

**Lion Travel Service Co., Ltd. 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 Stockholders  
Lion Travel Service Co., Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Lion Travel Service Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and related notes, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the 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 financial statements based on our reviews.

### **Scope of Review**

Except as described in the next paragraph. 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.

### **Basis for Qualified Conclusion**

As disclosed in Note 13 to the consolidated financial statements, the financial statements of subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2018 and 2017, the unreviewed assets were 20.91% (NT\$1,472,880 thousand) and 14.27% (NT\$836,688 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities were 15.22% (NT\$693,220 thousand) and 10.87% (NT\$397,604 thousand), respectively, of the consolidated total liabilities, and for the three months ended March 31, 2018 and 2017, the amounts of unreviewed comprehensive (loss) income of these non-significant subsidiaries were 4.13% (NT\$5,158 thousand) and (7.16%) (NT\$(5,323) thousand), respectively, of the consolidated total comprehensive income. Other equity-method investment information disclosed in Note 32 to the consolidated financial statements was based on unreviewed financial statements of associates as of and for the same reporting periods as those of the Company.

## Qualified Conclusion

Based on our reviews, exception for the matter described in the preceding paragraph, nothing has come to our attention that caused us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Group as at March 31, 2018 and 2017, and of its financial performance and its 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 Ching-Cheng Yang and Tza-Li Gung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 10, 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 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 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 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.*

# LION TRAVEL SERVICE CO., LTD. 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 4 and 6)	\$ 3,467,454	49	\$ 3,187,253	49	\$ 2,816,349	48
Notes receivable (Notes 4 and 12)	76,783	1	56,926	1	44,265	1
Accounts receivable (Notes 4, 12, 19 and 28)	871,995	13	827,546	13	785,823	13
Prepayments (Note 15)	1,675,618	24	1,607,413	24	1,354,369	23
Other current financial assets (Notes 4, 11 and 29)	78,669	1	73,634	1	61,330	1
Other current assets (Note 28)	<u>17,055</u>	<u>-</u>	<u>16,193</u>	<u>-</u>	<u>27,094</u>	<u>1</u>
Total current assets	<u>6,187,574</u>	<u>88</u>	<u>5,768,965</u>	<u>88</u>	<u>5,089,230</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	118,611	2	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	16,770	-	-	-	-	-
Available-for-sale financial assets (Notes 4 and 9)	-	-	84,246	1	56,416	1
Financial assets measured at cost (Notes 4 and 10)	-	-	13,400	-	10,000	-
Property, plant and equipment (Notes 4 and 14)	406,267	6	417,077	7	427,213	7
Goodwill (Note 4)	11,354	-	11,173	-	10,768	-
Intangible assets (Note 4)	12,708	-	13,170	-	14,965	-
Deferred tax assets (Note 4)	22,995	-	19,570	-	17,146	1
Other non-current assets (Notes 12 and 15)	<u>268,853</u>	<u>4</u>	<u>221,632</u>	<u>4</u>	<u>236,949</u>	<u>4</u>
Total non-current assets	<u>857,558</u>	<u>12</u>	<u>780,268</u>	<u>12</u>	<u>773,457</u>	<u>13</u>
<b>TOTAL</b>	<u>\$ 7,045,132</u>	<u>100</u>	<u>\$ 6,549,233</u>	<u>100</u>	<u>\$ 5,862,687</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Contract liabilities - current (Note 19)	\$ 2,544,349	36	\$ -	-	\$ -	-
Notes payable	153,022	2	119,439	2	218,948	4
Accounts payable (Note 28)	1,407,534	20	1,518,972	23	1,214,014	21
Other payables (Note 16)	192,810	3	300,201	5	167,031	3
Current tax liabilities (Note 4)	104,827	2	69,914	1	31,274	-
Advance receipts (Note 16)	1,765	-	2,048,417	31	1,912,756	32
Other current liabilities	<u>16,022</u>	<u>-</u>	<u>13,258</u>	<u>-</u>	<u>11,907</u>	<u>-</u>
Total current liabilities	<u>4,420,329</u>	<u>63</u>	<u>4,070,201</u>	<u>62</u>	<u>3,555,930</u>	<u>60</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Note 4)	7,434	-	5,015	-	2,047	-
Net defined benefit liabilities (Note 4)	114,405	2	114,546	2	94,481	2
Other non-current liabilities	<u>13,128</u>	<u>-</u>	<u>12,429</u>	<u>-</u>	<u>4,114</u>	<u>-</u>
Total non-current liabilities	<u>134,967</u>	<u>2</u>	<u>131,990</u>	<u>2</u>	<u>100,642</u>	<u>2</u>
Total liabilities	<u>4,555,296</u>	<u>65</u>	<u>4,202,191</u>	<u>64</u>	<u>3,656,572</u>	<u>62</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)</b>						
Share capital						
Common stock	700,000	10	700,000	11	700,000	12
Capital surplus	820,698	11	820,698	12	820,390	14
Retained earnings						
Legal reserve	226,746	3	226,746	4	201,949	4
Special reserve	48,435	1	48,435	1	11,846	-
Unappropriated earnings	627,565	9	487,646	7	488,716	8
Other equity	<u>(59,786)</u>	<u>(1)</u>	<u>(57,985)</u>	<u>(1)</u>	<u>(70,259)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	2,363,658	33	2,225,540	34	2,152,642	37
<b>NON-CONTROLLING INTERESTS</b>	<u>126,178</u>	<u>2</u>	<u>121,502</u>	<u>2</u>	<u>53,473</u>	<u>1</u>
Total equity	<u>2,489,836</u>	<u>35</u>	<u>2,347,042</u>	<u>36</u>	<u>2,206,115</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 7,045,132</u>	<u>100</u>	<u>\$ 6,549,233</u>	<u>100</u>	<u>\$ 5,862,687</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 10, 2018)

# LION TRAVEL SERVICE CO., LTD. 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 REVENUE (Notes 19 and 28)	\$ 6,748,127	100	\$ 5,561,408	100
OPERATING COSTS (Notes 20 and 28)	<u>(5,926,708)</u>	<u>(88)</u>	<u>(4,812,606)</u>	<u>(86)</u>
GROSS PROFIT	821,419	12	748,802	14
OPERATING EXPENSES (Notes 17, 20 and 28)	<u>(712,113)</u>	<u>(11)</u>	<u>(652,012)</u>	<u>(12)</u>
INCOME FROM OPERATIONS	<u>109,306</u>	<u>1</u>	<u>96,790</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
(Note 20)				
Other income (Note 28)	20,179	-	10,174	-
Other gains and losses	25,835	1	10,219	-
Finance costs	<u>(42)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>45,972</u>	<u>1</u>	<u>20,393</u>	<u>-</u>
INCOME BEFORE INCOME TAX	155,278	2	117,183	2
INCOME TAX EXPENSE (Note 21)	<u>(35,308)</u>	<u>-</u>	<u>(21,269)</u>	<u>-</u>
NET INCOME FOR THE PERIOD	<u>119,970</u>	<u>2</u>	<u>95,914</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(186)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	3,153	-	-	-

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# LION TRAVEL SERVICE CO., LTD. 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	%
Items that may be reclassified subsequently to profit of loss				
Exchange differences on translating foreign operations	\$ 1,938	-	\$ (23,291)	(1)
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>1,732</u>	<u>-</u>
Other comprehensive income (loss) for the period	<u>4,905</u>	<u>-</u>	<u>(21,559)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 124,875</u>	<u>2</u>	<u>\$ 74,355</u>	<u>1</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 120,597	2	\$ 97,188	2
Non-controlling interests	<u>(627)</u>	<u>-</u>	<u>(1,274)</u>	<u>-</u>
	<u>\$ 119,970</u>	<u>2</u>	<u>\$ 95,914</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 125,199	2	\$ 75,364	1
Non-controlling interests	<u>(324)</u>	<u>-</u>	<u>(1,009)</u>	<u>-</u>
	<u>\$ 124,875</u>	<u>2</u>	<u>\$ 74,355</u>	<u>1</u>
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 1.72</u>		<u>\$ 1.39</u>	
Diluted earnings per share	<u>\$ 1.72</u>		<u>\$ 1.38</u>	

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

(With Deloitte & Touche review report dated May 10, 2018)

(Concluded)

# LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company										
	Share Capital Common Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total	Non- controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Loss on Financial Assets at Fair Value Through Other Com- prehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets			
BALANCE AT JANUARY 1, 2017	\$ 700,000	\$ 820,390	\$ 201,949	\$ 11,846	\$ 391,528	\$ (42,109)	\$ -	\$ (6,326)	\$ 2,077,278	\$ 54,482	\$ 2,131,760
Net profit for the three months ended March 31, 2017	-	-	-	-	97,188	-	-	-	97,188	(1,274)	95,914
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	(23,556)	-	1,732	(21,824)	265	(21,559)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	97,188	(23,556)	-	1,732	75,364	(1,009)	74,355
BALANCE AT MARCH 31, 2017	<u>\$ 700,000</u>	<u>\$ 820,390</u>	<u>\$ 201,949</u>	<u>\$ 11,846</u>	<u>\$ 488,716</u>	<u>\$ (65,665)</u>	<u>\$ -</u>	<u>\$ (4,594)</u>	<u>\$ 2,152,642</u>	<u>\$ 53,473</u>	<u>\$ 2,206,115</u>
BALANCE AT JANUARY 1, 2018	\$ 700,000	\$ 820,698	\$ 226,746	\$ 48,435	\$ 487,646	\$ (51,391)	\$ -	\$ (6,594)	\$ 2,225,540	\$ 121,502	\$ 2,347,042
Effect of retrospective application	-	-	-	-	16,169	-	(9,844)	6,594	12,919	-	12,919
BALANCE AT JANUARY 1, 2018 AS RESTATED	700,000	820,698	226,746	48,435	503,815	(51,391)	(9,844)	-	2,238,459	121,502	2,359,961
Net profit for the three months ended March 31, 2018	-	-	-	-	120,597	-	-	-	120,597	(627)	119,970
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	3,153	1,635	(186)	-	4,602	303	4,905
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	123,750	1,635	(186)	-	125,199	(324)	124,875
Non-controlling interests	-	-	-	-	-	-	-	-	-	5,000	5,000
BALANCE AT MARCH 31, 2018	<u>\$ 700,000</u>	<u>\$ 820,698</u>	<u>\$ 226,746</u>	<u>\$ 48,435</u>	<u>\$ 627,565</u>	<u>\$ (49,756)</u>	<u>\$ (10,030)</u>	<u>\$ -</u>	<u>\$ 2,363,658</u>	<u>\$ 126,178</u>	<u>\$ 2,489,836</u>

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

(With Deloitte & Touche review report dated May 10, 2018)

# LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 155,278	\$ 117,183
Adjustments for:		
Depreciation expenses	25,531	23,255
Amortization expenses	478	826
Expected credit loss recognized/Impairment loss recognized on accounts receivable	1,678	1,273
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(708)	-
Interest expenses	42	-
Interest income	(4,198)	(1,166)
Loss on disposal of property, plant and equipment	17	-
Changes in operating assets and liabilities		
Notes receivable	(19,857)	(796)
Accounts receivable	(44,559)	(167,358)
Prepayments	(168,280)	(284,014)
Other current assets	(2,788)	8,642
Contract liabilities	666,119	-
Notes payable	33,583	44,548
Accounts payable	(165,705)	(45,611)
Other payables	(107,391)	(92,192)
Advance receipts	(160)	354,697
Other current liabilities	2,764	(257)
Net defined benefit liabilities	(141)	(226)
Cash (used in) generated from operations	371,703	(41,196)
Interest received	4,198	1,166
Interest paid	(42)	-
Income tax received	1,032	2,970
Net cash generated from (used in) operating activities	376,891	(37,060)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for financial assets at fair value through profit or loss	(37,213)	-
Payments for property, plant and equipment	(14,160)	(18,581)
Proceeds from disposal of property, plant and equipment	92	-
Increase in refundable deposits	(23,657)	(7,839)
Increase in other current financial assets	(5,035)	-
Decrease in other current financial assets	-	687
Increase in other non-current assets	-	(1,226)
Decrease in other non-current assets	77	-
Increase in prepayments for equipment	(24,078)	(2,536)
Net cash used in investing activities	(103,974)	(29,495)

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# LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	\$ 699	\$ -
Decrease in guarantee deposits	-	(2,763)
Increase in non-controlling interests	<u>5,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>5,699</u>	<u>(2,763)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,585</u>	<u>(22,354)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	280,201	(91,672)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,187,253</u>	<u>2,908,021</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,467,454</u>	<u>\$ 2,816,349</u>

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

(With Deloitte & Touche review report dated May 10, 2018)

(Concluded)

# **LION TRAVEL SERVICE CO., LTD. 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)**

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### **1. GENERAL INFORMATION**

Lion Travel Service Co., Ltd. (the “Company”) was incorporated in Taiwan in June 1977.

The Company engages mainly in packaged tours, transportation ticketing, visa application, providing tour guides and other travel - related services.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE) since September 24, 2013.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

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

The consolidated financial statements were approved by the Company’s board of directors on May 10, 2018.

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

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

Except for the following, 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 did 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.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized before December 31, 2017.

## Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2017, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

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, 2017.

Financial Assets	Measurement Category			Carrying Amount		Remark		
	IAS 39		IFRS 9	IAS 39	IFRS 9			
Cash and cash equivalents	Receivables		Amortized cost	\$3,187,253	\$3,187,253	a.		
Notes receivable, trade receivables, other current financial assets and refundable deposits	Receivables		Amortized cost	1,176,026	1,176,026	a.		
Mutual funds	Available-for-sale financial assets		Mandatorily measured at fair value through profit or loss (i.e. FVTPL)	80,690	80,690	b.		
Equity securities	Financial assets measured at cost		FVTOCI - equity instruments	13,400	13,400	c.		
	Available-for-sale financial assets		FVTOCI - equity instruments	3,556	3,556	c.		
	IAS 39 Carrying Amount as of January 1, 2018		Reclassifi- cations	Remeasure- ments	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Financial assets at FVTPL	\$ -	\$ -	\$ -					
Add: Reclassification from available-for-sale financial assets (IAS 39)								
Required reclassification	-	80,690	-					b.
	-	80,690	-	\$ 80,690	\$ 3,250	\$ (3,250)		
Financial assets at FVTOCI	-	-	-					
Equity instruments								
Add: Reclassification from financial assets measured at cost (IAS 39)	-	13,400	-					c.
Add: Reclassification from available-for-sale financial assets (IAS 39)	-	3,556	-					c.
	-	16,956	-	16,956	-	-		
	\$ -	\$ 97,646	\$ -	\$ 97,646	\$ 3,250	\$ (3,250)		

- Cash, bank deposits, notes receivable, accounts receivable, other current financial assets and refundable deposits, that were previously classified as receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.
- Privately offered funds 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 a decrease of \$3,250 thousand in other equity - unrealized gain on available-for-sale financial assets and an increase of \$3,250 thousand in retained earnings on January 1, 2018.

- c. The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 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 \$9,844 thousand was reclassified to other equity - unrealized gain/(loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of \$13,400 thousand was recognized in financial assets at FVTOCI on January 1, 2018.

## 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. Please refer to Note 4 for related accounting policies.

Any excess of consideration received and receivable over the recognized revenue is recognized as a contract liability.

The Group elected to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

### Impact on assets, liabilities and equity for current period

	<b>As Originally Stated</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated</b>
Accounts receivable	\$ 827,546	\$ 1,645	\$ 829,191
Prepayments	<u>1,607,413</u>	<u>(100,075)</u>	<u>1,507,338</u>
Total effect on assets	<u>\$ 2,434,959</u>	<u>\$ (98,430)</u>	<u>\$ 2,336,529</u>
Contract liabilities - current	\$ -	\$ 1,878,230	\$ 1,878,230
Accounts payable	1,518,972	54,267	1,573,239
Advance receipts	2,048,417	(2,046,492)	1,925
Deferred tax liabilities	<u>5,015</u>	<u>2,646</u>	<u>7,661</u>
Total effect on liabilities	<u>\$ 3,572,404</u>	<u>\$ (111,349)</u>	<u>\$ 3,461,055</u>
Unappropriated earnings	<u>\$ 487,646</u>	<u>\$ 12,919</u>	<u>\$ 500,565</u>
Total effect on equity	<u>\$ 487,646</u>	<u>\$ 12,919</u>	<u>\$ 500,565</u>

### **March 31, 2018**

Decrease in accounts receivable	\$ (165,914)
Decrease in prepayments	<u>(294,889)</u>
Decrease in assets	<u>\$ (460,803)</u>

(Continued)

**March 31, 2018**

Increase in contract liabilities - current	\$ 2,544,349
Decrease in accounts payable	(164,569)
Increase in deferred tax liabilities	9,899
Decrease in advance receipts	<u>(2,890,077)</u>
Decrease in liabilities	<u>\$ (500,398)</u>
Increase in retained earnings	<u>\$ 39,595</u>
Increase in equity	<u>\$ 39,595</u>
	(Concluded)

Impact on total comprehensive income for current period**For the Three  
Months Ended  
March 31, 2018**

Increase in operating revenue	\$ 179,814
Increase in operating costs	(130,320)
Increase in income tax expense	<u>(9,899)</u>
Increase in net income for the period	<u>39,595</u>
Increase in other comprehensive income for the period, net of income tax	<u>-</u>
Increase in total comprehensive income for the period	<u>\$ 39,595</u>
Increase in net profit attributable to:	
Owners of the Company	\$ 39,595
Non-controlling interests	<u>-</u>
	<u>\$ 39,595</u>
Increase in total comprehensive income attributable to:	
Owners of the Company	\$ 39,595
Non-controlling interests	<u>-</u>
	<u>\$ 39,595</u>
Impact on earnings per share:	
Increase in basic earnings per share	<u>\$0.57</u>
Increase in diluted earnings per share	<u>\$0.56</u>

## 3) IFRIC 22“Foreign Currency Transactions and Advance Consideration”

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

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

The impact on the current period of the 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 is summarized below:

Impact on assets, liabilities and equity for current period

	<b>As Originally Stated</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated</b>
Available-for-sale financial assets - non-current	\$ 84,246	\$ (84,246)	\$ -
Financial assets measured at cost - non-current	13,400	(13,400)	-
Financial assets at FVTPL - non-current	-	80,690	80,690
Financial assets at FVTOCI - non-current	-	16,956	16,956
Accounts receivable	827,546	1,645	829,191
Prepayments	<u>1,607,413</u>	<u>(100,075)</u>	<u>1,507,338</u>
Total effect on assets	<u>\$ 2,532,605</u>	<u>\$ (98,430)</u>	<u>\$ 2,434,175</u>
Contract liabilities - current	\$ -	\$ 1,878,230	\$ 1,878,230
Accounts payable	1,518,972	54,267	1,573,239
Advance receipts	2,048,417	(2,046,492)	1,925
Deferred tax liabilities	<u>5,015</u>	<u>2,646</u>	<u>7,661</u>
Total effect on liabilities	<u>\$ 3,572,404</u>	<u>\$ (111,349)</u>	<u>\$ 3,461,055</u>
Unappropriated earnings	\$ 487,646	\$ 16,169	\$ 503,815
Other equity	<u>(57,985)</u>	<u>(3,250)</u>	<u>(61,235)</u>
Total effect on equity	<u>\$ 429,661</u>	<u>\$ 12,919</u>	<u>\$ 442,580</u>

**March 31, 2018**

Decrease in available-for-sale financial assets - non-current	\$ (121,981)
Decrease in financial assets measured at cost - non-current	(13,400)
Increase in financial assets at FVTPL - non-current	118,611
Increase in financial assets at FVTOCI - non-current	16,770
Decrease in accounts receivable	(165,914)
Decrease in prepayments	<u>(294,889)</u>

Decrease in assets \$ (460,803)

Increase in contract liabilities - current	\$ 2,544,349
Decrease in accounts payable	(164,569)
Increase in deferred tax liabilities	9,899
Decrease in advance receipts	<u>(2,890,077)</u>

Decrease in liabilities \$ (500,398)  
(Continued)

**March 31, 2018**

Increase in retained earnings	\$ 40,303
Decrease in other equity	<u>(708)</u>
Increase in equity	<u>\$ 39,595</u>
	(Concluded)

Impact on total comprehensive income for current period**For the Three  
Months Ended  
March 31, 2018**

Increase in operating revenue	\$ 179,814
Increase in operating costs	(130,320)
Increase in other gains or losses	708
Increase in income tax expense	<u>(9,899)</u>
Increase in net income for the period	<u>40,303</u>
Items that will not be reclassified subsequently to profit or loss:	
Increase in unrealized loss in equity instruments designated as at FVTOCI	<u>(186)</u>
	<u>(186)</u>
Items that may be reclassified subsequently to profit or loss:	
Decrease in unrealized gain on available-for-sale financial assets	<u>(522)</u>
	<u>(522)</u>
Decrease in other comprehensive loss for the period, net of income tax	<u>(708)</u>
Increase in total comprehensive income for the period	<u>\$ 39,595</u>
Increase in net profit attributable to:	
Owners of the Company	\$ 39,595
Non-controlling interests	<u>-</u>
	<u>\$ 39,595</u>
Increase in total comprehensive income attributable to:	
Owners of the Company	\$ 39,595
Non-controlling interests	<u>-</u>
	<u>\$ 39,595</u>
Impact on earnings per share:	
Increase in basic earnings per share	<u>\$(0.57)</u>
Increase in diluted earnings per share	<u>\$(0.56)</u>

Impact on cash flows for current period**For the Three  
Months Ended  
March 31, 2018**

Item	
Decrease in net cash flows from operating activities	<u>\$ (708)</u>
Net decrease in cash and cash equivalents	<u>\$ (708)</u>

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

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

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

Except for the above 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, 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 consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 “Subsidiary”, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2017.

1) 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.

a) Financial assets

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

i. Measurement category

2018

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

i) Financial assets at amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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, notes receivable at amortized cost and accounts receivable, other financial assets - non-current and refundable deposits, 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.

ii) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified 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. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 7.

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. Fair value is determined in the manner described in Note 8.

2017

Financial assets are classified into the following categories: Available-for-sale financial assets and receivables.

i) 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 amounts 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 such investments are disposed of or are 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 measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

## ii) Receivables

Receivables (including trade receivables, cash and cash equivalents and other financial assets) are stated at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial. Amortized cost is measured using the effective interest method.

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.

## ii. Impairment of financial assets

### 2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, accounts receivable, other financial assets - non-current and refundable deposits), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for notes receivable, accounts receivable and overdue receivable. 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, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, such assets 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 in debtors not making payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade 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 trade receivables that are written off against the allowance account.

iii. 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. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Equity instruments

Liabilities 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.

c) Financial liabilities

i. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

ii. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2) Revenue recognition

2018

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

### Rendering of service

The Group tour revenue is recognized over time, that is, as the customers obtain and consume the benefits of the Group's performance of the contract. Service income is recognized as services are provided and may be classified as realized or unrealized.

### 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.

#### a) Rendering of services

Service income is recognized when services are provided and may be classified as realized or unrealized. Service income is realized only when the condition for the service have been met.

#### b) Dividend and interest income

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

#### 3) Employee 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

#### 4) 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 consistent with the accounting for the transaction itself which gives rise to the tax consequence, 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**

Except for the following, the accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2017.

a. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	\$ 77,866	\$ 60,044	\$ 41,357
Checking accounts and demand deposits	2,178,261	2,190,436	2,320,755
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>1,211,327</u>	<u>936,773</u>	<u>454,237</u>
	<u>\$ 3,467,454</u>	<u>\$ 3,187,253</u>	<u>\$ 2,816,349</u>
Annual yield rates for bank deposits	0.01%-4.00%	0.01%-3.93%	0.01%-3.50%

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

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Non-current</u>			
Mandatorily measured at FVTPL			
Non-derivatives financial assets			
Privately offered fund	<u>\$ 118,611</u>	<u>\$ -</u>	<u>\$ -</u>

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

March 31, 2018

<u>Non-current</u>	
FVTOCI - equity instrument	<u>\$ 16,770</u>



**FVTOCI - Equity Instrument****March 31, 2018**Non-current

## Domestic investments

Emerging market shares

Vigor Kobo Co., Ltd.

\$ 3,370

Unlisted shares

Development of cultural and creative value of Venture Capital Co., Ltd.

10,000

Yuyupas Co., Ltd.

2,400

Circle Island Tours Co., Ltd.

1,000\$ 16,770

These investments in Vigor Kobo, Development of Cultural and Creative Value Venture Capital, Yuyupas and Circle Island Tours 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 are classified as available-for-sale under IAS 39. Refer to Note 3, Note 9 and Note 10 for information relating to their reclassification and comparative information for 2017.

**9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017****December 31,  
2017****March 31, 2017**Non-current

## Domestic investments

Emerging market shares

\$ 3,556

\$ 9,406

## Foreign investments

Privately offered fund

80,69047,010\$ 84,246\$ 56,416**10. FINANCIAL ASSETS MEASURED AT COST - 2017****December 31,  
2017****March 31, 2017**Non-current

Domestic unlisted common shares

\$ 13,400\$ 10,000

Classified according to financial assets measurement categories

Available-for-sale financial assets

\$ 13,400\$ 10,000

The unlisted common shares held by the Group were measured at cost less impairment at the end of each reporting period. The Company believed that the fair values could not be reliably measured because of the wide range of fair value measurements, thus, cost represented the best estimate of fair value within that range.

## 11. OTHER CURRENT FINANCIAL ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Pledged time deposits and demand deposits	\$ <u>78,669</u>	\$ <u>73,634</u>	\$ <u>61,330</u>
Rate intervals	0.22%-2.25%	0.23%-2.25%	0.41%-2.25%

Refer to Note 29 for information relating on other current financial assets pledged as security.

## 12. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OVERDUE RECEIVABLES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>76,783</u>	\$ <u>56,926</u>	\$ <u>44,265</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 874,071	\$ 828,648	\$ 787,217
Less: Allowance for impairment loss	<u>(2,076)</u>	<u>(1,102)</u>	<u>(1,394)</u>
	\$ <u>871,995</u>	\$ <u>827,546</u>	\$ <u>785,823</u>
<u>Overdue receivables</u>			
Overdue receivables	\$ 5,482	\$ 5,526	\$ 13,304
Less: Allowance for impairment loss	<u>(5,482)</u>	<u>(5,526)</u>	<u>(13,304)</u>
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

### a. Notes receivable

The checks received by the Group are encashed either right after the reporting period or within one month after the issue date; thus, the Group did not recognize an allowance for impairment loss in the reporting periods.

### b. Accounts receivable

#### For the three months ended March 31, 2018

The Group's sales transactions are settled through cash, checks, bank remittances and credit cards. The accounts receivable refer to package tours, ticketing, credit cards, and commissions. Individual customers have to pay before their trips, and corporate customers and other travel service companies have to make payments based on the credit terms or the contracts.

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 trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

March 31, 2018

	0 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
<u>Individual customers</u>					
Expected credit loss rate	0%	50%	100%	100%	-
Gross carrying amount	\$ 131,699	\$ 158	\$ 252	\$ 1,262	\$ 133,371
Loss allowance (Lifetime ECL)	-	(79)	(252)	(1,262)	1,593
	<u>131,699</u>	<u>79</u>	<u>-</u>	<u>-</u>	<u>131,778</u>
<u>Corporate customers and other travel service companies</u>					
Expected credit loss rate	0%	0%	50%	100%	-
Gross carrying amount	\$ 781,287	\$ 34,635	\$ 2,156	\$ 4,887	\$ 822,965
Loss allowance (Lifetime ECL)	-	-	(1,078)	(4,887)	(5,965)
	<u>781,287</u>	<u>34,635</u>	<u>1,078</u>	<u>-</u>	<u>817,000</u>
Amortized cost	<u>\$ 912,986</u>	<u>\$ 34,714</u>	<u>\$ 1,078</u>	<u>\$ -</u>	<u>\$ 948,778</u>

The movements of the loss allowance of notes receivables, accounts receivable and overdue receivables were as follows:

	For the Three Months Ended March 31, 2018
Balance at January 1, 2018 per IAS 39	\$ 6,628
Effect of retrospective application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	6,628
Add: Expected credit loss recognized (a)	1,678
Less: Amounts written off (b)	(748)
Balance at March 31, 2018	<u>\$ 7,558</u>

- 1) Comparing with January 1, 2018. The balance of March 31, 2018 increased in loss allowance of \$1,678 thousand resulted from origination of trade receivables net increased \$65,236 thousand.
- 2) The Group wrote off trade receivables and related loss allowance of \$748 thousand due to receiving overdue receivables.

For the three months ended March 31, 2017

The credit policy of the group in 2017 is the same as the 2018 credit policy. Allowances for impairment loss are set up as follows: For individual customers, who generally make payments before their trips, the Group recognizes a 50% allowance for all accounts receivable overdue between 91 days and 180 days, and 100% for all receivables overdue beyond 180 days. For corporate customers and other travel service companies that are under certain credit arrangements and contract payment terms and have longer payment periods, the Group recognizes a 50% allowance for all accounts receivable overdue between 181 days and 365 days and 100% for all receivables overdue beyond 365 days. For credit card receivables from the credit card centers of banks, the banks generally make payments within one month of billings, so the Group does not recognize an allowance for impairment loss on these receivables.

If the accounts receivable become overdue receivables, a 100% allowance for bad debts is set up.

The aging of receivable was as follows:

	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Up to 90 days	\$ 806,549	\$ 794,054
91-180 days	75,812	34,684
181-365 days	<u>3,213</u>	<u>2,744</u>
	<u>\$ 885,574</u>	<u>\$ 831,482</u>

The above aging schedule was based on the invoice date.

The movements of the allowance for doubtful accounts were as follows:

	<b>Collectively Assessed for Impairment Accounts Receivable</b>	<b>Individually Assessed for Impairment Overdue Receivables</b>	<b>Total</b>
Balance at January 1, 2017	\$ 1,398	\$ 12,142	\$ 13,540
Add: Impairment losses (reversal of impairment losses) recognized on receivables	47	1,226	1,273
Less: Amounts written off during the period as uncollectible	<u>(51)</u>	<u>(64)</u>	<u>(115)</u>
Balance at March 31, 2017	<u>\$ 1,394</u>	<u>\$ 13,304</u>	<u>\$ 14,698</u>

### 13. SUBSIDIARIES

Entities included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2018	December 31, 2017	March 31, 2017	
The Company	Lion International Holding Limited (“Lion Holding”)	Investments	100.00	100.00	100.00	
	Travel Trend Service Co., Ltd. (“Travel Trend”)	Travel industry	100.00	100.00	100.00	
	Shuangshi Investment Co., Ltd. (“Shuangshi Investment”)	Investments	100.00	100.00	100.00	
	Lion (Fujian) International Travel Service Co., Ltd. (“Fujian Lion”)	Travel industry	90.00	90.00	90.00	
	LionBobby International Travel Service Co., Ltd. (“LionBobby”)	Travel industry	55.00	55.00	-	b.
Lion Holding	Lion International Travel Service Co., Ltd. (YVR) (“Lion YVR”)	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Pty., Ltd. (SYD) (“Lion SYD”)	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (AKL) (“Lion AKL”)	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (HK) (“Lion HK”)	Travel industry	100.00	100.00	100.00	
	US Lion Travel (“US Lion”)	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (“Lion JPN”)	Travel industry	100.00	100.00	100.00	
	Lion International Travel Service Co., Ltd. (THA) (“Lion THA”)	Travel industry	49.00	49.00	49.00	c.
	Lion International Travel Service Co., Ltd. (UK) (“Lion UK”)	Travel industry	100.00	-	-	d.
	Lion International Holding (China) Limited (“Lion Holding (China)”)	Management consulting activities	100.00	100.00	100.00	
	Lion Information Technology Co., Ltd. (“Lion Information”)	Information technology activities	100.00	100.00	100.00	
Shuangshi Investment	Lion Express Co., Ltd. (“Lion Express”)	Tour bus transportation activities	100.00	100.00	100.00	
	Ansett Tour Co., Ltd. (“Ansett Tour”)	Tour bus transportation activities	100.00	100.00	100.00	
	Travel Around Investment Holding Co., Ltd. (“Travel Around Investment”)	Investments	100.00	100.00	100.00	
	Lion Technology Holding Limited (“Lion Technology”)	Investments	100.00	100.00	100.00	
	Lion International Travel Service (Shanghai) Co., Ltd. (“Lion Shanghai”)	Travel industry	100.00	100.00	100.00	
Lion HK	Lion International Travel Service (Beijing) Co., Ltd. (“Lion Beijing”)	Travel industry	100.00	100.00	100.00	
	Uplan Travel Service Co., Ltd. (“Uplan Travel”)	Travel industry	62.44	62.44	62.44	
Travel Around Investment	Xinflight Travel Service Co., Ltd. (“Xinflight Travel”)	Travel industry	100.00	100.00	100.00	
	Fontrip Technology Co., Ltd. (“Fontrip Technology”)	Information technology activities	43.10	43.10	45.05	e.
	Lion Travel International Holding Limited (“Lion Travel Holding”)	Travel industry	100.00	100.00	100.00	
Lion Holding (China)	Lion Travel International Holding Limited (“Lion Travel Holding”)	Travel industry	100.00	100.00	100.00	
Lion Travel Holding	Skylion International Travel Service Co., Ltd. (“Skylion Travel”)	Travel industry	100.00	100.00	100.00	
Uplan Travel	New Vision Travel Service Co., Ltd. (“New Vision”)	Travel industry	58.33	-	-	f.

- a. The financial statements of subsidiaries included in the consolidated financial statements were not reviewed by independent auditors. As of March 31, 2018 and 2017, the assets were 20.91% (NT\$1,472,880 thousand) and 14.27% (NT\$836,688 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities were 15.22% (NT\$693,220 thousand) and 10.87% (NT\$397,604 thousand), respectively, of the consolidated total liabilities; for the three months ended March 31, 2018 and 2017, the amount of comprehensive (loss) income were 4.13% (NT\$5,158 thousand) and (7.16%) (NT\$(5,323) thousand), respectively, of the consolidated total comprehensive income of these non-significant subsidiaries.
- b. LionBobby was invested in October 2017.
- c. Although the Group holds only a 49% interest in Lion THA, the Group can direct Lion THA's activities and thus has control over this investee.
- d. Lion UK was invested in March 2018.
- e. The Group's equity interest in Fontrip Technology declined to 43.10% and the Group can direct Fontrip Technology's activities and thus has control over this investee.
- f. New Vision was invested in March 2018.

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Office Equipment	Total
<u>Cost</u>						
Balance at January 1, 2017	\$ 39,527	\$ 30,957	\$ 142,715	\$ 264,209	\$ 227,376	\$ 704,784
Additions	-	-	4,522	-	14,059	18,581
Disposals	-	-	(1,556)	-	(181)	(1,737)
Effect of foreign currency exchange differences	-	-	(341)	(217)	(604)	(1,162)
Balance at March 31, 2017	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 145,340</u>	<u>\$ 263,992</u>	<u>\$ 240,650</u>	<u>\$ 720,466</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2017	\$ -	\$ 10,983	\$ 54,671	\$ 121,642	\$ 85,186	\$ 272,482
Depreciation expenses	-	138	8,561	6,210	8,346	23,255
Disposals	-	-	(1,556)	-	(181)	(1,737)
Effect of foreign currency exchange differences	-	-	(199)	(97)	(451)	(747)
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ 11,121</u>	<u>\$ 61,477</u>	<u>\$ 127,755</u>	<u>\$ 92,900</u>	<u>\$ 293,253</u>
Carrying amounts at March 31, 2017	<u>\$ 39,527</u>	<u>\$ 19,836</u>	<u>\$ 83,863</u>	<u>\$ 136,237</u>	<u>\$ 147,750</u>	<u>\$ 427,213</u>
<u>Cost</u>						
Balance at January 1, 2018	\$ 39,527	\$ 30,957	\$ 155,410	\$ 258,294	\$ 285,827	\$ 770,015
Additions	-	-	8,750	-	5,410	14,160
Disposals	-	-	(3,231)	-	(7,696)	(10,927)
Reclassification	-	-	-	-	514	514
Effect of foreign currency exchange differences	-	-	41	239	(192)	88
Balance at March 31, 2018	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 160,970</u>	<u>\$ 258,533</u>	<u>\$ 283,863</u>	<u>\$ 773,850</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Office Equipment	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2018	\$ -	\$ 11,536	\$ 80,033	\$ 142,619	\$ 118,750	\$ 352,938
Depreciation expenses	-	138	9,324	6,078	9,991	25,531
Disposals	-	-	(3,220)	-	(7,598)	(10,818)
Effect of foreign currency exchange differences	-	-	29	125	(222)	(68)
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 11,674</u>	<u>\$ 86,166</u>	<u>\$ 148,822</u>	<u>\$ 120,921</u>	<u>\$ 367,583</u>
Carrying amounts at January 1, 2018	<u>\$ 39,527</u>	<u>\$ 19,421</u>	<u>\$ 75,377</u>	<u>\$ 115,675</u>	<u>\$ 167,077</u>	<u>\$ 417,077</u>
Carrying amounts at March 31, 2018	<u>\$ 39,527</u>	<u>\$ 19,283</u>	<u>\$ 74,804</u>	<u>\$ 109,711</u>	<u>\$ 162,942</u>	<u>\$ 406,267</u>
						(Concluded)

No impairment assessment was performed for the three months ended March 31, 2018 and 2017 because there was no indication of impairment.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, as follows:

Buildings	55 years
Computer equipment	3-10 years
Transportation equipment	5-10 years
Office equipment	3-10 years

## 15. OTHER ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Prepayments			
Prepaid tour costs	\$ 1,473,220	\$ 1,459,069	\$ 1,211,373
Inventory of supplies	189,714	136,482	129,928
Prepaid expenses	12,504	11,197	12,527
Others	<u>180</u>	<u>665</u>	<u>541</u>
	<u>\$ 1,675,618</u>	<u>\$ 1,607,413</u>	<u>\$ 1,354,369</u>
<u>Non-current</u>			
Other assets			
Refundable deposits	\$ 241,577	\$ 217,920	\$ 222,854
Prepayments for equipment	<u>27,276</u>	<u>3,712</u>	<u>14,095</u>
	<u>\$ 268,853</u>	<u>\$ 221,632</u>	<u>\$ 236,949</u>

## 16. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Other payables			
Accrued expense payable	\$ 121,051	\$ 228,941	\$ 113,633
Accrued remuneration to employees and directors	43,036	33,329	25,946
Sales tax payable	15,478	24,870	12,873
Others	<u>13,245</u>	<u>13,061</u>	<u>14,579</u>
	<u>\$ 192,810</u>	<u>\$ 300,201</u>	<u>\$ 167,031</u>
Advance receipts			
Deposits received from package-tour customers	\$ -	\$ 1,922,320	\$ 1,812,301
Deposits received on sold travel vouchers or gift certificates	-	124,609	97,096
Others	<u>1,765</u>	<u>1,488</u>	<u>3,359</u>
	<u>\$ 1,765</u>	<u>\$ 2,048,417</u>	<u>\$ 1,912,756</u>

## 17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were \$554 thousand and \$498 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.

## 18. EQUITY

### a. Share capital

#### Common stock

	March 31, 2018	December 31, 2017	March 31, 2017
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of shares issued and fully paid (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Shares issued	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>



b. Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Recognized from issuance of ordinary shares	\$ 815,850	\$ 815,850	\$ 815,850
<u>May be used to offset a deficit only</u>			
Recognized from changes in percentage of ownership interest in subsidiary (2)	<u>4,848</u>	<u>4,848</u>	<u>4,540</u>
	<u>\$ 820,698</u>	<u>\$ 820,698</u>	<u>\$ 820,390</u>

- 1) Such capital surplus 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 transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method (Note 23).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 20-6.

The Company's dividends policy worked on development plans, investment environment, capital requirement, market competition and shareholder's profit. Every year, distribution of bonuses to shareholders is not lower than 10% of appropriated earnings. Bonuses could be cash dividends or stock dividends and cash dividends are not lower than 30% of total dividends.

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

Under Rule No. 1010012865 and the directive titled "Questions and Answers on Special Reserves Appropriated Following Adoption of IFRS," the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2017 proposed by the Company's board of directors on March 22, 2018 and the appropriations of earnings for 2016 approved in the shareholders' meeting on June 15, 2017 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	\$ 45,468	\$ 24,797	\$ -	\$ -
Special reserve	9,550	36,589	-	-
Cash dividends	364,000	280,000	5.2	4.00

The appropriations of earnings for 2017 will be presented for approval in the shareholders' meeting to be held on June 15, 2018.

d. Special reserves

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1 and March 31	<u>\$ 48,435</u>	<u>\$ 11,846</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ (51,391)	\$ (42,109)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	<u>1,635</u>	<u>(23,556)</u>
Balance at March 31	<u>\$ (49,756)</u>	<u>\$ (65,665)</u>

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

Balance at January 1, 2017	\$ (6,326)
Recognized during the period	
Unrealized gain on revaluation of available-for-sale financial assets	<u>1,732</u>
Balance at December 31, 2017	<u>\$ (4,594)</u>
Balance at January 1, 2018 per IAS 39	\$ (6,594)
Effect of retrospective application of IFRS 9	<u>6,594</u>
Balance at January 1, 2018 per IFRS 9	<u>\$ -</u>

3) Unrealized gain/(loss) on financial assets at FVTOCI

	<b>For the Three Months Ended March 31, 2018</b>
Balance at January 1 per IAS 39	\$ -
Effect of retrospective application of IFRS 9	<u>(9,844)</u>
Balance at January 1 per IFRS 9	<u>(9,844)</u>
Recognized during the period	
Unrealized loss - equity instruments	<u>(186)</u>
Balance at March 31	<u><u>\$ (10,030)</u></u>

f. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ 121,502	\$ 54,482
Attributable to non-controlling interest:		
Share in profit for the period	(627)	(1,274)
Exchange difference on translating the financial statements of foreign entities	303	265
Acquisition of non-controlling interests in subsidiaries	<u>5,000</u>	<u>-</u>
Balance at March 31	<u><u>\$ 126,178</u></u>	<u><u>\$ 53,473</u></u>

**19. REVENUE**

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
<u>Revenue from contracts with customers</u>		
Tour revenue	\$ 6,509,419	\$ 5,361,532
FIT (Free Independent Traveler) revenue	78,870	92,070
Others	<u>159,838</u>	<u>107,806</u>
	<u><u>\$ 6,748,127</u></u>	<u><u>\$ 5,561,408</u></u>

a. Disaggregation of revenue

For the three months ended March 31, 2018

	<u>Reportable Segments</u>		
	Domestic	Foreign	Total
<u>Type of revenue contract</u>			
Tour revenue	\$ 6,339,432	\$ 169,987	\$ 6,509,419
FIT revenue	71,879	6,991	78,870
Others	<u>148,863</u>	<u>10,975</u>	<u>159,838</u>
	<u>\$ 6,560,145</u>	<u>\$ 187,982</u>	<u>\$ 6,748,127</u>

For the three months ended March 31, 2017

	<b>Reportable Segments</b>		
	<b>Domestic</b>	<b>Foreign</b>	<b>Total</b>
<u>Type of revenue contract</u>			
Tour revenue	\$ 5,299,927	\$ 61,605	\$ 5,361,532
FIT revenue	82,673	9,397	92,070
Others	<u>101,528</u>	<u>6,278</u>	<u>107,806</u>
	<u>\$ 5,484,072</u>	<u>\$ 77,336</u>	<u>\$ 5,561,408</u>

b. Contact balance

**March 31, 2018**

Trade receivable (Note 12)	<u>\$ 871,995</u>
Contract liabilities - current	
Group travel	<u>\$ 2,544,349</u>

**20. NET INCOME**

a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest income	\$ 4,198	\$ 1,166
Rental income	1,198	1,001
Others	<u>14,783</u>	<u>8,007</u>
	<u>\$ 20,179</u>	<u>\$ 10,174</u>

b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Net foreign exchange gains	\$ 25,306	\$ 10,231
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	708	-
Gain on disposal of property, plant and equipment	(17)	-
Others	<u>(162)</u>	<u>(12)</u>
	<u>\$ 25,835</u>	<u>\$ 10,219</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest expenses	<u>\$ 42</u>	<u>\$ -</u>

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
An analysis of depreciation by function		
Operating costs	\$ 6,103	\$ 6,235
Operating expenses	<u>19,428</u>	<u>17,020</u>
	<u>\$ 25,531</u>	<u>\$ 23,255</u>
An analysis of amortization by function		
Operating costs	\$ 415	\$ 375
Operating expenses	<u>63</u>	<u>451</u>
	<u>\$ 478</u>	<u>\$ 826</u>

e. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Post-employment benefits		
Defined contribution plans	\$ 21,451	\$ 20,084
Defined benefit plans (Note 17)	<u>554</u>	<u>498</u>
	<u>22,005</u>	<u>20,582</u>
Other employee benefits	<u>515,915</u>	<u>475,971</u>
Total employee benefits expense	<u>\$ 537,920</u>	<u>\$ 496,553</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 27,111	\$ 22,920
Operating expenses	<u>510,809</u>	<u>473,633</u>
	<u>\$ 537,920</u>	<u>\$ 496,553</u>
		(Concluded)

f. Employee's compensation and remuneration of directors and supervisors

The Company, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

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

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Employees' compensation	5.0%	5.0%
Remuneration of directors and supervisors	0.7%	0.7%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 7,993	\$ 6,229
Remuneration of directors and supervisors	1,119	872

The appropriations for employees' compensation and remuneration of directors and supervisors for 2017 and 2016 having been resolved by the board of directors March 22, 2018 and on March 24, 2017, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Employees' compensation	\$ 28,930	\$ -	\$ 16,234	\$ -
Remuneration of directors and supervisors	4,050	-	2,272	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors and supervisors approved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System.

g. Foreign exchange gains or losses

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Foreign exchange gains	\$ 37,724	\$ 25,094
Foreign exchange losses	<u>(12,418)</u>	<u>(14,863)</u>
Net gains	<u>\$ 25,306</u>	<u>\$ 10,231</u>

## 21. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Current tax		
In respect of the current period	\$ 35,806	\$ 24,118
Deferred tax		
In respect of the current period	(1,550)	(2,849)
Changes in tax rates and laws	<u>1,052</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 35,308</u>	<u>\$ 21,269</u>

b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
<u>Deferred tax</u>		
Change in tax rate	<u>\$ (3,153)</u>	<u>\$ -</u>
Total income tax recognized in other comprehensive income	<u>\$ (3,153)</u>	<u>\$ -</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income had been recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

c. Income tax assessments

The Company and Fontrip Technology provided for the income tax through 2015 assessed by the tax authorities. However, Shuangshi Investment, Travel Trend, Ansett Tour, Lion Technology, Lion Express, Travel Around Investment, Uplan Travel and Xinflight Travel provided for the income tax through 2016 assessed by the tax authorities.

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2018	2017
Basic earnings per share	\$ <u>1.72</u>	\$ <u>1.39</u>
Diluted earnings per share	\$ <u>1.72</u>	\$ <u>1.38</u>

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

### Net Income for the Period

	For the Three Months Ended March 31	
	2018	2017
Income for the period attributable to owners of the Company	\$ <u>120,597</u>	\$ <u>97,188</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	70,000	70,000
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>267</u>	<u>236</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,267</u>	<u>70,236</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses 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.



## 23. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

On July 10, 2017, the Group subscribed for additional new shares of Fontrip Technology at a percentage different from its prior ownership percentage, reducing its continuing interest from 45.05% to 43.10%.

	<b>Fontrip Technology</b>
Cash consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>308</u>
Differences arising from equity transaction	<u>\$ 308</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - changes in percentage of ownership interest in subsidiary	<u>\$ 308</u>

## 24. OPERATING LEASE ARRANGEMENTS

### The Group as Lessee

Operating leases relate to leases of buildings with terms of between 2 and 10 years. All operating lease contracts that exceed five years have clauses requiring market rental reviews every five years. The Group does not have a bargain purchase option to acquire the leased buildings at the expiration of the lease periods.

The future minimum lease payables on 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	\$ 306,364	\$ 289,114	\$ 291,191
Later than 1 year and not later than 5 years	735,815	707,920	776,346
Later than 5 years	<u>278,916</u>	<u>293,257</u>	<u>367,910</u>
	<u>\$ 1,321,095</u>	<u>\$ 1,290,291</u>	<u>\$ 1,435,447</u>

## 25. EXPLANATORY COMMENTS ABOUT THE SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The travel industry is highly seasonal in nature. Based on past experience, the Group's operations peak annually during the Chinese New Year holiday in the first quarter and the summer holidays in the third quarter. The Group recognizes revenue on over time of services.

In the second quarter and fourth quarter of each year, the Group's expenditures increase because of tourism promotion. The Group cannot measure the future benefits of these expenditures, so it recognizes these expenditures as current expenses.

## 26. CAPITAL MANAGEMENT

The Groups' capital management strategy is based on its need for working capital and capital expenditure for product processing (e.g., advance ticket purchases or table reservations) and sales promotion and marketing and distribution of dividends.

## 27. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

March 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Privately offered fund	\$ -	\$ 118,611	\$ -	\$ 118,611
<u>Financial assets at FVTOCI</u>				
Emerging market shares				
Equity securities	\$ -	\$ 3,370	\$ -	\$ 3,370
Domestic unlisted shares	-	13,400	-	13,400
	\$ -	\$ 16,770	\$ -	\$ 16,770

December 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Emerging market shares				
Equity securities	\$ -	\$ 3,556	\$ -	\$ 3,556
Privately offered fund	-	80,690	-	80,690
	\$ -	\$ 84,246	\$ -	\$ 84,246

March 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Emerging market shares				
Equity securities	\$ -	\$ 9,406	\$ -	\$ 9,406
Privately offered fund	-	47,010	-	47,010
	\$ -	\$ 56,416	\$ -	\$ 56,416

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

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

Level 2 inputs are inputs other than quoted prices that are directly or indirectly observable for the financial assets, which have standard terms and conditions.

b. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily measured at FVTPL	\$ 118,611	\$ -	\$ -
Receivables (Note 1)	4,736,478	4,363,279	3,930,621
Available-for-sale financial assets (Note 2)	-	97,646	66,416
Financial assets at FVTOCI	16,770	-	-

Financial liabilities

Measured at amortized cost (Note 3)	1,753,366	1,938,612	1,599,993
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Note 1: The balances included receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, and other current financial assets and refundable deposits.

Note 2: The balances included the carrying amounts of available-for-sale financial assets measured at amortized cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise notes payable, accounts payable and other payables.

c. Financial risk management objectives and policies

The financial risks on the Group's operations pertain to currency, interest rates, credit, and liquidity. For financial risk management, the Group not only identified and evaluated the market uncertainties but also applies a conservative approach to its operations. That is, the Group does not use or trade higher-risk derivative financial instruments and other complex financial instruments. This way, the Group protects itself from the effects of adverse market fluctuations.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. However, the Groups' borrowing and demand deposits all have fixed interest rates, so there is no material cash flow risk due to interest rate changes. In addition, the Group's management assesses the operating environment to determine if derivative financial instruments may be used to reduce currency risk. (See (a) below for more currency risk information, and (b) below for interest rate information.)

a) Currency risk

The Group manages currency risk by using derivative financial instruments, i.e., the Group uses these instruments for hedging against adverse changes in exchange rates. In addition, reserves have been set up for each foreign currency required for operations, and these reserves are reviewed regularly for adequacy.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

b) Sensitivity analysis

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

The following table shows the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 5% sensitivity rate is used when foreign currency risk is reported internally to key management personnel as well as represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and forward contracts designated as cash flow hedges, and the translation of these items and contracts at the end of the reporting period is adjusted for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pretax profit in New Taiwan dollars due to a 5% weakening against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit, and the balances below would be negative.

	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
RMB	\$ 13,661	\$ (1,792)
EUR	1,711	(151)
USD	(2,591)	5,303
JPY	(4,147)	1,491

The above amounts were mainly attributable to period-end balances of cash in banks and outstanding foreign currency payables and receivables, which were not hedged at the end of reporting period.

2) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in uncollectible receivables that could bring financial loss to the Group. The Group manages credit risk as follows:

- For the maintenance or enhancement of the quality of receivables, the Group evaluates the creditworthiness of commercial customers and other travel service companies before transacting with them. The Group has also implemented a receivables management and collection system to reduce credit risk.
- The Group enters into financial instrument contracts only with banks that have good credit status; thus, the Group has no significant risk arising from breach of contracts.

Further, there is no concentration of credit risk because the Group diversifies its customer or financial transaction counterparty pool.

### 3) Liquidity risk

The main objective of the Group's liquidity risk management-specifically in relation to cash, cash equivalents, banking facilities and so on - is to ensure that the Group has sufficient funds for its daily operations and activities. In addition, the receivable collection periods are similar to those in the market. For example, the Group requires that the settlement of check payments should be within one month after the check issue date. Payments for credit cards and other receivables should be settled within one month of the statement dates. Accounts payable should be settled within 90 days after the transaction. Further, the Group sees to it that funds are sufficient to cover daily operations as well as meet its bank borrowing obligation

## 28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. The name of the Company and its relationship with company and its subsidiaries

<b>Related Party Name</b>	<b>Relationship Between the Group and Other Related Parties</b>
JWI Marketing Co., Ltd.	Substantive related party
AnsetTrans Co., Ltd.	Substantive related party
XinMedia Co., Ltd.	Substantive related party
American Vacation, Inc.	Substantive related party
Lion Consulting Co., Ltd.	Substantive related party
Lion Investment Co., Ltd.	Substantive related party
Travel Trend Investment Co., Ltd.	Substantive related party
XIN Investment Co., Ltd.	Substantive related party
Bobby Travel Service Co., Ltd	Substantive related party

### b. Operating revenue

<b>Line Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
		<b>2018</b>	<b>2017</b>
Operating revenue	Substantive related party	<u>\$ 10,791</u>	<u>\$ 4,459</u>

The selling prices in related-party transactions were not significantly different from those for transactions with third parties.

### c. Operating costs

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Substantive related party	<u>\$ 16,823</u>	<u>\$ 6,787</u>

The purchase prices in related-party transactions were not significantly different from those for transactions with third parties.

d. Accounts receivable from related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Accounts receivable	Substantive related party	<u>\$ 8,377</u>	<u>\$ 2,624</u>	<u>\$ 3,502</u>

The outstanding accounts receivable to related parties were unsecured. For the three months ended March 31, 2018 and 2017, no impairment loss was recognized for accounts receivable from related parties.

e. Accounts payable to related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Accounts payable	Substantive related party	<u>\$ 4,483</u>	<u>\$ 2,489</u>	<u>\$ 3,254</u>

The outstanding accounts payable to related parties were unsecured and payable in cash.

f. Other transactions with related parties

1) Revenue from administration services

The Group provided administrative service to related parties, and recognized the revenue on account services as a reduction of operating expenses.

<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Substantive related party	<u>\$ 3,616</u>	<u>\$ 4,938</u>

The balances of other receivables from related parties were as follows:

<b>Related Party Category</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Substantive related party	<u>\$ 958</u>	<u>\$ 1,954</u>	<u>\$ 1,865</u>

2) Lease transactions

The revenues and expenses on lease transactions with related parties are based on market conditions and not significantly different from transactions with third parties; rental expenses are recognized under operating expenses.

The Group leased certain assets to related parties, and the rental revenue is recognized as deduction of operating expenses.

Line Item	Related Party Category	For the Three Months Ended March 31	
		2018	2017
Rental revenue	Substantive related party	\$ 3,467	\$ 3,609
Rental expense	Substantive related party	\$ 689	\$ -

The balances of other lease receivables from related parties were as follows:

Related Party Category	March 31, 2018	December 31, 2017	March 31, 2017
Substantive related party	\$ 308	\$ 322	\$ 237

3) Advertising, video production and travel magazine expenses

Related parties produced advertisements and travel videos for the Group, and the Group subscribed to travel magazines published by related parties, which related expenses were recognized as advertising expenses.

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Substantive related party	\$ 11,355	\$ 9,333

4) Compensation of key management personnel

	For the Three Months Ended March 31	
	2018	2017
Short-term employee benefits	\$ 57,228	\$ 41,606
Post-employment benefits	1,732	1,278
	\$ 58,960	\$ 42,884

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

## 29. ASSETS PLEDGED AS COLLATERALS OR FOR SECURITY

	March 31, 2018	December 31, 2017	March 31, 2017
Pledged deposits and demand deposits	\$ 78,669	\$ 73,634	\$ 61,330

Under the regulations of the Tourism Bureau of the Ministry of Transportation and Communications, time deposits had been pledged as guarantee deposits for the operation of credit card machines and as part of meeting requirements for daily operations. These pledged time deposits were recognized as other current financial assets.

### 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group are the following:

- a. Letters of guarantee obtained by the Group from banks and issued for hotel and transportation reservations, which amounted to \$2,326,707 thousand, \$2,305,719 thousand and \$1,685,642 thousand as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.
- b. Letters of guarantee provided to airlines, which amounted to \$635,765 thousand, \$637,702 thousand and \$594,098 thousand as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

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

The following information is an aggregation of foreign currencies other than the functional currencies of the Group and includes the exchange rates between foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>March 31, 2018</u>			
<u>Financial assets</u>			
Monetary items			
RMB	\$ 82,562	4.65 (RMB:NTD)	\$ 383,913
EUR	4,237	35.94 (EUR:NTD)	152,278
USD	4,536	29.11 (USD:NTD)	132,043
JPY	439,792	0.27 (JPY:NTD)	118,744
GBP	768	40.82 (GBP:NTD)	31,350
CAD	1,341	22.61 (CAD:NTD)	30,320
HKD	7,280	3.71 (HKD:NTD)	27,009
NZD	1,038	21.12 (NZD:NTD)	21,923
AUD	588	22.35 (AUD:NTD)	13,142
CHF	113	30.57 (CHF:NTD)	<u>3,454</u>
			<u>\$ 914,176</u>

#### Financial liabilities

Monetary items			
JPY	746,942	0.27 (JPY:NTD)	\$ 201,674
USD	6,316	29.11 (USD:NTD)	183,859
EUR	3,285	35.94 (EUR:NTD)	118,063
RMB	23,807	4.65 (RMB:NTD)	110,703
HKD	6,975	3.71 (HKD:NTD)	25,877
THB	20,189	0.94 (THB:NTD)	18,978
CAD	616	22.61 (CAD:NTD)	13,928
AUD	557	22.35 (AUD:NTD)	12,449
SGD	460	22.24 (SGD:NTD)	10,230
NZD	450	21.12 (NZD:NTD)	9,504
GBP	156	40.82 (GBP:NTD)	6,368
CHF	179	30.57 (CHF:NTD)	<u>5,472</u>

\$ 717,095

(Continued)



	Foreign Currencies	Exchange Rate	Carrying Amount
<u>December 31, 2017</u>			
<u>Financial assets</u>			
Monetary items			
JPY	\$ 596,324	0.26 (JPY:NTD)	\$ 157,907
EUR	3,336	35.64 (EUR:NTD)	118,895
USD	2,979	29.78 (USD:NTD)	88,715
HKD	6,722	3.82 (HKD:NTD)	25,678
GBP	481	40.17 (GBP:NTD)	<u>19,322</u>
			<u>\$ 410,517</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	446,118	0.26 (JPY:NTD)	\$ 118,132
USD	3,497	29.78 (USD:NTD)	104,141
EUR	2,192	35.64 (EUR:NTD)	78,123
RMB	14,614	4.57 (RMB:NTD)	66,786
THB	38,922	0.92 (THB:NTD)	35,808
HKD	8,398	3.82 (HKD:NTD)	32,080
AUD	690	23.24 (AUD:NTD)	<u>16,036</u>
			<u>\$ 451,106</u>
<u>March 31, 2017</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,600	30.31 (USD:NTD)	\$ 200,046
JPY	502,362	0.27 (JPY:NTD)	135,638
EUR	2,549	32.43 (EUR:NTD)	82,664
RMB	3,797	4.41 (RMB:NTD)	16,745
AUD	678	23.23 (AUD:NTD)	15,750
HKD	3,990	3.91 (HKD:NTD)	15,601
CAD	619	22.75 (CAD:NTD)	<u>14,082</u>
			<u>\$ 480,526</u>
<u>Financial liabilities</u>			
Monetary items			
JPY	391,894	0.27 (JPY:NTD)	\$ 105,811
USD	3,101	30.31 (USD:NTD)	93,991
EUR	2,642	32.43 (EUR:NTD)	85,680
THB	71,171	0.88 (THB:NTD)	62,630
RMB	11,925	4.41 (RMB:NTD)	52,589
HKD	5,709	3.91 (HKD:NTD)	22,322
AUD	503	23.23 (AUD:NTD)	11,685
			(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
CAD	\$ 396	22.75 (CAD:NTD)	\$ 9,009
NZD	300	21.20 (NZD:NTD)	6,360
GBP	91	37.81 (GBP:NTD)	<u>3,441</u>
			<u>\$ 453,518</u> (Concluded)

The Group is mainly exposed to the USD, JPY, EUR and RMB. The following information was aggregated by the functional currencies of the group entities, and the exchanges rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains were as follows:

<b>Functional Currencies</b>	<b>For the Three Months Ended March 31, 2018</b>		<b>For the Three Months Ended March 31, 2017</b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain</b>
NTD	1 (NTD:NTD)	<u>\$ 25,306</u>	1 (NTD:NTD)	<u>\$ 10,231</u>

## 32. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions and investees:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held. (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. (None)
- 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 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 4)
- 11) Information on investees. (Table 5)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

### 33. SEGMENT INFORMATION

The information provided to the chief operating decision maker for use in resource allocation and assessment of segment performance focuses on the types of goods and services to be delivered. For the three months ended March 31, 2018 and 2017, the Group's revenues and income by segment, i.e., by each business division, were as follows:

	<b>Travel Department</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
Three months ended <u>March 31, 2018</u>				
Revenues from external customers	\$ 6,731,440	\$ 16,687	\$ -	\$ 6,748,127
Inter-segment revenues	<u>622,637</u>	<u>81,004</u>	<u>(703,641)</u>	<u>-</u>
Segment revenues	<u>\$ 7,354,077</u>	<u>\$ 97,691</u>	<u>\$ (703,641)</u>	<u>\$ 6,748,127</u>
Segment income	<u>\$ 113,000</u>	<u>\$ (7,551)</u>	<u>\$ 3,857</u>	\$ 109,306
Non-operating income				<u>45,972</u>
Income before income tax				<u>\$ 155,278</u>

(Continued)

	<b>Travel Department</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
Three months ended <u>March 31, 2017</u>				
Revenues from external customers	\$ 5,552,342	\$ 9,066	\$ -	\$ 5,561,408
Inter-segment revenues	<u>429,062</u>	<u>67,871</u>	<u>(496,933)</u>	<u>-</u>
Segment revenues	<u>\$ 5,981,404</u>	<u>\$ 76,937</u>	<u>\$ (496,933)</u>	<u>\$ 5,561,408</u>
Segment income	<u>\$ 102,305</u>	<u>\$ (7,264)</u>	<u>\$ 1,749</u>	\$ 96,790
Non-operating income				<u>20,393</u>
Income before income tax				<u>\$ 117,183</u>
				(Concluded)

**TABLE 1**

**LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/Guar anteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)	Note
		Name	Relationship (Note 2)											
0	Lion Travel Service Co., Ltd. (“the Company”)	Lion International Travel Service (Shanghai) Co., Ltd.	c	\$ 472,732	\$ 46,470	\$ 46,470	\$ 32,529	\$ -	1.38	\$ 2,363,658	Y	N	Y	
		Uplan Travel Service Co., Ltd.	c	472,732	170,000	170,000	27,776	-	1.18	2,363,658	Y	N	N	
		Skylion International Travel Service Co., Ltd.	c	472,732	52,345	52,345	-	-	-	2,363,658	Y	N	Y	

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

a. “0” for the Company.

b. Subsidiaries are numbered from “1”

Note 2: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

a. The Company in relation to business.

b. Subsidiaries’ common stocks which were directly owned by parent company over 50%.

c. Investees’ common stocks which were both owned by parent company and subsidiary over 50%.

d. Investees’ common stocks which were directly or indirectly held by the Company over 50%.

e. Guaranteed by the Company according to construction contract.

f. An investee company. The guarantees were provided based on the Company’s proportionate share in the investee company.

Note 3: The maximum balance of the aggregate endorsement/guarantee should not exceed 100% of the endorser’s net value as shown in its most recent financial statements. The maximum balance of the endorsement/guarantee to an individual counterparty should not exceed 20% of the endorser’s net value as shown in its most recent financial statements.

Note 4: The balance of the period as the highest guarantee of endorsement.

Note 5: By the end of the period, if the bank guarantee amount of the contract or endorsement of the Company is approved, it shall be assumed endorsement or guarantee liability; if they have other endorsement or relevant guaranteed circumstances, they shall be calculated as ensure balance.

Note 6: To fill in the amount used by the borrowing company.

Note 7: For endorsement/guarantee given by parent on behalf of subsidiaries, subsidiaries on behalf of parent and companies in mainland China fill in “Y”.

**TABLE 2****LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2018****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2017				Note
				Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Lion Travel Service Co., Ltd. (the Company)	<u>Stock</u> Development of cultural and creative value of Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000	\$ 10,000	0.67	\$ 10,000	Note 6
Lion Travel Service Co., Ltd. (the Company)	<u>Privately offered fund</u> Millerful Value Creation Fund I	-	Financial assets at FVTPL - non-current	-	118,611	-	118,611	
Shuangshi Investment	<u>Stock</u> Vigor Kobo Co., Ltd.	-	Financial assets at FVTOCI - non-current	140	3,370	0.83	3,370	
LionBobby	<u>Stock</u> Yuyupas Co., Ltd.	-	Financial assets at FVTOCI - non-current	240	2,400	4.80	2,400	
	Circle Island Tours Co., Ltd.	-	Financial assets at FVTOCI - non-current	100	1,000	11.11	1,000	

Note 1: The marketable securities in this table is related to stock, bonds and short-term investments of “IFRS 9 Financial Instruments”.

Note 2: Transactions issuer not determined as significantly related parties should leave the space empty.

Note 3: Carrying amounts with adjustments for fair value and deduction of accumulated impairment loss; otherwise, original carrying amounts or amortized cost after deduction of accumulated impairment loss.

Note 4: Amount guaranteed and pledged should note on the table.

Note 5: The informations about subsidiaries, associates and joint ventures, please refer to Tables 5 and 6.

Note 6: The fair value of emerging stock is the average transaction price in March 2018.

**TABLE 3**

**LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES**

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

Buyer	Related Party	Relationship	Transaction Details (Note 1)				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Lion Travel Service Co., Ltd. (“the Company”)	Lion Shanghai	Grandson company	Purchase	\$ 151,043	2.71	Same as those for unrelated parties	No significant difference	No significant difference	\$ (56,637)	4.40	
Lion Shanghai	The Company	Parent company	Sales	151,043	98.43	Same as those for unrelated parties	No significant difference	No significant difference	56,637	72.61	
The Company	Uplan Travel	Grandson company	Purchase	201,191	3.62	Same as those for unrelated parties	No significant difference	No significant difference	(563)	0.04	
Uplan Travel	The Company	Parent company	Sales	201,191	58.22	Same as those for unrelated parties	No significant difference	No significant difference	563	66.55	

- Note 1: Condition of transactions which different from related parties and general should note the difference on the table.
- Note 2: Note the reason, payment terms, amount, and general condition if there is an advance receipt or prepaid receivable.
- Note 3: Actual capital amount from the Company, including no par stock and stock less than \$10 New Taiwan dollar is determined as 10% of the equity.
- Note 4: The transactions between the Company and investee companies have already been eliminated in the preparation of the consolidated financial statements.

TABLE 4

## LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details (Note 4)			
				Financial Statement Account	Amount (Note 3)	Payment Terms	% to Total Sales or Assets (Note 3)
0	Lion Travel Service Co., Ltd. ("the Company")	Fujian Lion	1	Operating costs	\$ 4,342	Without significant difference from transactions with unrelated parties	0.06
		Uplan Travel	2	Operating revenue	14,339	Without significant difference from transactions with unrelated parties	0.21
		Uplan Travel	2	Operating costs	201,191	Without significant difference from transactions with unrelated parties	2.98
		Lion Shanghai	2	Operating costs	151,043	Without significant difference from transactions with unrelated parties	2.24
		Lion SYD	2	Operating costs	68,805	Without significant difference from transactions with unrelated parties	1.02
		Lion THA	2	Operating costs	37,271	Without significant difference from transactions with unrelated parties	0.55
		Lion YVR	2	Operating costs	34,183	Without significant difference from transactions with unrelated parties	0.51
		US Lion	2	Operating costs	30,923	Without significant difference from transactions with unrelated parties	0.46
		Lion Beijing	2	Operating costs	30,487	Without significant difference from transactions with unrelated parties	0.45
		Lion Express	2	Operating costs	27,797	Without significant difference from transactions with unrelated parties	0.41
		Lion AKL	2	Operating costs	26,413	Without significant difference from transactions with unrelated parties	0.39
		Skylion Travel	2	Accounts receivable	31,936	Without significant difference from transactions with unrelated parties	0.45
		Uplan Travel	2	Accounts receivable	5,165	Without significant difference from transactions with unrelated parties	0.07
		Lion Shanghai	2	Accounts payable	56,637	Without significant difference from transactions with unrelated parties	0.80
		Lion YVR	2	Accounts payable	12,854	Without significant difference from transactions with unrelated parties	0.18
		US Lion	2	Accounts payable	12,477	Without significant difference from transactions with unrelated parties	0.18
		Lion THA	2	Accounts payable	9,730	Without significant difference from transactions with unrelated parties	0.14
		Lion AKL	2	Accounts payable	9,397	Without significant difference from transactions with unrelated parties	0.13
		Lion SYD	2	Accounts payable	8,620	Without significant difference from transactions with unrelated parties	0.12
		Lion JPN	2	Accounts payable	6,781	Without significant difference from transactions with unrelated parties	0.10
		Lion Express	2	Accounts payable	4,968	Without significant difference from transactions with unrelated parties	0.07
		Lion Beijing	2	Accounts payable	5,444	Without significant difference from transactions with unrelated parties	0.08
		Lion Information	2	Other payable	13,525	Without significant difference from transactions with unrelated parties	0.19
		Lion Information	2	Advance receipts	7,749	Without significant difference from transactions with unrelated parties	0.11
		Lion THA	2	Contract liability - current	5,830	Without significant difference from transactions with unrelated parties	0.08
		Lion HK	2	Contract liability - current	3,723	Without significant difference from transactions with unrelated parties	0.05
		Skylion Travel	2	Other non-current assets	12,059	Without significant difference from transactions with unrelated parties	0.17
1	Travel Trend	Fujian Lion	3	Operating revenue	7,844	Without significant difference from transactions with unrelated parties	0.12
		Fujian Lion	3	Accounts receivable	4,493	Without significant difference from transactions with unrelated parties	0.06
2	Lion Information	the Company	2	Operating revenue	39,024	Without significant difference from transactions with unrelated parties	0.58
2	Ansett Tour	Lion Express	6	Operating revenue	3,960	Without significant difference from transactions with unrelated parties	0.06
2	Skylion Travel	Lion JPN	6	Operating revenue	3,159	Without significant difference from transactions with unrelated parties	0.05
2	Lion Shanghai	Fujian Lion	5	Prepayment	5,897	Without significant difference from transactions with unrelated parties	0.08

(Continued)



Note 1: Companies are identified by number, as follows:

- a. “0” represents the parent company.
- b. “1” represents the subsidiary.
- c. “2” represents the grandson company.

Note 2: The flow of transactions is as follows:

- a. 1 - from the parent company to the subsidiary.
- b. 2 - from the parent company to the grandson company.
- c. 3 - between subsidiaries.
- d. 4 - from the subsidiary to the grandson company.
- e. 5 - from the grandson company to the subsidiary.
- f. 6 - between grandson companies.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is in the balance sheet account, it was calculated by dividing the ending balance by the consolidated total assets; if the account is in the income statement, it was calculated by dividing the interim cumulative balance by the consolidated operating revenue.

Note 4: The important transactions listed are in accordance with the materiality principle of the Company.

Note 5: The transactions between the Company and investee companies have been eliminated in the preparation of the consolidated financial statements.

(Concluded)

TABLE 5

## LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
 FOR THE THREE MONTHS ENDED MARCH 31, 2018  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Business and Product	Original Investment Amount		As of March 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2018	December 31, 2017	Shares (In Thousands)	%	Carrying Amount			
Lion Travel Service Co., Ltd.	Shuangshi Investment	Taiwan	Investments	\$ 270,000	\$ 270,000	27,000	100	\$ 289,474	\$ 6,452	\$ 6,452	Subsidiary (Note 5)
	Lion Holding	Hong Kong	Investments	509,137	509,137	128,040	100	489,545	933	933	Subsidiary
	Travel Trend	Taiwan	Travel industry	27,980	27,980	3,000	100	21,889	(1,428)	(1,428)	Subsidiary (Note 5)
	LionBobby	Taiwan	Travel industry	66,000	66,000	6,600	55	63,067	(4,730)	(2,602)	Subsidiary (Note 5)
Shuangshi Investment	Lion Information	Taiwan	Information technology activities	14,301	14,301	3,000	100	26,270	435	435	Grandson company (Note 5)
	Lion Express	Taiwan	Tour bus transportation activities	110,336	110,336	11,500	100	115,964	(702)	(702)	Grandson company (Note 5)
	Ansett Tour	Taiwan	Tour bus transportation activities	40,517	40,517	5,000	100	47,039	124	124	Grandson company (Note 5)
	Travel Around Investment	Taiwan	Investments	90,000	90,000	9,000	100	91,703	6,633	6,633	Grandson company (Note 5)
Lion Information	Lion Technology	Samoa	Investments	6,216	6,216	200	100	(239)	-	-	Grandson company of subsidiary (Note 5)
				USD 200	USD 200						
Lion Holding	Lion YVR	Canada	Travel industry	19,548	19,548	100	100	53,628	1,157	1,157	Grandson company (Note 5)
	Lion SYD	Australia	Travel industry	CAD 662	CAD 662	44	100	6,747	CAD 50	CAD 50	Grandson company (Note 5)
				1,961	1,961				(194)	(194)	
	Lion AKL	New Zealand	Travel industry	AUD 67	AUD 67	0.1	100	4,041	(AUD 8)	(AUD 8)	Grandson company (Note 5)
				2,527	2,527				404	404	
	Lion HK	Hong Kong	Travel industry	NZD 113	NZD 113	3	100	68,766	NZD 19	NZD 19	Grandson company (Note 5)
				63,780	63,780				4,865	4,865	
	US Lion	United States	Travel industry	HKD 16,294	HKD 16,294	1,200	100	31,596	HKD 1,299	HKD 1,299	Grandson company (Note 5)
				37,182	37,182				(566)	(566)	
	Lion JPN	Japan	Travel industry	USD 1,200	USD 1,200	7	100	20,206	(USD 19)	(USD 19)	Grandson company (Note 5)
				26,427	26,427				(787)	(787)	
	Lion THA	Thailand	Travel industry	JPY 74,000	JPY 74,000	637	49	10,159	(JPY 2,909)	(JPY 2,909)	Grandson company (Note 5)
				5,131	5,131				3,227	1,581	
Travel Around Investment	Lion UK	United Kingdom	Travel industry	THB 5,535	THB 5,535	300	100	11,444	THB 3,471	THB 1,701	Grandson company (Note 5)
				12,321	-				(802)	(802)	
	Uplan Travel	Taiwan	Travel industry	GBP 300	GBP -	4,995	62	58,239	(GBP 20)	(GBP 20)	Grandson company of subsidiary (Note 5)
Uplan Travel	Xinflight Travel	Taiwan	Travel industry	49,950	49,950	1,000	100	14,593	8,290	5,176	Grandson company of subsidiary (Note 5)
	Fontrip Technology	Taiwan	Information technology industry	10,000	10,000	2,500	43	14,187	3,971	3,971	Grandson company of subsidiary (Note 5)
	New Vision	Taiwan	Travel industry	25,000	25,000	700	58	6,979	(5,787)	(2,494)	Grandson company of subsidiary (Note 5)
				7,000	-				(36)	(21)	Grandson company of subsidiary (Note 5)

(Continued)

Note 1: Foreign subsidiaries of the Group are calculated and disclosed based on the consolidated financial statements.

Note 2: Which is not belongs to Note 1, filled in by the following rules:

- a. “Investee”, “Location”, “Main Business and Product”, “Original Investment Amount” and “Shares at the end of the period” should be filled in followed by the Company invest directly or indirectly and noted the relationship between each investee.
- b. “Net Income (Loss) of the Investee” column should be filled in each investee net income (loss).
- c. “Share of Profit (Loss)” column only needs to be filled in the profits or loss which recognized under equity method’s in each subsidiary. Net income of the investee were included share of profit or loss in each subsidiary.

Note 3: Information on investments in mainland China, please refer to Table 6.

Note 4: The investee company was merged into the Group.

Note 5: The calculation was based on unreviewed financial statements as of March 31, 2018.

(Concluded)

TABLE 6

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b)3)	Carrying Amount as of March 31, 2018	Accumulated Repatriation of Investment Income as of March 31, 2018	Note
					Outward	Inward							
Fujian Lion	Travel industry	\$ 58,220 USD 2,000	The Company reinvested in Mainland China	\$ 52,398 USD 1,800	\$ - USD -	\$ - USD -	\$ 52,398 USD 1,800	\$ 492 RMB 107	90	\$ 443 RMB 96	\$ 47,332	\$ -	
Lion Shanghai	Travel industry	29,110 USD 1,000	Lion HK reinvested in Mainland China	29,110 USD 1,000	- USD -	- USD -	29,110 USD 1,000	4,671 RMB 1,022	100	4,671 RMB 1,022	51,120	-	
Lion Beijing	Travel industry	14,555 USD 500	Lion HK reinvested in Mainland China	14,555 USD 500	- USD -	- USD -	14,555 USD 500	(156) (RMB 34)	100	(156) (RMB 34)	(192)	-	
Lion Holding (China)	Management consulting activities	291,100 USD 10,000	Lion Holding reinvested in Mainland China	291,100 USD 10,000	- USD -	- USD -	291,100 USD 10,000	(4,596) (RMB 996)	100	(4,596) (RMB 996)	259,695	-	
Lion Travel Holding	Travel industry	139,410 RMB 30,000	Lion Holding (China) reinvested in Mainland China	139,410 RMB 30,000	- RMB -	- RMB -	139,410 RMB 30,000	(2,774) (RMB 601)	100	(2,774) (RMB 601)	124,423	-	
Skylion Travel	Travel industry	16,265 RMB 3,500	Lion Travel Holding reinvested in Mainland China	10,688 RMB 2,300	- RMB -	- RMB -	10,688 RMB 2,300	(2,708) (RMB 587)	100	(2,708) (RMB 587)	(4,526)	-	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 392,985 USD 13,500	\$ 922,787 (Note 4) USD 31,700	\$ 1,418,195

Note 1: Investment is divided into the following three categories:

- a. Direct investment in mainland China.
- b. Reinvestment in mainland China companies through the third region (please indicate the third area of investment company).
- c. Others.

(Continued)

Note 2: The investment gain (loss) recognized in current period:

- a. Please specify no investment income (loss) has been recognized due to the investment is still during development stage.
- b. The investment gain (loss) was determined based on the following basis:
  - 1) The financial report was reviewed and certified by an international accounting firm in cooperation with a R.O.C. accounting firm.
  - 2) The financial statements reviewed by the CPA of the parent company in Taiwan.
  - 3) Others: The financial statements of Shuangshi Investment Co., Ltd. were reviewed. The other financial statements of some subsidiaries included in the consolidated financial statements were not reviewed.

Note 3: The table is presented in thousands of New Taiwan dollar.

Note 4: The Investment Commission approved the foreign currency limit of investment. As of the current period, the Group did not exceed the limit.

Note 5: The net income (loss) of the investee was presented at the average exchange rate of the three months ended March 31, 2018; the rest was presented at the exchange rate in March 31, 2018.

Note 6: The investee company was merged into the Group.

(Concluded)

**TABLE 7**

**LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Purchase/Sales	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Note
		Amount		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
Lion Shanghai	Purchase	\$ 151,043	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	\$ (56,637)	4.40	\$ -	
Lion Beijing	Purchase	30,487	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	(5,444)	0.42	-	
Fujian Lion	Sales	7,844	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	4,493	0.52	-	
Fujian Lion	Purchase	4,342	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	(2,065)	0.16	-	
Skylion Travel	Purchase	3,159	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	-	-	-	

Note: The transactions between the Company and investee companies have been eliminated in the preparation of the consolidated financial statements.