fact that certain inventories which had been recognized allowance for inventory valuation losses at the beginning balance were sold or selling prices increased, thus, the ending balance of allowance for inventory valuation losses was reversed.

## 11. OTHER FINANCIAL ASSETS

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
<u>Current</u>			
Pledged time deposits	\$ 89,024	\$ 86,024	\$ 2,000
Time deposits with original maturity more than 3 months	<u>47,943</u>	<u>804,099</u>	<u>1,204,707</u>
	<u>\$ 136,967</u>	<u>\$ 890,123</u>	<u>\$ 1,206,707</u>

(Continued)



	March 31, 2017	December 31, 2016	March 31, 2016
<u>Non-current</u>			
Pledged time deposits and restricted deposits	\$ <u>34,150</u>	\$ <u>34,150</u>	\$ <u>34,750</u> (Concluded)

- a. The market interest rates of the time deposit with original maturity more than 3 months were 0.15%-1.07%, 0.17%-1.65% and 0.29%-3.5% per annum, as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.
- b. Refer to Note 30 for information relating to other financial assets pledged as security.

## 12. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
momo	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.000	100.000	100.000	-
momo	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.000	100.000	100.000	-
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.000	100.000	100.000	-
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	76.260	76.260	76.260	-
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.000	100.000	100.000	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.000	100.000	100.000	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	91.304	91.304	91.304	-
momo	Honest Development Co, Ltd. (Honest Development)	Investment	100.000	100.000	100.000	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.000	100.000	100.000	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.000	100.000	100.000	-

- b. Subsidiaries excluded from the consolidated financial statements: None.

## 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Group's associates that are accounted for using equity method were as follows:

Investee Company	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Beijing Global Gouguang Media Technology Co., Ltd. (GHS)	\$ 728,470	20.00	\$ 736,742	20.00	\$ 751,671	20.00
Taiwan Pelican Express Co., Ltd. (TPE)	406,544	17.70	402,464	17.70	417,982	17.70
TVD Shopping Co., Ltd. (TVD shopping)	<u>148,220</u>	35.00	<u>147,521</u>	35.00	<u>169,753</u>	35.00
	<u>\$ 1,283,234</u>		<u>\$ 1,286,727</u>		<u>\$ 1,339,406</u>	

Refer to Table 5 “Names, Locations and Related Information of Investees over Which the Company Exercised Significant Influence (Excluding Information on Investment in Mainland China)” and Table 6 “Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associates.

a. GHS

In June 2015, momo’s subsidiary acquired 20% equity interests of GHS.

Due to non-participation in GHS’s capital increase in October 2015, momo subsidiary’s shareholding in GHS decreased to 18%, while in January 2016, the Group acquired 2% equity interests of GHS for \$22,136 thousand (equal to RMB4,444 thousand), the shareholding in GHS increased to 20% again. As of March 31, 2017, the investment has not been remitted.

b. TPE

In August 2012, the Company acquired 20% of TPE.

As of December 2013, the Company held 17.70% of TPE due to not subscribing for new shares issued by TPE and selling part of its shares when TPE went public. momo still has significant influence on TPE due to having two seats in TPE’s board of directors.

c. TVD Shopping

In April 2014, the Company acquired 35% of TVD Shopping, which was set up by TV Direct Public Company Limited. The Group engaged in E-commerce and TV Shopping in Thailand.

d. Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	March 31, 2017	December 31, 2016	March 31, 2016
TPE	<u>\$ 416,412</u>	<u>\$ 419,791</u>	<u>\$ 447,665</u>

All the associates are accounted for using the equity method.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Machinery	Office Equipment	Lease Assets	Lease Improvement	Other Equipment	Property in Construction	Total
<b>Cost</b>								
Balance, January 1, 2016	\$ 1,717,927	\$ 796,499	\$ 27,611	\$ 11,424	\$ 228,966	\$ 3,506	\$ 23,385	\$ 2,809,318
Additions	-	2,698	1,259	-	1,561	-	104,091	109,609
Disposals	-	(1,719)	(1,791)	-	-	(57)	-	(3,567)
Reclassification	-	-	-	-	-	-	(1,252)	(1,252)
Effect of exchange rate changes	-	119	1	-	-	-	-	120
Balance, March 31, 2016	<u>\$ 1,717,927</u>	<u>\$ 797,597</u>	<u>\$ 27,080</u>	<u>\$ 11,424</u>	<u>\$ 230,527</u>	<u>\$ 3,449</u>	<u>\$ 126,224</u>	<u>\$ 2,914,228</u>
<b>Accumulated depreciation and impairment</b>								
Balance, January 1, 2016	\$ -	\$ 539,305	\$ 19,344	\$ 11,307	\$ 47,528	\$ 1,683	\$ -	\$ 619,167
Depreciation	-	15,932	610	78	7,121	188	-	23,929
Disposals	-	(772)	(1,679)	-	-	(49)	-	(2,500)
Effect of exchange rate changes	-	16	(1)	-	-	-	-	15
Balance, March 31, 2016	<u>\$ -</u>	<u>\$ 554,481</u>	<u>\$ 18,274</u>	<u>\$ 11,385</u>	<u>\$ 54,649</u>	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 640,611</u>
Carrying amounts January 1, 2016	<u>\$ 1,717,927</u>	<u>\$ 257,194</u>	<u>\$ 8,267</u>	<u>\$ 117</u>	<u>\$ 181,438</u>	<u>\$ 1,823</u>	<u>\$ 23,385</u>	<u>\$ 2,190,151</u>
Carrying amounts March 31, 2016	<u>\$ 1,717,927</u>	<u>\$ 243,116</u>	<u>\$ 8,806</u>	<u>\$ 39</u>	<u>\$ 175,878</u>	<u>\$ 1,627</u>	<u>\$ 126,224</u>	<u>\$ 2,273,617</u>

(Continued)

	Land	Machinery	Office Equipment	Lease Assets	Lease Improvement	Other Equipment	Property in Construction	Total
<b>Cost</b>								
Balance, January 1, 2017	\$ 1,717,927	\$ 802,386	\$ 31,026	\$ 11,424	\$ 236,772	\$ 3,729	\$ 812,510	\$ 3,615,774
Additions	-	20,361	3,467	-	3,082	-	498,682	525,592
Disposals	-	(15)	(230)	(11,424)	-	-	-	(11,669)
Effect of exchange rate changes	-	(4,260)	(106)	-	(137)	(14)	-	(4,517)
Balance, March 31, 2017	<u>\$ 1,717,927</u>	<u>\$ 818,472</u>	<u>\$ 34,157</u>	<u>\$ -</u>	<u>\$ 239,717</u>	<u>\$ 3,715</u>	<u>\$ 1,311,192</u>	<u>\$ 4,125,180</u>
<b>Accumulated depreciation and impairment</b>								
Balance, January 1, 2017	\$ -	\$ 586,195	\$ 20,300	\$ 11,424	\$ 74,322	\$ 2,373	\$ -	\$ 694,614
Depreciation	-	14,022	1,014	-	6,693	211	-	21,940
Disposals	-	(15)	(230)	(11,424)	-	-	-	(11,669)
Effect of exchange rate changes	-	(5,983)	(75)	-	(19)	(12)	-	(6,089)
Balance, March 31, 2017	<u>\$ -</u>	<u>\$ 594,219</u>	<u>\$ 21,009</u>	<u>\$ -</u>	<u>\$ 80,996</u>	<u>\$ 2,572</u>	<u>\$ -</u>	<u>\$ 698,796</u>
Carrying amounts January 1, 2017	<u>\$ 1,717,927</u>	<u>\$ 216,191</u>	<u>\$ 10,726</u>	<u>\$ -</u>	<u>\$ 162,450</u>	<u>\$ 1,356</u>	<u>\$ 812,510</u>	<u>\$ 2,921,160</u>
Carrying amounts March 31, 2017	<u>\$ 1,717,927</u>	<u>\$ 224,253</u>	<u>\$ 13,148</u>	<u>\$ -</u>	<u>\$ 158,721</u>	<u>\$ 1,143</u>	<u>\$ 1,311,192</u>	<u>\$ 3,426,384</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Machinery	3-10 years
Office equipment	3-10 years
Lease asset	2-5 years
Lease improvement	2-10 years
Other equipment	3-10 years

As of March 31, 2017, the property, plant and equipment were not pledged as collateral.

## 15. SHORT-TERM BORROWINGS

	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured bank loans from related parties	\$ 59,929	\$ 63,005	\$ -
Unsecured bank loans	<u>-</u>	<u>-</u>	<u>80,763</u>
	<u>\$ 59,929</u>	<u>\$ 63,005</u>	<u>\$ 80,763</u>
Annual interest rate	5.22%	5.22%	4.57%

Refer to Note 28(d) for information relating on financial risk and Note 31 for information on endorsements and guarantees.

## 16. ACCOUNTS PAYABLE

	March 31, 2017	December 31, 2016	March 31, 2016
Suppliers	\$ 2,714,548	\$ 2,812,412	\$ 2,434,745
Others	<u>4,281</u>	<u>5,906</u>	<u>4,910</u>
	<u>\$ 2,718,829</u>	<u>\$ 2,818,318</u>	<u>\$ 2,439,655</u>

## 17. OTHER PAYABLES

	March 31, 2017	December 31, 2016	March 31, 2016
Payable for salaries and bonus	\$ 64,608	\$ 174,903	\$ 63,427
Payable for investment	19,567	20,571	-
Payable for business tax	5,798	46,097	19,328
Others	<u>285,528</u>	<u>252,372</u>	<u>187,883</u>
	<u>\$ 375,501</u>	<u>\$ 493,943</u>	<u>\$ 270,638</u>

## 18. OTHER CURRENT LIABILITIES

	March 31, 2017	December 31, 2016	March 31, 2016
Collection about travelling merchandise	\$ 234,595	\$ 234,113	\$ 254,483
Others	<u>186,533</u>	<u>188,465</u>	<u>143,698</u>
	<u>\$ 421,128</u>	<u>\$ 422,578</u>	<u>\$ 398,181</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Group was incorporated in Taiwan, ROC which adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity has made monthly contributions equal to 6% of each employee's monthly salary to employees' accounts, and the Group's subsidiaries in other countries are members of state-managed retirement benefit plans operated by local governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Accordingly, the Group recognized expense of \$15,753 thousand and \$14,460 thousand for the three months ended March 31, 2017 and 2016, respectively.

### b. Defined benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$14 thousand and \$18 thousand for the three months ended March 31, 2017 and 2016, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015.

## 20. GUARANTEE DEPOSITS

	March 31, 2017	December 31, 2016	March 31, 2016
Vendors	\$ 235,356	\$ 241,373	\$ 235,394
Decorations	<u>34</u>	<u>34</u>	<u>34</u>
	<u>\$ 235,390</u>	<u>\$ 241,407</u>	<u>\$ 235,428</u>

## 21. EQUITY

### a. Capital stock

As of March 31, 2017, December 31, 2016 and March 31, 2016, momo had authorized 150,000 thousand common shares, with 142,059 thousand shares issued and outstanding at par value \$10 per share.

### b. Capital surplus

	March 31, 2017	December 31, 2016	March 31, 2016
Additional paid-in capital	\$ 2,952,960	\$ 2,952,960	\$ 3,132,235
From share of changes in equities of subsidiaries	148,277	148,277	148,277
Expired employee share options	170	170	170
From share of changes in equities of associates	<u>74,176</u>	<u>74,176</u>	<u>74,176</u>
	<u>\$ 3,175,583</u>	<u>\$ 3,175,583</u>	<u>\$ 3,354,858</u>

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of momo's paid-in capital. The capital surplus from share of changes in equities of subsidiaries, expired employee share options, and from share of changes in equities of associates may be used to offset a deficit.

### c. Appropriation of earnings and dividend policy

momo's Articles of Incorporation provide that, in the event that momo, according to the financial report, earns profits in a fiscal year, such profits shall first be applied to pay the applicable taxes, recover losses, set aside legal reserve pursuant to laws and regulations until the accumulated legal reserves equal momo's paid-in capital, and set aside or reverse a special reserve in accordance with the law or to satisfy the business needs of momo. The remaining balance and any unappropriation earnings of the previous fiscal years shall be distributed to the shareholders with more than 10% as dividends in accordance with resolutions of the shareholders' meetings.

Based on the consideration of the needs of the Company's operations and to maximize shareholders' interest, the Board of Directors proposed, for approval in the shareholder's meeting, to distribute dividends per residual dividend policy. The Board makes the decision based on the Company's future capital budget-planning and funding needs for the following fiscal year, in addition to factors such as the Company's profitability, financial structure and diluted earnings per share.

Dividends shall be paid in stocks, cash or both; the payment of cash shall be at least over 10% of total amount, if dividends distribution includes cash and stocks.

In accordance with the amendments to Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to momo's Articles of Incorporation was subject to the resolution of shareholders in their meeting on April 20, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to employee benefits expense in Note 23(d).

momo distributes and reverses special reserve in accordance with Decree No. 1010012865, Decree No. 1010047490, and "The Q&A for special reserve recognition after adopting IFRS" issued by the FSC.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals momo's paid-in capital. Legal reserve may be used to offset deficit. If momo has no deficit and the legal reserve has exceeded 25% of momo's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2016 and 2015 were proposed by the Board of Directors on March 30, 2017 and approved in the shareholders' meetings on April 20, 2016, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Legal reserve	\$ 118,179	\$ 105,896		
Special reserve	60,984	151,358		
Cash dividends	1,002,623	801,135	\$ 7.1586	\$ 5.72

The Company's Board of Directors proposed on March 30, 2017 and shareholders resolved in the shareholders' meeting on April 20, 2016 to issue cash dividends from paid-in capital of \$117,845 thousand and \$179,275 thousand, respectively.

The appropriations of earnings for 2016 and cash dividends from paid-in capital are subject to the resolution by the shareholders in their meeting to be held on May 17, 2017.

d. Other equity

1) Exchange differences on translation

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Beginning balance	\$ (37,926)	\$ 17,941
Exchange differences arising on translation	(38,858)	753
Share of exchange differences of associates accounted for using the equity method	<u>(25)</u>	<u>120</u>
Ending balance	<u>\$ (76,809)</u>	<u>\$ 18,814</u>

2) Unrealized gain (loss) on available-for-sale financial assets

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Beginning balance	\$ (174,416)	\$ (169,299)
Unrealized loss arising on revaluation of available-for-sale financial assets	(14,068)	(9,803)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates accounted for using the equity method	<u>(2,579)</u>	<u>404</u>
Ending balance	<u>\$ (191,063)</u>	<u>\$ (178,698)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Beginning balance	\$ (1,741)	\$ 15,027
Attributable to non-controlling interests:		
Share of loss for the period	(1,666)	(6,981)
Exchange differences arising on translation	<u>189</u>	<u>100</u>
Ending balance	<u>\$ (3,218)</u>	<u>\$ 8,146</u>

f. Treasury shares

	<b>Total (In Thousands of Shares) For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Shares Transferred to Employees</b>		
Number of shares on January 1	2,000	2,000
Changes during the period	<u>-</u>	<u>-</u>
Number of shares on March 31	<u>2,000</u>	<u>2,000</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

## 22. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Sales revenue	\$ 7,481,156	\$ 6,934,314
Other operating revenues	<u>100,370</u>	<u>71,962</u>
	<u>\$ 7,581,526</u>	<u>\$ 7,006,276</u>

## 23. PROFIT BEFORE INCOME TAX

### a. Other income

	For the Three Months Ended March 31	
	2017	2016
Interest income	\$ 14,578	\$ 15,738
Others	<u>717</u>	<u>537</u>
	<u>\$ 15,295</u>	<u>\$ 16,275</u>

### b. Other gains and losses

	For the Three Months Ended March 31	
	2017	2016
Gain (loss) on disposal of property, plant and equipment, net	\$ 2,583	\$ (556)
Net foreign exchange gains	1,151	53
Gain on disposal of investments, net	12	-
Others	<u>(3,000)</u>	<u>(241)</u>
	<u>\$ 746</u>	<u>\$ (744)</u>

### c. Finance costs

	For the Three Months Ended March 31	
	2017	2016
Interest on bank loans	\$ 805	\$ 865
Others	<u>-</u>	<u>1</u>
	<u>\$ 805</u>	<u>\$ 866</u>

### d. Employee benefits expense, depreciation and amortization

Function Nature	For the Three Months Ended March 31, 2017			For the Three Months Ended March 31, 2016		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary	\$ 106,387	\$ 175,252	\$ 281,639	\$ 102,371	\$ 165,084	\$ 267,455
Insurance expense	11,415	19,028	30,443	10,531	17,391	27,922
Post-employment benefits	5,613	10,154	15,767	5,493	8,985	14,478
Other employee benefits	6,812	11,914	18,726	6,278	11,389	17,667
Depreciation	11,185	10,755	21,940	11,448	12,481	23,929
Amortization	198	3,013	3,211	213	2,384	2,597

Under the Company Act as amended in May 2015, the Company's Articles of Incorporation had been approved in the shareholders meeting in April 2016.

If the Company earns profits in a fiscal year, such profits shall be appropriated as follows:

- 1) Remuneration to directors, not exceeding 0.3%; and
- 2) Employee compensation in the sum of 0.1% to 1%.



Before allocating the profits for above shall first offset its losses in previous years.

Employee compensation including the employees of momo and its subsidiaries.

The Company's estimated employees' compensation and remuneration to directors were accrued at 0.1% of the profit before income tax, employees' compensation and remuneration to directors. The estimated employees' compensation were \$368 thousand and \$413 thousand, and remuneration to directors were \$368 thousand and \$413 thousand for the three months ended March 31, 2017 and 2016, respectively.

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

The appropriations of employees' compensation and remuneration of directors for 2016 and 2015 having been resolved by the Board of Directors on January 24 2017, and March 4, 2016, respectively, and the respective amounts recognized in the consolidated financial statements, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>	<b>Employees' Compensation</b>	<b>Remuneration of Directors</b>
Amounts approved in the board of directors' meeting	<u>\$ 1,421</u>	<u>\$ 1,421</u>	<u>\$ 1,303</u>	<u>\$ 1,303</u>
Amounts recognized in the annual financial statements	<u>\$ 1,421</u>	<u>\$ 1,421</u>	<u>\$ 1,305</u>	<u>\$ 1,305</u>

There was no difference between approved in the shareholders' meeting and recognized in consolidated financial statements in 2016. While due to estimated differences, the different amounts between resolved in Board of Directors and recognized in consolidated financial statements in 2015 were adjusted to profit and loss for the year ended December 31, 2016

The employees' compensation and remuneration of directors in 2015 were reported in the shareholders' meeting on April 20, 2016 after the Company's Articles of Incorporation have been amended and resolved.

Information on the employees' compensation and remuneration of directors resolved by momo's Board of Directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 24. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Current tax		
Current period	\$ 57,292	\$ 68,412
Adjustments for prior years	<u>-</u>	<u>440</u>
	<u>57,292</u>	<u>68,852</u>
Deferred tax		
In respect of the current year	<u>1,187</u>	<u>3,376</u>
Income tax expense recognized in profit or loss	<u>\$ 58,479</u>	<u>\$ 72,228</u>

### b. Integrated income tax information was as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Unappropriated earnings			
Generated on and after January 1, 1998	<u>\$ 1,491,714</u>	<u>\$ 1,181,786</u>	<u>\$ 1,402,328</u>
Imputation credits account (ICA)	<u>\$ 323,566</u>	<u>\$ 323,566</u>	<u>\$ 317,702</u>

	<b>For the Year Ended December 31</b>	
	<b>2016 (Expected)</b>	<b>2015 (Actual)</b>
Creditable ratio for distribution of earning	20.48%	20.48%

### c. Income tax assessments

The Group's income tax returns which have been assessed by the tax authorities were as follows:

<b>Company</b>	<b>Year</b>
momo	2014
FST	2015
FLI	2015
FPI	2015

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Basic earnings per share	<u>\$ 2.21</u>	<u>\$ 2.45</u>
Diluted earnings per share	<u>\$ 2.21</u>	<u>\$ 2.45</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net Profit for the Period

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 309,928</u>	<u>\$ 343,501</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Weighted average number of common stocks in computation of basic earnings per share	140,059	140,059
Effect of potentially dilutive common stocks:		
Employees' compensation	<u>4</u>	<u>4</u>
Weighted average number of common stocks used in the computation of diluted earnings per share	<u>140,063</u>	<u>140,063</u>

Since the Group offered to settle compensation of employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. OPERATING LEASE ARRANGEMENTS

### The Group as Lessee

Operating leases relate to leases of office with lease terms between 1 and 5 years, certain lease contracts can be renewed upon expiration.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Not later than 1 year	\$ 205,541	\$ 204,205	\$ 176,912
Later than 1 year and not later than 5 years	<u>146,046</u>	<u>186,548</u>	<u>265,353</u>
	<u>\$ 351,587</u>	<u>\$ 390,753</u>	<u>\$ 442,265</u>

## 27. CAPITAL MANAGEMENT

The Group maintains and manages its capital to optimize the balance of liabilities and equity in order to maximize shareholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures, working capital, settlements of liabilities, and dividend payments in normal course of business for the future.

## 28. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

Management of the Group believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### Fair value hierarchy

##### March 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Beneficiary certificates	\$ 958,031	\$ -	\$ -	\$ 958,031
Unlisted stock - foreign investments	-	39,160	-	39,160
	<u>\$ 958,031</u>	<u>\$ 39,160</u>	<u>\$ -</u>	<u>\$ 997,191</u>

##### December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Beneficiary certificates	\$ 965,833	\$ -	\$ -	\$ 965,833
Unlisted stock - foreign investments	-	45,426	-	45,426
	<u>\$ 965,833</u>	<u>\$ 45,426</u>	<u>\$ -</u>	<u>\$ 1,011,259</u>

##### March 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Beneficiary certificates	\$ 939,338	\$ -	\$ -	\$ 939,338
Unlisted stock - foreign investments	-	63,596	-	63,596
	<u>\$ 939,338</u>	<u>\$ 63,596</u>	<u>\$ -</u>	<u>\$ 1,002,934</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

Valuation techniques and assumptions used in fair value determination

- 1) The fair value of financial instruments traded in active markets is based on quoted market prices (including beneficiary certificates that went public).
- 2) Valuation techniques and inputs applied for Level 2 fair value measurement: The Group uses market comparison approach to evaluate fair values on observable prices of the similar financial instruments and evaluate market liquidity at the end of the period.

Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement:

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted stock - foreign investments	The Group uses market comparison approach to evaluate fair values of foreign unlisted stocks based on price fluctuation and risk-free rate.

c. Categories of financial instruments

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
<u>Financial assets</u>			
Available-for-sale financial assets	\$ 997,191	\$ 1,011,259	\$ 1,002,934
Financial assets at cost	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Loans and receivables:			
Cash and cash equivalents	3,200,206	2,745,359	3,019,854
Notes and accounts receivables (including related parties)	42,442	49,916	33,308
Other receivables (including related parties)	498,956	660,013	509,428
Other financial assets (including current and non-current portions)	171,117	924,273	1,241,457
Refundable deposits	<u>52,781</u>	<u>52,708</u>	<u>47,167</u>
	<u>3,965,502</u>	<u>4,432,269</u>	<u>4,851,214</u>
	<u>\$ 5,022,693</u>	<u>\$ 5,503,528</u>	<u>\$ 5,914,148</u>
<u>Financial liabilities</u>			
Short-term borrowings	\$ 59,929	\$ 63,005	\$ 80,763
Accounts payables (including related parties)	2,752,662	2,823,485	2,485,479
Other payables (including related parties)	471,734	574,470	308,886
Guarantee deposits	<u>235,390</u>	<u>241,407</u>	<u>235,428</u>
	<u>\$ 3,519,715</u>	<u>\$ 3,702,367</u>	<u>\$ 3,110,556</u>

d. Financial risk management objectives and policies

- 1) The Group is exposed to the following risks due to usage of financial instruments:
  - a) Credit risk

- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

## 2) Risk management framework

### a) Decision-making mechanism:

The highest decision-making authority is the Board of Directors. The Board of Directors assesses material risks in accordance with operation strategy while monitoring the overall risks and their strategy execution steadily. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

### b) Risk management policies:

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.
- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

### c) Monitoring mechanism:

The Internal Audit Office regularly monitors and assesses the potential risks that the Group may face and use this information as a reference for drafting its annual audit plan. The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

## 3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from the Group's receivables from customers and financial instruments. The Group deals with customers with good reputation and monitors customers' credit risk and credit ratings continuously. The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed. The Group's maximum exposure to credit risk of all kinds of financial instruments is equal to the carrying amount.

## 4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group ensures sufficient cash for the requirements of paying estimated operating expenditures, including financial obligations. The Group also monitors its bank credit facilities to ensure that the provisions of loan contracts are all complied with properly. As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group had unused bank facilities of \$820,192 thousand, \$824,094 thousand and \$820,031 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2017

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Unsecured loans	\$ -	\$ 60,286	\$ -	\$ -	\$ -

December 31, 2016

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Unsecured loans	\$ -	\$ 64,202	\$ -	\$ -	\$ -

March 31, 2016

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Unsecured loans	\$ -	\$ -	\$ 82,249	\$ -	\$ -

The Group's working capital is sufficient to meet the cash flow demand; therefore, liquidity risk is not considered to be significant.

5) Market risk

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

The Group engages in financial instrument transactions without involving any significant risk such as exchange rate risk, interest rate risk, and market price risk; therefore, the Group's market risk is insignificant.

a) Exchange rate risk

Most of the operating revenues and expenses are measured in the Group's functional currency. Overall, exchange rate risk is not significant.

For the Group's financial assets and liabilities exposed to significant exchange rate risk (including those eliminated on consolidation), please refer to Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY, AUD and RMB.

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in foreign currencies such as cash and cash equivalents, accounts receivable, other receivables, other financial assets, accounts payable and other payables, etc. If the NTD, when compared with the relevant foreign currencies, had appreciated or depreciated by 5% on the reporting date, profit would have increased (decreased) as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Appreciated 5%	\$ (304)	\$ 1,086
Depreciated 5%	\$ 304	\$ (1,086)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group carried deposits and borrowings at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Fair value interest rate risk			
Financial assets	\$ 2,998,117	\$ 3,333,116	\$ 3,696,193
Cash flow interest rate risk			
Financial assets	371,070	335,659	564,324
Financial liabilities	59,929	63,005	80,763

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liability outstanding at the end of the reporting period was outstanding for the whole period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.



If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the three months ended March 31, 2017 and 2016 would increase or decrease by \$389 thousand and \$604 thousand, respectively.

c) Other price risk

The Group was exposed to other price risk through its investments in available-for-sale financial assets. The Group supervises the equity price risk actively and manages the risk based on fair value.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher or lower, the other comprehensive income for the three months ended March 31, 2017 and 2016 would increase or decrease by \$49,860 thousand and \$50,147 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

## 29. TRANSACTIONS WITH RELATED PARTIES

momo's parent is Wealth Media Technology Co., Ltd. (WMT), which held both 45.01% of common stocks of momo as of March 31, 2017, December 31, 2016 and March 31, 2016. momo's ultimate parent and ultimate controlling party is Taiwan Mobile Co., Ltd. (TWM).

Balances and transactions between momo and its subsidiaries, which are related parties of momo, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. The name and categories of related parties

Name	Related Party Categories
Taiwan Mobile Co., Ltd. (TWM)	Parent entity
Taiwan Pelican Express Co., Ltd. (TPE)	Associates
Beijing Global Gouguang Media Technology Co., Ltd. (GHS)	Associates
Fubon Charity Foundation (FCF)	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Life Insurance Co., Ltd. (FLI)	Related party in substance
Fubon Asset Management Co., Ltd. (FAM)	Related party in substance
Fubon Bank (China) Co., Ltd. (FB China)	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Sports & Entertainment Co., Ltd. (FSE)	Related party in substance

b. Operating revenues

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2017	2016
Sales	Parent entity	\$ 44	\$ 46
	Associates	<u>2,719</u>	<u>16,856</u>
		<u>\$ 2,763</u>	<u>\$ 16,902</u>

The Group renders sales service to other related parties.

The transaction terms with related parties were not significantly different from those with third parties.

c. Purchases

Related Party Categories	For the Three Months Ended March 31	
	2017	2016
Parent entity	\$ 28,440	\$ 34,492
Associates	98,350	101,972
Other related parties	<u>33,811</u>	<u>35,011</u>
	<u>\$ 160,601</u>	<u>\$ 171,475</u>

The entities mentioned above provide logistics, play video program and other services.

The transaction terms with related parties were not significantly different from those with third parties.

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Accounts receivable	Parent entity	\$ 2	\$ 237	\$ -
	Associates			
	GHS	824	1,200	3,695
	Others	<u>2,217</u>	<u>50</u>	<u>326</u>
		<u>3,041</u>	<u>1,250</u>	<u>4,021</u>
	Other related parties			
	FCF	2,153	-	3,398
	Others	<u>3,661</u>	<u>3,460</u>	<u>2,683</u>
		<u>5,814</u>	<u>3,460</u>	<u>6,081</u>
		<u>\$ 8,857</u>	<u>\$ 4,947</u>	<u>\$ 10,102</u>
Other receivables	Parent entity	\$ 6,401	\$ 6,380	\$ 4,518
	Associates			
	TPE	73,986	94,873	73,271
	Others	<u>-</u>	<u>-</u>	<u>53</u>
		<u>73,986</u>	<u>94,873</u>	<u>73,324</u>
	Other related parties			
	TFCB	20,191	63,898	42,860
	Others	<u>492</u>	<u>251</u>	<u>-</u>
		<u>20,683</u>	<u>64,149</u>	<u>42,860</u>
		<u>\$ 101,070</u>	<u>\$ 165,402</u>	<u>\$ 120,702</u>

The outstanding trade receivables from related parties are unsecured.

For the three months ended March 31, 2017 and 2016, no impairment losses was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Accounts payable	Parent entity	\$ 7,447	\$ 4,657	\$ 12,542
	Associates	460	398	28,923
	Other related parties	<u>25,926</u>	<u>112</u>	<u>4,359</u>
		<u>\$ 33,833</u>	<u>\$ 5,167</u>	<u>\$ 45,824</u>
Other payables	Parent entity	<u>\$ 5,844</u>	<u>\$ 7,661</u>	<u>\$ 2,061</u>
	Associates	<u>32,208</u>	<u>34,402</u>	<u>-</u>
	Other related parties			
	FLI	36,465	35,709	35,189
	Others	<u>21,716</u>	<u>2,755</u>	<u>998</u>
		<u>58,181</u>	<u>38,464</u>	<u>36,187</u>
		<u>\$ 96,233</u>	<u>\$ 80,527</u>	<u>\$ 38,248</u>

The outstanding trade payables from related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Cash and cash equivalents	Other related parties	<u>\$ 178,906</u>	<u>\$ 157,876</u>	<u>\$ 225,172</u>
Other financial assets - current	Other related parties			
	TFCB	<u>\$ 13,443</u>	<u>\$ 19,599</u>	<u>\$ 18,207</u>

g. Prepayments

Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Other related parties			
Fubon Ins.	\$ 9,444	\$ 1,303	\$ 6,836
FSE	<u>6,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,844</u>	<u>\$ 1,303</u>	<u>\$ 6,836</u>

h. Acquisition of property, plant and equipment

For the three months ended March 31, 2017

Line Items	Related Party Categories	Purchase Price
Property, plant and equipment	Other related parties	<u>\$ 1,015</u>

i. Acquisition of financial assets

For the three months ended March 31, 2017

Line Items	Related Party Categories/Name	Number of Units (In Thousand)	Underlying Assets	Purchase Price
Available-for-sale financial assets	Other related parties FAM	7,719	Fubon Chi-Hsiang Money Market Fund	<u>\$ 120,000</u>

j. Disposal of financial assets

For the three months ended March 31, 2017

Line Items	Related Party Categories/Name	Number of Units (In Thousand)	Underlying Assets	Proceeds	Gain (Loss) on Disposal
Available-for-sale financial assets	Other related parties FAM	7,719	Fubon Chi-Hsiang Money Market Fund	<u>\$ 120,012</u>	<u>\$ 12</u>

k. Loans from related parties

Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Other related parties FB China	<u>\$ 59,929</u>	<u>\$ 63,005</u>	<u>\$ -</u>

The Group obtained loans at rates comparable to market interest rates for the loans from related parties.

l. Others

1) Guarantee deposits

Related Party Categories/Name	March 31, 2017	December 31, 2016	March 31, 2016
Other related parties			
FLI	27,219	27,219	27,219
Others	<u>519</u>	<u>519</u>	<u>519</u>
	<u>\$ 27,738</u>	<u>\$ 27,738</u>	<u>\$ 27,738</u>

2) Operating expenses

Related Party Categories/Name	For the Three Months Ended March 31	
	2017	2016
Parent entity	<u>\$ 189</u>	<u>\$ 936</u>
Associates	<u>1,560</u>	<u>2,079</u>
Other related parties		
FLI	16,798	16,808
TFCB	<u>27,380</u>	<u>24,864</u>
	<u>44,178</u>	<u>41,672</u>
	<u>\$ 45,927</u>	<u>\$ 44,687</u>

The operating expense included rental expense. Leases were conducted at general market prices, and the rental was paid monthly.

m. Key management compensation

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Short-term employee benefits	\$ 8,860	\$ 9,833
Post-employment benefits	<u>1,788</u>	<u>1,606</u>
	<u>\$ 10,648</u>	<u>\$ 11,439</u>

The compensation to directors and key executives were determined by the remuneration committee in accordance with individual performance and market trends.

### 30. ASSETS PLEDGED

The assets pledged as collateral for performance guarantee, loans and purchases were as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Other financial assets - current	\$ 89,024	\$ 86,024	\$ 2,000
Other financial assets - non-current	<u>34,150</u>	<u>34,150</u>	<u>34,750</u>
	<u>\$ 123,174</u>	<u>\$ 120,174</u>	<u>\$ 36,750</u>

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2017, December 31, 2016 and March 31, 2016 were as follows:

- a. As of March 31, 2017, December 31, 2016 and March 31, 2016, the amounts of endorsements and guarantees for FGE were RMB30,000 thousand, respectively.
- b. In accordance with the Ministry of Economic Affairs' policy, momo entered into a contract with First Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid bonus of \$19,614 thousand, \$17,733 thousand and \$21,236 thousand, respectively; and electronic tickets of \$8,268 thousand, \$5,890 thousand and \$1,158 thousand as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively.
- c. Due to the business development needs, in January 2015, momo's Board of Directors resolved the warehousing logistics construction and the equipment procurement. As of March 31, 2017, contract amounts not yet paid for the warehousing logistics construction and equipment were \$578,838 thousand and \$344,607 thousand, separately.

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2017

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 556	4.403 (RMB:NTD)	\$ 2,446
USD	846	30.305 (USD:NTD)	<u>25,651</u>
			<u>\$ 28,097</u>
Non-monetary items			
Available-for-sale financial assets			
HKD	10,043	3.899 (HKD:NTD)	\$ 39,160
Investments accounted for using equity method			
RMB	165,449	4.403 (RMB:NTD)	728,470
THB	167,310	0.8859 (THB:NTD)	<u>148,220</u>
			<u>\$ 915,850</u>

Financial liabilities

Monetary items			
RMB	4,444	4.403 (RMB:NTD)	\$ 19,567
USD	41	30.305 (USD:NTD)	1,227
JPY	4,500	0.273 (JPY:NTD)	<u>1,229</u>
			<u>\$ 22,023</u>

December 31, 2016

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 2,217	4.629 (RMB:NTD)	\$ 10,262
USD	199	32.28 (USD:NTD)	<u>6,421</u>
			<u>\$ 16,683</u>
			(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
Available-for-sale financial assets			
HKD	\$ 10,917	4.161 (HKD:NTD)	\$ 45,426
Investments accounted for using equity method			
RMB	159,158	4.629 (RMB:NTD)	736,742
THB	163,007	0.905 (THB:NTD)	<u>147,521</u>
			<u>\$ 929,689</u>
<u>Financial liabilities</u>			
Monetary items			
RMB	4,444	4.629 (RMB:NTD)	20,571
USD	188	32.28 (USD:NTD)	<u>6,053</u>
			<u>\$ 26,624</u> (Concluded)

March 31, 2016

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,741	4.978 (RMB:NTD)	\$ 8,667
USD	173	32.265 (USD:NTD)	5,578
AUD	216	24.805 (AUD:NTD)	<u>5,361</u>
			<u>\$ 19,606</u>
Non-monetary items			
Available-for-sale financial assets			
HKD	15,284	4.161 (HKD:NTD)	\$ 63,596
Investments accounted for using equity method			
RMB	150,998	4.978 (RMB:NTD)	751,671
THB	184,252	0.9213 (THB:NTD)	<u>169,753</u>
			<u>\$ 985,020</u>
<u>Financial liabilities</u>			
Monetary items			
RMB	4,444	4.978 (RMB:NTD)	\$ 22,122
USD	41	32.265 (USD:NTD)	1,326
AUD	720	24.805 (AUD:NTD)	<u>17,869</u>
			<u>\$ 41,317</u>

For the three months ended March 31, 2017 and 2016, realized and unrealized net foreign exchange gains were \$1,151 thousand and \$53 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's foreign entities.

### **33. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions and investees:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 2)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (Table 3)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 4)
- 11) Information on investees. (Table 5)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, unrealized gains or losses, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports. (Table 1)



### 34. SEGMENT INFORMATION

The Group has two reporting segments: Television and magazine department and internet department.

Other segments include FST - travel agent, FLI - life insurance agent, FPI - property insurance agent, Asian Crown (BVI) - investment, and Honest Development - investment; for the three month ended March 31, 2017 and 2016, the above segments did not exceed the quantitative threshold for separate reporting.

The Group's reporting segments provide different goods and services and require different techniques and strategies; thus, they were reported separately.

The Group has not apportioned income tax expense (benefit) on non-regular gains and losses to reporting segments. The reported amounts are the same with those used in making operating decision.

The segments' assets and liabilities are not provided to key management as reference in making decision; thus, the segments' assets and liabilities were not disclosed in the consolidated financial statements.

The Group's reporting segments information and adjustments are as follows:

	<b>TV and Magazine</b>	<b>Internet</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
For the three months ended <u>March 31, 2017</u>					
Revenues					
Non-inter-company revenues	<u>\$ 1,671,535</u>	<u>\$ 5,898,124</u>	<u>\$ 11,867</u>	<u>\$ -</u>	<u>\$ 7,581,526</u>
Segment profits	<u>\$ 85,061</u>	<u>\$ 248,356</u>	<u>\$ 33,324</u>	<u>\$ -</u>	<u>\$ 366,741</u>
For the three months ended <u>March 31, 2016</u>					
Revenues					
Non-inter-company revenues	<u>\$ 1,979,314</u>	<u>\$ 4,992,676</u>	<u>\$ 34,286</u>	<u>\$ -</u>	<u>\$ 7,006,276</u>
Segment profits	<u>\$ 142,784</u>	<u>\$ 253,383</u>	<u>\$ 12,581</u>	<u>\$ -</u>	<u>\$ 408,748</u>

**TABLE 1**

**momo.com Inc. AND SUBSIDIARIES**

**ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period	Ending Balance	Drawdown Amounts	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	momo	FGE	Note 1	\$ 731,340	\$ 132,090	\$ 132,090	\$ 132,090	\$ 84,000	2.19%	\$ 6,035,741	Y	N	Y	-

Note 1: The nature of relationship between the Company and receiving parties:

- a. More than 50% directly or indirectly owned by the Company.

Note 2: The endorsements/guarantees amount shall be limited as below:

- a. The amount to any individual entity shall not exceed the investment amount in it.
- b. The total amount shall not exceed the net worth of the Company.

Note 3: The maximum guarantee/endorsement balance for the period, and the ending balance represent quotas, not actual drawdown.

**TABLE 2**

**momo.com Inc. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**MARCH 31, 2017**  
**(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2017				Note
				Units/Shares (Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
momo	<u>Beneficiary certificates</u>							
	Fubon Strategic High Income Fund B	Related party in substance	Available-for-sale financial assets - current	18,302	\$ 182,772	-	\$ 182,772	
	Fuh Hwa Emerging Market High Yield Bond Fund B	-	"	10,225	65,849	-	65,849	
	PineBridge Global Multi - Strategy High Yield Bond Fund-B	-	"	23,351	168,327	-	168,327	
	Eastspring Investments Global High Yield Bond Fund B	-	"	19,028	163,553	-	163,553	
	JP Morgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	-	"	18,916	176,905	-	176,905	
	Eastspring Investments Well Pool Money Market Fund	-	"	14,879	200,625	-	200,625	
	<u>Stock</u>							
	Media Asia Group Holdings Limited	-	"	43,668	39,160	2.04	39,160	
	We Can Medicines Co., Ltd.	-	Financial assets at cost - non-current	2,400	60,000	7.73	-	

TABLE 3

momo.com Inc. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COST OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2017  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
momo	Warehousing logistics	2015.11.09	\$ 1,676,457 (Note)	\$1,097,619 thousand has been paid (including the payment of \$424,924 thousand for the current reporting period), the remaining payment settled monthly by the construction progress and acceptance.	Li Jin Engineering Co., Ltd.	-	-	-	-	\$ -	According to the budget approved by the board of directors, price comparison and price negotiation	Business development purpose	-

Note: Due to the supplementary contract of \$21,219 thousand for the current reporting period, the total transaction amount increased to \$1,676,457 thousand.

**TABLE 4**

**momo.com Inc. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	momo	FST	1	Other receivables	\$ 15,236	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.15
		FGE	2	Property, plant and equipment	11,918	The terms of transaction are determined in accordance with mutual agreements or general business practices	0.12

Note: 1. Parent to subsidiary.  
2. Subsidiary to parent.  
3. Between subsidiaries.

**TABLE 5****momo.com Inc. AND SUBSIDIARIES**

**NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISED SIGNIFICANT INFLUENCE  
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2017			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership	Carrying Value			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 46,487	\$ 1,035	\$ 1,035	
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	11,383	433	433	
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100.00	7,558	164	164	
	Asian Crown (BVI)	British Virgin Islands	Investment	789,864	789,864	26,500	76.26	(6,362)	(5,144)	(3,922)	Note 4
	TPE	Taiwan	Logistics industry	337,860	337,860	16,893	17.70	406,544	49,838	6,742	
	TVD Shopping	Thailand	Wholesale and retail sales	137,979	137,979	31,150	35.00	148,220	9,060	2,846	Note 3
				(THB 155,750)	(THB 155,750)						
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	709,057	29,663	29,663	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,035,051	1,035,051	33,633	100.00	(12,743)	(4,797)	Note 2	Note 4
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,035,051	1,035,051	33,633	100.00	(12,743)	(4,797)	Note 2	Note 4
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	709,057	29,663	Note 2	

Note 1: Except for TPE and TVD shopping, the investment income (loss) was eliminated in consolidation.

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: The exchange rate on March 31, 2017 is THB1=NT\$0.8859.

Note 4: The credit balance of the carrying value of the investment is due to the Company's intention to keep supporting the investee.

Note 5: Please refer to Table 6 for information on investment in Mainland China.

**TABLE 6****momo.com Inc. AND SUBSIDIARIES****INVESTMENTS IN MAINLAND CHINA****FOR THE THREE MONTHS ENDED MARCH 31, 2017****(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017	Note
					Outflow	Inflow							
FGE	Wholesaling	\$ 1,012,690 (RMB 230,000)	b.	\$ 731,340 (US\$ 14,000) (RMB 69,741)	\$ -	\$ -	\$ 731,340 (US\$ 14,000) (RMB 69,741)	\$ (5,114)	69.63	\$ (3,561)	\$ (9,911)	\$ -	Note 3
Haobo	Investment	48,433 (RMB 11,000)	b.	-	-	-	-	29,663	100.00	29,663	709,057	-	
GHS	Wholesaling	57,556 (RMB 13,072)	b.	-	- (Note 4)	-	-	141,697	20.00	28,667	728,470	-	

Accumulated Investment in Mainland China as of March 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
\$1,388,473 (US\$14,000, RMB69,741 and HK\$168,539)	\$1,388,473 (US\$14,000, RMB69,741 and HK\$168,539)	\$3,619,514

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through a subsidiary in a third place.
  - 1) FGE is HK Fubon Multimedia's subsidiary.
  - 2) Haobo is HK Yue Numerous's subsidiary.
  - 3) GHS is Haobo's associate.
- c. Others.

Note 2: The exchange rates on March 31, 2017 are US\$1=NT\$30.305, RMB1=NT\$4.403 and HK\$1=NT\$3.899.

Note 3: The credit balance of the carrying value of the investment is due to the Company's intention to keep supporting the investee.

Note 4: In January 2016, the Group acquired 2% equity interests of GHS for \$22,136 thousand (equal to RMB \$4,444 thousand). As of March 31, 2017, the investment has not been remitted.