

**momo.com Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2018 and 2017 and  
Independent Auditors' Review Report**

### INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
momo.com Inc.

#### Introduction

We have reviewed the accompanying consolidated financial statements of momo.com Inc. and its subsidiaries (the Group) as of March 31, 2018 and 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the entity as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

The engagement partners on the reviews resulting in this independent auditors' review report are Li-Wen Kuo and Wen-Chin Lin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

April 26, 2018

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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 consolidated financial statements are those generally applied in Taiwan, the Republic of China.*

*For the convenience of readers, the independent 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 independent auditors' review report and consolidated financial statements shall prevail.*

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

	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 31)	\$ 3,017,348	26	\$ 2,701,070	23	\$ 3,200,206	31
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	217,924	2	-	-	-	-
Financial assets at fair value through other comprehensive income - current (Note 8)	24,288	-	-	-	-	-
Available-for-sale financial assets - current (Notes 9 and 31)	-	-	874,075	7	997,191	10
Accounts receivable, net (Note 11)	24,455	-	24,480	-	33,585	-
Accounts receivable from related parties (Note 31)	8,109	-	5,729	-	8,857	-
Other receivables, net (Note 11)	510,299	5	703,009	6	397,886	4
Other receivables from related parties (Note 31)	182,540	2	233,098	2	101,070	1
Inventories (Note 12)	1,142,468	10	1,036,560	9	388,315	4
Prepayments (Note 31)	51,919	1	34,022	-	54,050	1
Other financial assets - current (Notes 13, 31 and 32)	49,850	-	52,943	1	136,967	1
Other current assets (Note 17)	14,886	-	18,846	-	17,776	-
Rights to recover products - current (Note 17)	85,469	1	-	-	-	-
Total current assets	5,329,555	47	5,683,832	48	5,335,903	52
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	51,048	-	-	-	-	-
Financial assets at cost - non-current (Note 10)	-	-	53,820	-	60,000	1
Investments accounted for using equity method (Note 15)	1,273,465	11	1,300,576	11	1,283,234	13
Property, plant and equipment (Notes 16 and 31)	4,559,181	40	4,565,326	39	3,426,384	33
Intangible assets	102,035	1	63,356	1	21,208	-
Deferred tax assets	23,103	-	19,292	-	16,540	-
Refundable deposits (Note 31)	67,112	1	57,539	1	52,781	1
Other financial assets - non-current (Notes 13 and 32)	11,653	-	34,153	-	34,150	-
Total non-current assets	6,087,597	53	6,094,062	52	4,894,297	48
<b>TOTAL</b>	<b>\$ 11,417,152</b>	<b>100</b>	<b>\$ 11,777,894</b>	<b>100</b>	<b>\$ 10,230,200</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18, 31 and 32)	\$ 63,466	1	\$ 62,318	1	\$ 59,929	1
Contract liability - current (Note 20)	82,584	1	-	-	-	-
Accounts payable (Note 19)	3,627,592	31	3,688,973	31	2,718,829	26
Accounts payable to related parties (Note 31)	107,828	1	6,516	-	33,833	-
Other payables (Note 20)	237,466	2	1,112,225	9	375,501	4
Other payables to related parties (Note 31)	65,461	1	142,504	1	96,233	1
Current tax liabilities	221,032	2	136,947	1	180,216	2
Advance receipts (Note 20)	-	-	63,050	1	52,536	-
Refundable liability - current (Note 20)	102,297	1	-	-	-	-
Other current liabilities (Note 20)	454,210	4	431,374	4	421,128	4
Total current liabilities	4,961,936	44	5,643,907	48	3,938,205	38
<b>NON-CURRENT LIABILITIES</b>						
Provisions - non-current	13,773	-	13,773	-	13,773	-
Deferred tax liabilities	5,784	-	4,976	-	5,338	-
Net defined benefit liabilities (Note 21)	3,258	-	3,607	-	4,971	-
Guarantee deposits (Note 22)	245,298	2	244,118	2	235,390	3
Total non-current liabilities	268,113	2	266,474	2	259,472	3
Total liabilities	5,230,049	46	5,910,381	50	4,197,677	41
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 23)</b>						
Common stock	1,420,585	12	1,420,585	12	1,420,585	14
Capital surplus	3,057,738	27	3,057,738	26	3,175,583	31
Retained earnings						
Legal reserve	579,727	5	579,727	5	461,548	5
Special reserve	212,342	2	212,342	2	151,358	1
Unappropriated earnings	1,435,064	13	1,269,857	11	1,491,714	15
Total retained earnings	2,227,133	20	2,061,926	18	2,104,620	21
Other equity	(110,184)	(1)	(266,327)	(2)	(267,872)	(3)
Treasury shares	(397,175)	(4)	(397,175)	(4)	(397,175)	(4)
Total equity attributable to owners of the Parent	6,198,097	54	5,876,747	50	6,035,741	59
<b>NON-CONTROLLING INTERESTS (Note 23)</b>	<b>(10,994)</b>	<b>-</b>	<b>(9,234)</b>	<b>-</b>	<b>(3,218)</b>	<b>-</b>
Total equity	6,187,103	54	5,867,513	50	6,032,523	59
<b>TOTAL</b>	<b>\$ 11,417,152</b>	<b>100</b>	<b>\$ 11,777,894</b>	<b>100</b>	<b>\$ 10,230,200</b>	<b>100</b>

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			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 31)	\$ 10,183,809	100	\$ 7,581,526	100
OPERATING COSTS (Notes 12, 25 and 31)	<u>9,128,917</u>	<u>90</u>	<u>6,747,961</u>	<u>89</u>
GROSS PROFIT FROM OPERATIONS	<u>1,054,892</u>	<u>10</u>	<u>833,565</u>	<u>11</u>
OPERATING EXPENSES (Notes 11, 21, 25 and 31)				
Marketing expenses	333,595	3	241,493	3
Administrative expenses	330,367	3	279,290	4
Expected credit losses	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>664,536</u>	<u>6</u>	<u>520,783</u>	<u>7</u>
NET OTHER INCOME AND EXPENSES	<u>2,610</u>	<u>-</u>	<u>468</u>	<u>-</u>
OPERATING INCOME	<u>392,966</u>	<u>4</u>	<u>313,250</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	12,908	-	15,295	-
Other gains and losses, net (Notes 25 and 31)	(18,462)	-	746	-
Finance costs (Note 25)	(856)	-	(805)	-
Share of profit of associates accounted for using equity method (Note 15)	<u>1,818</u>	<u>-</u>	<u>38,255</u>	<u>1</u>
Total non-operating income and expenses	<u>(4,592)</u>	<u>-</u>	<u>53,491</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	388,374	4	366,741	5
INCOME TAX EXPENSE (Note 26)	<u>81,411</u>	<u>1</u>	<u>58,479</u>	<u>1</u>
PROFIT	<u>306,963</u>	<u>3</u>	<u>308,262</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on financial assets at fair value through other comprehensive income - equity instruments	(6,753)	-	-	-
Share of remeasurement of defined benefit plans of associates accounted for using equity method	67	-	-	-

(Continued)

# **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>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of unrealized loss on financial assets at fair value through other comprehensive income - equity instruments of associates accounted for using equity method	\$ (33)	-	\$ -	-
Income tax related to items that will not be reclassified subsequently to profit or loss	253	-	-	-
	(6,466)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	15,127	-	(38,669)	(1)
Unrealized loss on available-for-sale financial assets	-	-	(14,068)	-
Share of other comprehensive loss of associates accounted for using equity method	(414)	-	(2,604)	-
	14,713	-	(55,341)	(1)
Other comprehensive income (loss), net of tax	8,247	-	(55,341)	(1)
COMPREHENSIVE INCOME	<u>\$ 315,210</u>	<u>3</u>	<u>\$ 252,921</u>	<u>3</u>
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	\$ 308,521	3	\$ 309,928	4
Non-controlling interests	(1,558)	-	(1,666)	-
	<u>\$ 306,963</u>	<u>3</u>	<u>\$ 308,262</u>	<u>4</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Parent	\$ 316,970	3	\$ 254,398	3
Non-controlling interests	(1,760)	-	(1,477)	-
	<u>\$ 315,210</u>	<u>3</u>	<u>\$ 252,921</u>	<u>3</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$2.20</u>		<u>\$2.21</u>	
Diluted	<u>\$2.20</u>		<u>\$2.21</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											Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Other Equity		Treasury Shares	Total	Non-controlling Interests	
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
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
BALANCE AT JANUARY 1, 2018	\$ 1,420,585	\$ 3,057,738	\$ 579,727	\$ 212,342	\$ 1,269,857	\$ (48,923)	\$ -	\$ (217,404)	\$ (397,175)	\$ 5,876,747	\$ (9,234)	\$ 5,867,513
Effect of retrospective application and retrospective restatement	-	-	-	-	(148,014)	-	(69,390)	217,404	-	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,420,585	3,057,738	579,727	212,342	1,121,843	(48,923)	(69,390)	-	(397,175)	5,876,747	(9,234)	5,867,513
Changes in equity of associates accounted for using equity method	-	-	-	-	4,380	-	-	-	-	4,380	-	4,380
Profit for the three months ended March 31, 2018	-	-	-	-	308,521	-	-	-	-	308,521	(1,558)	306,963
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	320	14,915	(6,786)	-	-	8,449	(202)	8,247
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	308,841	14,915	(6,786)	-	-	316,970	(1,760)	315,210
BALANCE AT MARCH 31, 2018	\$ 1,420,585	\$ 3,057,738	\$ 579,727	\$ 212,342	\$ 1,435,064	\$ (34,008)	\$ (76,176)	\$ -	\$ (397,175)	\$ 6,198,097	\$ (10,994)	\$ 6,187,103

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>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 388,374	\$ 366,741
Adjustments:		
Depreciation expenses	61,113	21,940
Amortization expenses	9,721	3,211
Expected credit losses	574	-
Provision for bad debt expense	-	510
Loss on financial assets at fair value through profit or loss, net	18,799	-
Finance costs	856	805
Interest income	(11,781)	(14,578)
Share of profit of associates accounted for using equity method	(1,818)	(38,255)
Gain on disposal of property, plant and equipment, net	-	(2,583)
Gain on disposal of investments, net	-	(12)
Loss (gain) on foreign currency exchange, net	86	(586)
Others	(148)	(147)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	609,083	-
Accounts receivable	(8)	11,277
Accounts receivable from related parties	(2,380)	(3,910)
Other receivables	192,339	96,244
Other receivables from related parties	68,321	64,250
Inventories	(105,908)	(76,045)
Prepayments	(17,897)	(27,345)
Other current assets	3,959	(1,830)
Rights to recover products	10,308	-
Contract liability	32,609	-
Accounts payable	(33,284)	(99,489)
Accounts payable to related parties	101,312	28,666
Other payables	(422,229)	(124,220)
Other payables to related parties	(78,803)	15,707
Refund liability	(15,257)	-
Advance receipts	-	(7,172)
Other current liabilities	9,513	(1,450)
Net defined benefit liabilities	(349)	(336)
Cash generated from operations	817,105	211,393
Interest received	133	120
Income tax (paid) refunded	(76)	3,295
Net cash generated by operating activities	<u>817,162</u>	<u>214,808</u>

(Continued)



# **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>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	\$ -	\$ (120,000)
Proceeds from disposal of available-for-sale financial assets	-	120,012
Repayment of capital reduction from associates	31,090	-
Acquisition of property, plant and equipment	(535,030)	(519,899)
Proceeds from disposal of property, plant and equipment	-	2,583
Increase in refundable deposits	(11,604)	(166)
Decrease in refundable deposits	2,079	-
Acquisition of intangible assets	(24,783)	(429)
Increase in other financial assets	-	(4,228)
Decrease in other financial assets	25,500	757,971
Interest received	<u>11,502</u>	<u>14,618</u>
Net cash (used in) generated by investing activities	<u>(501,246)</u>	<u>250,462</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from guarantee deposits received	10,611	10,392
Refunds of guarantee deposits received	(9,430)	(16,409)
Interest paid	<u>(856)</u>	<u>(806)</u>
Net cash generated by (used in) financing activities	<u>325</u>	<u>(6,823)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>37</u>	<u>(3,600)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>316,278</b>	<b>454,847</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>2,701,070</b></u>	<u><b>2,745,359</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 3,017,348</b></u>	<u><b>\$ 3,200,206</b></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, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

---

### **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 three months ended March 31, 2018, 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 26, 2018.

### **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 IFRS, IAS, IFRIC, and SIC (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the existing issues and has restated prior reporting periods. However, according to the adjustment of general principles within the Group and the practices of the industry, the Group chose to reselect not to restate prior reporting periods.

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:

- 1) IFRS 9 “Financial Instruments” and related amendment

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

## Classification, measurement and impairment of financial assets

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

Financial Assets	Measurement Category		Carrying Amount		Remark	
	IAS 39	IFRS 9	IAS 39	IFRS 9		
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 2,701,070	\$ 2,701,070	-	
Foreign investments - unlisted stock	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instrument	28,269	28,269	(a)	
Domestic unlisted common stock	Financial assets at cost	FVTOCI - equity instrument	53,820	53,820	(a)	
Domestic investments - beneficiary certificates	Available-for-sale	Mandatorily at fair value through profit or loss (i.e. FVTPL)	845,806	845,806	(b)	
Other financial assets	Loans and receivables	Amortized cost	87,096	87,096	-	
Accounts receivable and other receivables (including related parties)	Loans and receivables	Amortized cost	966,316	966,316	(c)	
Refundable deposits	Loans and receivables	Amortized cost	57,539	57,539	-	
Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi- cations	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	\$ -	\$ -	\$ -	\$ -	\$ -	
Add: Reclassification from available-for-sale (IAS 39)						
Required reclassification	-	845,806	845,806	(154,194)	154,194	(b)
	-	845,806	845,806	(154,194)	154,194	
FVTOCI						
Equity instruments	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	28,269	28,269	-	-	(a)
Add: Reclassification from financial assets at cost (IAS 39)	-	53,820	53,820	6,180	(6,180)	(a)
	-	82,089	82,089	6,180	(6,180)	
	\$ -	\$ 927,895	\$ 927,895	\$ (148,014)	\$ 148,014	

- a) Investments in foreign unlisted stock previously classified as available-for-sale under IAS 39 have been designated as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of \$70,582 thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.

Investments in domestic unlisted common stock previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value.

The Group recognized under IAS 39 impairment loss on certain investments in domestic unlisted common stock previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$6,180 thousand in other equity - unrealized loss on financial assets at FVTOCI and an increase of \$6,180 thousand in retained earnings on January 1, 2018.

- b) Domestic investments in beneficiary certificates previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in an increase of \$154,194

thousand in other equity - unrealized loss on available-for-sale financial assets and a decrease of \$154,194 thousand in retained earnings on January 1, 2018.

- c) Accounts receivable and other receivables (including related parties) that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.

## 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 supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

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 other goods or services in providing a 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.

Prior to the application of IFRS 15, the Group determined whether it was a principal or an agent based on its exposure to the significant risks and rewards of the goods or services.

Incremental costs of obtaining a contract is recognized as an asset to the extent the Group expects to recover those costs. Such asset is amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, the receivable was recognized or the deferred revenue was reduced when revenue is recognized for the contract under IAS 18.

For the sale with a right of return, the Group recognizes a refund liability and a right to recover a product when recognizing revenue. Prior to the application of IFRS 15, return provisions were recognized when recognizing revenue.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018. The cumulative effect on January 1, 2018 is as below:

Impact on assets and liabilities for current period

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Rights to recover products	\$ -	\$ 95,777	\$ 95,777
Total effect on assets	<u>11,777,894</u>	<u>95,777</u>	<u>11,873,671</u>
Contract liability - current	-	49,975	49,975
Accounts payable	<u>3,688,973</u>	<u>(28,097)</u>	<u>3,660,876</u>
Other payables	<u>1,112,225</u>	<u>6,320</u>	<u>1,118,545</u>
Advance receipts	<u>63,050</u>	<u>(49,975)</u>	<u>13,075</u>
Refundable liability	-	117,554	117,554
Total effect on liabilities	<u>5,910,381</u>	<u>95,777</u>	<u>6,006,158</u>

The financial information if the Group continued using IAS 18 as of March 31, 2018 is as below:

	March 31, 2018 (IFRS 15)	Adjustments Arising from IFRS 15 Application	March 31, 2018 (IAS 18)
Rights to recover products	\$ 85,469	\$ (85,469)	\$ -
Total effect on assets	<u>11,417,152</u>	<u>(85,469)</u>	<u>11,331,683</u>
Contract liability - current	82,584	(82,584)	-
Accounts payable	<u>3,627,592</u>	<u>16,828</u>	<u>3,644,420</u>
Advance receipts	-	82,584	82,584
Refundable liability	<u>102,297</u>	<u>(102,297)</u>	-
Total effect on liabilities	<u>5,230,049</u>	<u>(85,469)</u>	<u>5,144,580</u>

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
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 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

#### 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 the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liability are classified within financing activities; cash payments for the 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 consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

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, 2017.

See Note 14, Table 5 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable and other receivables and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

i. Financial assets at fair value through profit or loss

Financial asset is classified as at fair value through profit or loss when it is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.



ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, other financial assets, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables) as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivable and other receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

## 2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable and other receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it is becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable and other receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without reclassifying to profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

e. Revenue recognition

2018

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

The Group's primary source of revenue is generated from virtual channels, including TV shopping channels, E-commerce portals and catalogues. Sales of goods are recognized as revenue after the goods are shipped, and the transaction price received is recognized as a contract liability before the goods are delivered to the customer.

Under customer loyalty programme, the Group offers vouchers which can be used in future purchases by the customer. The voucher provides a material right to the customer. Transaction price allocated to the voucher is recognized as contract liability when collected and will be recognized as revenue when the voucher is redeemed.

2) Revenue from rendering of services

The Group is an agent and its performance obligation is to procure the good on behalf of the customer. The Group recognizes revenue in the net amount of consideration received or receivable when the good is transferred to the customer and the Group has no further obligation to the customer.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The sale of goods that result in awarded credits for customers under the Group's award scheme is accounted for as multiple element revenue transactions, and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the awarded credits is measured by reference to their fair value, the amount for which the awarded credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the awarded credits are redeemed and the Group's obligations have been fulfilled.

2) Rendering of services and commission revenues

Service income is recognized when services are provided.

Revenue from service rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission due to the Group.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

f. Other significant accounting policies

Except for financial instruments, revenue recognition, and the following statements, 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, 2017. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2017.

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. The effect of a change in tax rate resulting from a change in tax law is recognized in consistent with the accounting for the transaction itself for which the tax consequence arises from, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

## 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, 2017.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand and revolving funds	\$ 14	\$ 14	\$ 43
Cash in banks	962,679	527,821	307,713
Time deposits	2,054,655	2,013,350	2,892,450
Short-term notes and bills	<u>-</u>	<u>159,885</u>	<u>-</u>
	<u>\$ 3,017,348</u>	<u>\$ 2,701,070</u>	<u>\$ 3,200,206</u>
The market rate intervals of time deposits	0.1%-1.72%	0.1%-0.6%	0.1%-0.6%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT - 2018

March 31, 2018

### Current

Domestic beneficiary certificates \$ 217,924

As of March 31, 2018, the financial assets were not pledged.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

### Equity Instrument Investments

March 31, 2018

### Current

Foreign unlisted stock \$ 24,288

### Non-current

Domestic unlisted stock \$ 51,048

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 4, Note 9 and Note 10 for information relating to their reclassification and comparative information for 2017.

As of March 31, 2018, the financial assets were not pledged.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT - 2017

	December 31, 2017	March 31, 2017
Domestic investments		
Beneficiary certificates	\$ 845,806	\$ 958,031
Foreign investments		
Unlisted stock	<u>28,269</u>	<u>39,160</u>
	<u>\$ 874,075</u>	<u>\$ 997,191</u>

For the year ended December 31, 2017, the financial assets were not pledged.

## 10. FINANCIAL ASSETS AT COST - NON-CURRENT - 2017

	December 31, 2017	March 31, 2017
Domestic unlisted common stock	<u>\$ 53,820</u>	<u>\$ 60,000</u>

As a result of the declining operation performance of the domestic unlisted equity investment held by the Group, an impairment loss of \$6,180 thousand was recognized in other gains and losses in the statements of comprehensive income for the year ended December 31, 2017.

## 11. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Accounts receivable</u>			
Measured at amortized cost			
Accounts receivable	\$ 25,094	\$ 25,088	\$ 34,287
Less: Allowance for impairment loss	<u>(639)</u>	<u>(608)</u>	<u>(702)</u>
Accounts receivable, net	<u>\$ 24,455</u>	<u>\$ 24,480</u>	<u>\$ 33,585</u>
<u>Other receivables</u>			
Measured at amortized cost			
Other receivables	\$ 515,006	\$ 707,175	\$ 401,243
Less: Allowance for impairment loss	<u>(4,707)</u>	<u>(4,166)</u>	<u>(3,357)</u>
Other receivables, net	<u>\$ 510,299</u>	<u>\$ 703,009</u>	<u>\$ 397,886</u>

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

For the three months ended March 31, 2018

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable and other receivables. The expected credit losses on accounts receivable and other receivables are estimated by reference to past default experience and collecting experience of each debtor as well as an increase in the number of delayed payments in the portfolio past the average credit period. Furthermore, the Group considers both its own trading records and observable changes in national or local economic conditions that correlate with defaults on receivables as factors affecting the expected credit losses. The Group estimates expected credit loss rate, based on different loss patterns for different customer segments, by past due status and actual situation.

The following table details the loss allowance of accounts receivable and other receivables.

March 31, 2018

	<b>Not Past Due</b>	<b>1 to 120 Days</b>	<b>121 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 500,663	\$ 10,836	\$ 24,293	\$ 4,308	\$ 540,100
Loss allowance (Lifetime ECL)	<u>(21)</u>	<u>(190)</u>	<u>(827)</u>	<u>(4,308)</u>	<u>(5,346)</u>
Amortized cost	<u>\$ 500,642</u>	<u>\$ 10,646</u>	<u>\$ 23,466</u>	<u>\$ -</u>	<u>\$ 534,754</u>

The expected credit loss rate of each period above, excluding abnormal transactions which have been recognized 100% credit loss, is lower than 10% when the aging of the receivables not past due or within 120 days and is between 35%-100% when the aging period past due over 121 days.

The movements of the loss allowance of accounts receivable and other receivables is as follows:

	<b>For the Three Months Ended March 31, 2018</b>
Balance at January 1, 2018 per IAS 39	\$ 4,774
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	4,774
Add: Provision	574
Less: Write-off	<u>(2)</u>
Balance at March 31, 2018	<u>\$ 5,346</u>

For the three months ended March 31, 2017

The Group's credit policy in 2017 was the same as the aforementioned credit policy in 2018.



The aging of receivables was as follows:

	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Neither past due nor impaired	\$ 693,539	\$ 406,438
Past due but not impaired		
Past due within 180 days	32,811	20,947
Past due over 180 days	<u>1,139</u>	<u>4,086</u>
	<u>\$ 727,489</u>	<u>\$ 431,471</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, 2017</b>
Beginning balance	\$ 3,916
Add: Provision	510
Less: Write-off	<u>(367)</u>
Ending balance	<u>\$ 4,059</u>

## 12. INVENTORIES

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Merchandise	<u>\$ 1,142,468</u>	<u>\$ 1,036,560</u>	<u>\$ 388,315</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2018 and 2017 were \$8,400,195 thousand and \$6,049,931 thousand, respectively. The cost of goods sold included reversal of inventory write-downs of \$8,633 thousand for the three months ended March 31, 2018 and inventory write-downs of \$4,765 thousand for the three months ended March 31, 2017.

## 13. OTHER FINANCIAL ASSETS

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
<u>Current</u>			
Pledged time deposits	\$ 35,076	\$ 35,076	\$ 89,024
Time deposits with original maturity more than 3 months	<u>14,774</u>	<u>17,867</u>	<u>47,943</u>
	<u>\$ 49,850</u>	<u>\$ 52,943</u>	<u>\$ 136,967</u>
<u>Non-current</u>			
Pledged time deposits and restricted deposits	<u>\$ 11,653</u>	<u>\$ 34,153</u>	<u>\$ 34,150</u>

- a. The market interest rates of the time deposit with original maturity more than 3 months were 0.17%-1.5%, 0.15%-1.065% and 0.15%-1.07% per annum, as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.
- b. The Group estimates the expected credit risks of the above financial assets are not significant, and all the credit risks did not increase after initial recognition.
- c. Refer to Note 32 for information relating to other financial assets pledged as security.

## 14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2018	December 31, 2017	March 31, 2017	
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.

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

Investee Company	March 31, 2018		December 31, 2017		March 31, 2017	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS) (Previously known as Beijing Global Gouguang Media Technology Co., Ltd.)	\$ 746,964	20.00	\$ 781,922	20.00	\$ 728,470	20.00
Taiwan Pelican Express Co., Ltd. (TPE)	407,499	17.70	401,192	17.70	406,544	17.70
TVD Shopping Co., Ltd. (TVD shopping)	<u>119,002</u>	35.00	<u>117,462</u>	35.00	<u>148,220</u>	35.00
	<u>\$ 1,273,465</u>		<u>\$ 1,300,576</u>		<u>\$ 1,283,234</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, 2018, 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, with the total amount of investment of THB155,750 thousand. The Group engaged in E-commerce and TV Shopping in Thailand. In order to adjust the capital structure, financial indicators and operating indicators, TVD Shopping hold the interim shareholders meeting on November 23, 2017 to propose the capital reduction of THB35,000 thousand. The Group has received the returns of the capital \$31,090 thousand in January 2018.

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

Name of Associate	March 31, 2018	December 31, 2017	March 31, 2017
TPE	<u>\$ 464,558</u>	<u>\$ 489,052</u>	<u>\$ 416,412</u>

All the associates are accounted for using the equity method.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	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>\$ -</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>\$ -</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 at January 1, 2017	<u>\$ 1,717,927</u>	<u>\$ -</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 at March 31, 2017	<u>\$ 1,717,927</u>	<u>\$ -</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>
<b>Cost</b>									
Balance, January 1, 2018	\$ 1,717,927	\$ 1,676,457	\$ 1,451,517	\$ 48,339	\$ -	\$ 246,296	\$ 12,587	\$ 185,541	\$ 5,338,664
Additions	-	6,932	26,168	16,094	-	5,481	2,377	19,350	76,402
Disposals	-	-	(2,246)	(20)	-	-	(114)	-	(2,380)
Reclassification	-	42,021	32,346	23,369	-	-	45,664	(165,129)	(21,729)
Effect of exchange rate changes	-	-	1,489	38	-	51	4	-	1,582
Balance, March 31, 2018	<u>\$ 1,717,927</u>	<u>\$ 1,725,410</u>	<u>\$ 1,509,274</u>	<u>\$ 87,820</u>	<u>\$ -</u>	<u>\$ 251,828</u>	<u>\$ 60,518</u>	<u>\$ 39,762</u>	<u>\$ 5,392,539</u>

(Continued)

	Land	Building	Machinery	Office Equipment	Lease Assets	Lease Improvement	Other Equipment	Property in Construction	Total
Accumulated depreciation and impairment									
Balance, January 1, 2017	\$ -	\$ 6,219	\$ 636,067	\$ 25,802	\$ -	\$ 101,098	\$ 4,152	\$ -	\$ 773,338
Depreciation	-	19,066	30,334	3,577	-	7,017	1,119	-	61,113
Disposals	-	-	(2,246)	(20)	-	-	(114)	-	(2,380)
Effect of exchange rate changes	-	-	1,232	33	-	18	4	-	1,287
Balance, March 31, 2018	<u>\$ -</u>	<u>\$ 25,285</u>	<u>\$ 665,387</u>	<u>\$ 29,392</u>	<u>\$ -</u>	<u>\$ 108,133</u>	<u>\$ 5,161</u>	<u>\$ -</u>	<u>\$ 833,358</u>
Carrying amounts at January 1, 2018	<u>\$ 1,717,927</u>	<u>\$ 1,670,238</u>	<u>\$ 815,450</u>	<u>\$ 22,537</u>	<u>\$ -</u>	<u>\$ 145,198</u>	<u>\$ 8,435</u>	<u>\$ 185,541</u>	<u>\$ 4,565,326</u>
Carrying amounts at March 31, 2018	<u>\$ 1,717,927</u>	<u>\$ 1,700,125</u>	<u>\$ 843,887</u>	<u>\$ 58,428</u>	<u>\$ -</u>	<u>\$ 143,695</u>	<u>\$ 55,357</u>	<u>\$ 39,762</u>	<u>\$ 4,559,181</u>

(Concluded)

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

Building	5-50 years
Machinery	1-12 years
Office equipment	3-10 years
Lease asset	2-5 years
Lease improvement	1-10 years
Other equipment	3-15 years

As of March 31, 2018, the property, plant and equipment were not pledged as collateral.

## 17. OTHER ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Rights to recover products (Note 24)	\$ 85,469	\$ -	\$ -
Others	<u>14,886</u>	<u>18,846</u>	<u>17,776</u>
	<u>\$ 100,355</u>	<u>\$ 18,846</u>	<u>\$ 17,776</u>

## 18. SHORT-TERM BORROWINGS

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured bank loans from related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,929</u>
Unsecured bank loans	<u>\$ 63,466</u>	<u>\$ 62,318</u>	<u>\$ -</u>
Annual interest rate	5.44%	5.44%	5.22%

Refer to Note 30(d) for information relating on financial risk, Note 32 for information on assets pledged relating on secured bank loans and Note 33 for information on endorsements and guarantees.

## 19. ACCOUNTS PAYABLE

	March 31, 2018	December 31, 2017	March 31, 2017
Suppliers	\$ 3,627,592	\$ 3,682,653	\$ 2,714,548
Others	<u>-</u>	<u>6,320</u>	<u>4,281</u>
	<u>\$ 3,627,592</u>	<u>\$ 3,688,973</u>	<u>\$ 2,718,829</u>

## 20. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Other payables			
Payable for salaries and bonus	\$ 75,948	\$ 206,456	\$ 64,608
Payable for equipment and construction	24,724	477,607	14,333
Payable for investment	20,638	20,265	19,567
Payable for business tax	13,021	47,650	5,798
Others	<u>103,135</u>	<u>360,247</u>	<u>271,195</u>
	<u>\$ 237,466</u>	<u>\$ 1,112,225</u>	<u>\$ 375,501</u>
Others			
Contract liabilities	\$ 82,584	\$ -	\$ -
Refundable liability (Note 24)	102,297	-	-
Advance receipts	-	63,050	52,536
Collection about travelling merchandise	248,978	261,772	234,595
Others	<u>205,232</u>	<u>169,602</u>	<u>186,533</u>
	<u>\$ 639,091</u>	<u>\$ 494,424</u>	<u>\$ 473,664</u>

Contract liabilities mainly include advanced receipts from customers and annual fees from users on the sales platform.

## 21. 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 \$18,019 thousand and \$15,753 thousand for the three months ended March 31, 2018 and 2017, respectively.

b. Defined benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$12 thousand and \$14 thousand for the three months ended March 31, 2018 and 2017, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016.

## 22. GUARANTEE DEPOSITS

	March 31, 2018	December 31, 2017	March 31, 2017
Vendors	\$ 245,264	\$ 244,084	\$ 235,356
Decorations	<u>34</u>	<u>34</u>	<u>34</u>
	<u>\$ 245,298</u>	<u>\$ 244,118</u>	<u>\$ 235,390</u>

## 23. EQUITY

a. Capital stock

As of March 31, 2018, December 31, 2017 and March 31, 2017, 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, 2018	December 31, 2017	March 31, 2017
Additional paid-in capital	\$ 2,835,115	\$ 2,835,115	\$ 2,952,960
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>\$ 3,057,738</u>	<u>\$ 3,057,738</u>	<u>\$ 3,175,583</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. For information about the accrual basis of the employees' compensation and remuneration to directors and the actual appropriations, please refer to employee benefits expense in Note 25(d).

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.

momo distributes and reverses special reserve in accordance with Decree No. 1010012865, Decree No. 1010047490, and "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" 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.

The appropriations of earnings for 2017 and 2016 were proposed by the Board of Directors on March 30, 2018 and approved in the shareholders' meetings on May 17, 2017, 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>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Legal reserve	\$ 126,986	\$ 118,179		
Special reserve	53,985	60,984		
Cash dividends	1,088,885	1,002,623	\$ 7.7745	\$ 7.1586

The Company's Board of Directors proposed on March 30, 2018 and shareholders resolved in the shareholders' meeting on May 17, 2017 to issue cash dividends from capital surplus of \$31,583 thousand and \$117,845 thousand, respectively.

The appropriations of earnings for 2017 and cash dividends from capital surplus are subject to the resolution by the shareholders in their meeting to be held on May 17, 2018.

d. Other equity

1) Exchange differences on translation

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	\$ (48,923)	\$ (37,926)
In respect of the current period		
Exchange differences arising on translation	15,329	(38,858)
Share of exchange differences of associates accounted for using the equity method	(414)	(25)
	<u>14,915</u>	<u>(38,883)</u>
Ending balance	\$ (34,008)	\$ (76,809)

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

Balance, January 1, 2017	\$ (174,416)
In respect of the current period	
Unrealized loss	(14,068)
Associates accounted for using equity method	<u>(2,579)</u>
	<u>(16,647)</u>
Balance, March 31, 2017	\$ (191,063)
Balance at January 1, 2018 per IAS 39	\$ (217,404)
Adjustment on initial application of IFRS 9	<u>217,404</u>
Balance at January 1, 2018 per IFRS 9	<u>\$ -</u>

3) Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	<b>For the Three Months Ended March 31, 2018</b>
Beginning balance per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>(69,390)</u>
Beginning balance per IFRS 9	<u>(69,390)</u>
In respect of the current period	
Unrealized gain (loss) - equity instruments	(6,753)
Associates accounted for using equity method	<u>(33)</u>
	<u>(6,786)</u>
Ending balance	<u>\$ (76,176)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	\$ (9,234)	\$ (1,741)
Attributable to non-controlling interests:		
Share of loss for the period	(1,558)	(1,666)
Exchange differences arising on translation	<u>(202)</u>	<u>189</u>
Ending balance	<u>\$ (10,994)</u>	<u>\$ (3,218)</u>

f. Treasury shares

	<b>Total (In Thousands of Shares) For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</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.

## 24. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 10,063,179	\$ 7,481,156
Other operating revenues	<u>120,630</u>	<u>100,370</u>
	<u>\$ 10,183,809</u>	<u>\$ 7,581,526</u>

### Contract Information

The Group's customary business practice allows customers to return the goods within 10 days with full refund. The rate of return is estimated on a portfolio level using the expected value method, taking into account the Group's accumulated historical experience. The refund liability and the related right to recover products from customers are recorded accordingly.

## 25. PROFIT BEFORE INCOME TAX

### a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest income	\$ 11,781	\$ 14,578
Others	<u>1,127</u>	<u>717</u>
	<u>\$ 12,908</u>	<u>\$ 15,295</u>

### b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Gain on disposal of investments		
Available-for-sale financial assets	\$ -	\$ 12
Loss on financial assets		
Financial assets at fair value through profit or loss	(18,799)	-
Gain on disposal of property, plant and equipment, net	-	2,583
Net foreign exchange gains	337	1,151
Others	<u>-</u>	<u>(3,000)</u>
	<u>\$ (18,462)</u>	<u>\$ 746</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest on bank loans	<u>\$ 856</u>	<u>\$ 805</u>

d. Employee benefits expense, depreciation and amortization

<b>Function</b>  <b>Nature</b>	<b>For the Three Months Ended March 31, 2018</b>			<b>For the Three Months Ended March 31, 2017</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee benefits expense						
Salary	\$ 132,475	\$ 210,866	\$ 343,341	\$ 106,387	\$ 175,252	\$ 281,639
Insurance expense	12,861	20,866	33,727	11,415	19,028	30,443
Post-employment benefits	6,354	11,677	18,031	5,613	10,154	15,767
Other employee benefits	8,117	15,215	23,332	6,812	11,914	18,726
Depreciation	51,646	9,467	61,113	11,185	10,755	21,940
Amortization	1,386	8,335	9,721	198	3,013	3,211

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 bonuses 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. For the three months ended March 31, 2018 and 2017, the estimated employees' compensation and remuneration of directors were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Employees' compensation	<u>\$ 389</u>	<u>\$ 368</u>
Remuneration of directors	<u>\$ 389</u>	<u>\$ 368</u>

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 2017 and 2016 having been resolved by the Board of Directors on January 26, 2018 and January 24, 2017, respectively, and the respective amounts recognized in the consolidated financial statements, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2017</b>		<b>2016</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>\$ 1,525</u>	<u>\$ 1,525</u>	<u>\$ 1,421</u>	<u>\$ 1,421</u>

There was no difference between approved in the shareholders' meeting and recognized in consolidated financial statements in 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by momo's Board of Directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 26. 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>2018</b>	<b>2017</b>
Current tax		
In respect of the current period	<u>\$ 84,161</u>	<u>\$ 57,292</u>
Deferred tax		
In respect of the current period	(477)	1,187
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(2,273)</u>	<u>-</u>
	<u>(2,750)</u>	<u>1,187</u>
Income tax expense recognized in profit or loss	<u>\$ 81,411</u>	<u>\$ 58,479</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate is adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate is recognized in full in the period in which the tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
<u>Deferred tax</u>		
Change in tax rate - remeasurement of defined benefit plans	<u>\$ 253</u>	<u>\$ -</u>
Income tax recognized in other comprehensive income	<u>\$ 253</u>	<u>\$ -</u>

### c. Income tax assessments

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

<u>Company</u>	<u>Year</u>
momo	2015
FST	2016
FLI	2016
FPI	2016

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2018	2017
Basic earnings per share	\$ 2.20	\$ 2.21
Diluted earnings per share	\$ 2.20	\$ 2.21

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

	For the Three Months Ended March 31	
	2018	2017
Earnings used in the computation of basic and diluted earnings per share	\$ 308,521	\$ 309,928

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

	For the Three Months Ended March 31	
	2018	2017
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	3	4
Weighted average number of common stocks used in the computation of diluted earnings per share	<u>140,062</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.

## 28. 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, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Not later than 1 year	\$ 175,673	\$ 164,982	\$ 205,541
Later than 1 year and not later than 5 years	<u>141,722</u>	<u>107,793</u>	<u>146,046</u>
	<u>\$ 317,395</u>	<u>\$ 272,775</u>	<u>\$ 351,587</u>

## 29. 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.

## 30. 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, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Beneficiary certificates	<u>\$ 217,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,924</u>
Financial assets at fair value through other comprehensive income				
Equity instrument investments				
Unlisted stock - foreign investments	\$ -	\$ 24,288	\$ -	\$ 24,288
Unlisted stock - domestic investments	<u>-</u>	<u>-</u>	<u>51,048</u>	<u>51,048</u>
	<u>\$ -</u>	<u>\$ 24,288</u>	<u>\$ 51,048</u>	<u>\$ 75,336</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Beneficiary certificates	\$ 845,806	\$ -	\$ -	\$ 845,806
Equity instrument investments				
Unlisted stock - foreign investments	<u>-</u>	<u>28,269</u>	<u>-</u>	<u>28,269</u>
	<u>\$ 845,806</u>	<u>\$ 28,269</u>	<u>\$ -</u>	<u>\$ 874,075</u>

March 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Beneficiary certificates	\$ 958,031	\$ -	\$ -	\$ 958,031
Equity instrument investments				
Unlisted stock - foreign investments	<u>-</u>	<u>39,160</u>	<u>-</u>	<u>39,160</u>
	<u>\$ 958,031</u>	<u>\$ 39,160</u>	<u>\$ -</u>	<u>\$ 997,191</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.
- 3) Valuation techniques and inputs applied for Level 3 fair value measurement: The Group uses price-book ratio approach, comparing the net value per share with other public companies among the similar industries or evaluating stock price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive income - equity instruments

	For the Three Months Ended March 31, 2018
Beginning balance	\$ 53,820
Recognized in other comprehensive income (unrealized loss on financial assets at fair value through other comprehensive income)	<u>(2,772)</u>
Ending balance	<u>\$ 51,048</u>

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 217,924	\$ -	\$ -
Financial assets at fair value through other comprehensive income			
Equity instrument investments	75,336	-	-
Available-for-sale financial assets	-	874,075	997,191
Financial assets at cost	-	53,820	60,000
Measured at amortized cost:			
Cash and cash equivalents	3,017,348	-	-
Notes and accounts receivables (including related parties)	32,564	-	-
Other receivables (including related parties)	692,839	-	-
Other financial assets (including current and non-current portions)	61,503	-	-
Refundable deposits	67,112	-	-
	<u>3,871,366</u>	<u>-</u>	<u>-</u>
Loans and receivables:			
Cash and cash equivalents	-	2,701,070	3,200,206
Notes and accounts receivables (including related parties)	-	30,209	42,442
Other receivables (including related parties)	-	936,107	498,956
Other financial assets (including current and non-current portions)	-	87,096	171,117
Refundable deposits	-	57,539	52,781
	<u>-</u>	<u>3,812,021</u>	<u>3,965,502</u>
	<u>\$ 4,164,626</u>	<u>\$ 4,739,916</u>	<u>\$ 5,022,693</u>
<u>Financial liabilities</u>			
Measured at amortized cost:			
Short-term borrowings	\$ 63,466	\$ 62,318	\$ 59,929
Accounts payables (including related parties)	3,735,420	3,695,489	2,752,662
Other payables (including related parties)	302,927	1,254,729	471,734
Guarantee deposits	245,298	244,118	235,390
	<u>4,347,111</u>	<u>5,256,654</u>	<u>3,519,715</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, 2018, December 31, 2017 and March 31, 2017, the Group had unused bank facilities of \$754,105 thousand, \$754,060 thousand and \$820,192 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, 2018

	<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	\$ _____ -	\$ _____ -	\$ 65,393	\$ _____ -	\$ _____ -

December 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	\$ _____ -	\$ _____ -	\$ 65,057	\$ _____ -	\$ _____ -

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	\$ _____ -	\$ _____ -	\$ _____ -

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 34.

### Sensitivity analysis

The Group was mainly exposed to the USD, JPY, GBP 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, 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>2018</b>	<b>2017</b>
Appreciated 5%	\$ (3,622)	\$ (304)
Depreciated 5%	\$ 3,622	\$ 304

### 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, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Fair value interest rate risk			
Financial assets	\$ 2,093,705	\$ 2,224,878	\$ 2,998,117
Cash flow interest rate risk			
Financial assets	980,273	562,646	371,070
Financial liabilities	63,466	62,318	59,929

### 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, 2018 and 2017 would increase or decrease by \$1,146 thousand and \$389 thousand, respectively.

#### c) Other price risk

The Group was exposed to other price risk through its equity instrument 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 profit for the three months ended March 31, 2018 would have increased or decreased by \$10,896 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2018 would have increased or decreased by \$3,767 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

## **31. TRANSACTIONS WITH RELATED PARTIES**

momo's parent is Wealth Media Technology Co., Ltd. (WMT), which held 45.01% of common stocks of momo as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively. 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

<u>Name</u>	<u>Related Party Categories</u>
Taiwan Mobile Co., Ltd. (TWM)	Parent entity
Taiwan Pelican Express Co., Ltd. (TPE)	Associates
Beijing Pelican Express Co., Ltd. (BPE)	Associates
Global Home Shopping Co., Ltd. (GHS) (previously known as Beijing Global Gouguang Media Technology Co., Ltd.)	Associates

(Continued)

<b>Name</b>	<b>Related Party Categories</b>
Beijing Global Jiusha Media Technology Co., Ltd. (JS)	Associates
Beijing YueShih JiuSha Media Technology Co., Ltd. (YSJS)	Associates
TVD Shopping Co., Ltd. (TVD Shopping)	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
Fu-Sheng Life Insurance Agency Co., Ltd. (Fu Sheng Life Insurance Agency)	Related party in substance
Fubon Securities Co., Ltd. (Fubon Securities)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Taiwan Fixed Network Co., Ltd. (TFN)	Same parent entity
TFN Media Co., Ltd. (TFNM)	Same parent entity
Mangrove Cable TV Co., Ltd. (MCTV)	Same parent entity
Union Cable TV Co., Ltd. (UCTV)	Same parent entity
Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Same parent entity
Taipei New Horizon Co., Ltd. (TNH)	Same parent entity
Globalview Cable TV Co., Ltd. (GCTV)	Same parent entity
Phoenix Cable TV Co., Ltd. (PCTV)	Same parent entity
Taiwan Kuro Times Co., Ltd. (TKT)	Same parent entity
Win TV Broadcasting Co., Ltd. (WTVB)	Same parent entity
	(Concluded)

b. Operating revenues

<b>Line Items</b>	<b>Related Party Categories</b>	<b>For the Three Months Ended March 31</b>	
		<b>2018</b>	<b>2017</b>
Sales	Parent entity	\$ 33	\$ 44
	Associates	<u>13,391</u>	<u>2,719</u>
		<u>\$ 13,424</u>	<u>\$ 2,763</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

<b>Related Party Categories</b>	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Parent entity	\$ 24,577	\$ 28,440
Associates	111,786	98,350
Other related parties	<u>26,536</u>	<u>33,811</u>
	<u>\$ 162,899</u>	<u>\$ 160,601</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)

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Accounts receivable	Parent entity	\$ 16	\$ -	\$ 2
	Associates			
	JS	3,372	2,125	2,169
	Others	<u>1,849</u>	<u>911</u>	<u>872</u>
		<u>5,221</u>	<u>3,036</u>	<u>3,041</u>
	Other related parties	<u>2,872</u>	<u>2,693</u>	<u>5,814</u>
		<u>\$ 8,109</u>	<u>\$ 5,729</u>	<u>\$ 8,857</u>
Other receivables	Parent entity	\$ 7,779	\$ 7,439	\$ 6,401
	Associates			
	TPE	92,879	123,502	73,986
	Others	<u>36</u>	<u>37</u>	<u>-</u>
		<u>92,915</u>	<u>123,539</u>	<u>73,986</u>
	Other related parties	<u>32,422</u>	<u>71,187</u>	<u>20,683</u>
		<u>\$ 133,116</u>	<u>\$ 202,165</u>	<u>\$ 101,070</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2018 and 2017, no impairment losses was recognized for trade receivables from related parties.

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

<b>Line Items</b>	<b>Related Party Categories/Name</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Accounts payable	Parent entity	\$ 5,099	\$ 5,714	\$ 7,447
	Associates	81,153	501	460
	Other related parties	<u>21,576</u>	<u>301</u>	<u>25,926</u>
		<u>\$ 107,828</u>	<u>\$ 6,516</u>	<u>\$ 33,833</u>
Other payables	Parent entity	\$ 6,945	\$ 5,710	\$ 5,844
	Associates	<u>7</u>	<u>95,554</u>	<u>32,208</u>
	Other related parties			
	FLI	37,159	36,630	36,465
	Others	<u>21,350</u>	<u>4,610</u>	<u>21,716</u>
		<u>58,509</u>	<u>41,240</u>	<u>58,181</u>
		<u>\$ 65,461</u>	<u>\$ 142,504</u>	<u>\$ 96,233</u>

The outstanding trade payables from related parties are unsecured.

f. Bank deposits

Line Items	Related Party Categories/Name	March 31, 2018	December 31, 2017	March 31, 2017
Cash and cash equivalents	Other related parties			
	TFCB	\$ 551,122	\$ 274,056	\$ 159,928
	Others	<u>3,902</u>	<u>8,529</u>	<u>18,978</u>
		<u>\$ 555,024</u>	<u>\$ 282,585</u>	<u>\$ 178,906</u>
Other financial assets	Other related parties			
	TFCB	<u>\$ 10,278</u>	<u>\$ 13,371</u>	<u>\$ 13,443</u>

g. Prepayments

Related Party Categories/Name	March 31, 2018	December 31, 2017	March 31, 2017
Associates	<u>\$ 1,314</u>	<u>\$ 2,190</u>	<u>\$ -</u>
Other related parties			
Fubon Ins.	18,218	2,212	9,444
FSE	<u>-</u>	<u>-</u>	<u>6,400</u>
	<u>18,218</u>	<u>2,212</u>	<u>15,844</u>
	<u>\$ 19,532</u>	<u>\$ 4,402</u>	<u>\$ 15,844</u>

h. Acquisition of property, plant and equipment

Related Party Categories	Purchase Price For the Three Months Ended March 31	
	2018	2017
Other related parties	<u>\$ 18,479</u>	<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, 2018

Line Items	Related Party Categories/Name	Number of Units (In Thousand)	Underlying Assets	Purchase Price	Proceeds
Financial assets at fair value through profit or loss	Other related parties FAM	9,151	Fubon Strategic High Income Fund B	<u>\$ 100,000</u>	<u>\$ 88,184</u>

The Group recognized loss on financial assets at fair value through profit or loss of \$2,249 thousand for the current reporting period, and the accumulated loss was \$11,816 thousand.

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, 2018	December 31, 2017	March 31, 2017
Other related parties FB China	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,929</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, 2018	December 31, 2017	March 31, 2017
Associates	<u>\$ 5,753</u>	<u>\$ 995</u>	<u>\$ -</u>
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>
	<u>\$ 33,491</u>	<u>\$ 28,733</u>	<u>\$ 27,738</u>

2) Operating expenses

Related Party Categories/Name	For the Three Months Ended March 31	
	2018	2017
Parent entity	<u>\$ 361</u>	<u>\$ 189</u>
Associates	<u>1,506</u>	<u>1,560</u>
Other related parties		
FLI	16,797	16,798
TFCB	<u>26,910</u>	<u>27,380</u>
	<u>43,707</u>	<u>44,178</u>
	<u>\$ 45,574</u>	<u>\$ 45,927</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>2018</b>	<b>2017</b>
Short-term employee benefits	\$ 10,105	\$ 8,860
Post-employment benefits	<u>1,855</u>	<u>1,788</u>
	<u>\$ 11,960</u>	<u>\$ 10,648</u>

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

### 32. ASSETS PLEDGED

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Other financial assets - current	\$ 35,076	\$ 35,076	\$ 89,024
Other financial assets - non-current	<u>11,653</u>	<u>34,153</u>	<u>34,150</u>
	<u>\$ 46,729</u>	<u>\$ 69,229</u>	<u>\$ 123,174</u>

### 33. 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, 2018, December 31, 2017 and March 31, 2017 were as follows:

- a. As of March 31, 2018, December 31, 2017 and March 31, 2017, the amounts of endorsements and guarantees for FGE were RMB15,000 thousand, RMB15,000 thousand and 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 \$49,219 thousand, \$23,397 thousand and \$19,614 thousand, respectively; and electronic tickets of \$9,574 thousand, \$13,649 thousand and \$8,268 thousand as of March 31, 2018, December 31, 2017 and March 31, 2017, 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, 2018, contract amounts not yet paid for the warehousing logistics construction were \$3,143 thousand.



### 34. 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, 2018

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 15,137	4.644 (RMB:NTD)	\$ 70,298
USD	1,156	29.105 (USD:NTD)	<u>33,649</u>
			<u>\$ 103,947</u>
Non-monetary items			
Financial assets at fair value through other comprehensive income			
HKD	\$ 6,550	3.708 (HKD:NTD)	\$ 24,288
Investments accounted for using equity method			
RMB	160,844	4.644 (RMB:NTD)	746,964
THB	126,813	0.938 (THB:NTD)	<u>119,002</u>
			<u>\$ 890,254</u>

Financial liabilities

Monetary items			
RMB	4,444	4.644 (RMB:NTD)	\$ 20,638
USD	273	29.105 (USD:NTD)	7,957
GBP	25	40.9 (GBP:NTD)	1,036
JPY	6,872	0.274 (JPY:NTD)	<u>1,884</u>
			<u>\$ 31,515</u>

December 31, 2017

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 4,495	4.56 (RMB:NTD)	\$ 20,497
USD	162	29.77 (USD:NTD)	4,826
THB	33,711	0.918 (THB:NTD)	<u>30,933</u>

\$ 56,256

(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
Available-for-sale financial assets			
HKD	\$ 7,424	3.808 (HKD:NTD)	\$ 28,269
Investments accounted for using equity method			
RMB	171,474	4.56 (RMB:NTD)	781,922
THB	128,011	0.918 (THB:NTD)	<u>117,462</u>
			<u>\$ 927,653</u>
<u>Financial liabilities</u>			
Monetary items			
RMB	4,444	4.56 (RMB:NTD)	\$ 20,265
USD	174	29.77 (USD:NTD)	5,169
JPY	6,650	0.264 (JPY:NTD)	<u>1,757</u>
			<u>\$ 27,191</u> (Concluded)

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>
<u>Financial liabilities</u>			
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>

For the three months ended March 31, 2018 and 2017, realized and unrealized net foreign exchange gains were \$337 thousand and \$1,151 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.

### **35. 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. (Table 4)
- 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. (None)
- 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)

### 36. 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 months ended March 31, 2018 and 2017, 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, 2018</u>					
Revenues					
Non-inter-company revenues	<u>\$ 1,751,212</u>	<u>\$ 8,410,857</u>	<u>\$ 23,629</u>	<u>\$ (1,889)</u>	<u>\$ 10,183,809</u>
Segment profits	<u>\$ 190,775</u>	<u>\$ 201,968</u>	<u>\$ (4,356)</u>	<u>\$ (13)</u>	<u>\$ 388,374</u>
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>

**TABLE 1**

**momo.com Inc. AND SUBSIDIARIES**

**ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(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	\$ 731,347	\$ 69,660	\$ 69,660	\$ 69,660	\$ -	1.12	\$ 6,198,097	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, 2018**  
**(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, 2018				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	Financial assets at fair value through profit or loss - current	9,151	\$ 87,460	-	\$ 87,460	
	JPMorgan (Taiwan) Asia High Yield Total Return Bond Fund - Monthly Distribution Share Class	-	"	9,458	84,014	-	84,014	
	Eastspring Investments India Bond Fund B	-	"	5,000	46,450	-	46,450	
	<u>Stock</u> Media Asia Group Holdings Limited	-	Financial assets at fair value through other comprehensive income - current	43,668	24,288	2.04	24,288	
	We Can Medicines Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,400	51,048	7.73	51,048	

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  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(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	\$ 1,728,552 (Note)	\$1,725,409 thousand has been paid (including the payment of \$190,292 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 \$3,143 thousand for the current reporting period, the total transaction amount increased to \$1,728,552 thousand.

**TABLE 4**

**momo.com Inc. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
momo	TPE	Equity-method investee	Purchase	\$ 111,786	1	Based on contract terms	-	-	\$ (81,153)	(2)	



**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, 2018  
(Amount in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership	Carrying Value			
momo	FST	Taiwan	Travel agent	\$ 6,000	\$ 6,000	3,000	100.00	\$ 49,081	\$ 1,719	\$ 1,719	
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100.00	10,291	155	155	
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100.00	9,674	509	509	
	Asian Crown (BVI)	British Virgin Islands	Investment	789,864	789,864	26,500	76.26	(24,228)	(4,721)	(3,601)	Note 3
	TPE	Taiwan	Logistics industry	337,860	337,860	16,893	17.70	407,499	20,596	1,884	
	TVD Shopping	Thailand	Wholesale and retail sales	113,312	113,312	24,150	35.00	119,002	2,269	(393)	Note 4
				(THB 120,750)	(THB 120,750)						
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100.00	775,909	509	509	
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,035,051	1,035,051	33,633	100.00	(36,039)	(4,635)	Note 2	Note 3
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,035,051	1,035,051	8,408	100.00	(36,039)	(4,635)	Note 2	Note 3
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100.00	775,909	509	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 credit balance of the carrying value of the investment is due to the Company's intention to keep supporting the investee.

Note 4: The exchange rate on March 31, 2018 is THB1=NT\$0.9384.

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, 2018****(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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net (Loss) Income of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of March 31, 2018	Accumulated Inward Remittance of Earnings as of March 31, 2018	Note
					Outflow	Inflow							
FGE	Wholesaling	\$ 267,030 (RMB 57,500)	b.	\$ 731,347 (US\$ 14,000) (RMB 69,741)	\$ -	\$ -	\$ 731,347 (US\$ 14,000) (RMB 69,741)	\$ (5,021)	69.63	\$ (3,496)	\$ (27,638)	\$ -	Note 3
Haobo	Investment	51,084 (RMB 11,000)	b.	-	-	-	-	509	100.00	509	775,909	-	
GHS	Wholesaling	232,200 (RMB 50,000)	b.	-	Note 4	-	-	(14,430)	20.00	327	746,964	-	

Accumulated Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
\$1,356,290 (US\$14,000, RMB69,741 and HK\$168,539)	\$1,356,290 (US\$14,000, RMB69,741 and HK\$168,539)	\$3,712,262

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, 2018 are US\$1=NT\$29.105, RMB1=NT\$4.644 and HK\$1=NT\$3.708.

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 RMB4,444 thousand). As of March 31, 2018, the investment has not been remitted.