

**Lion Travel Service Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2016 and 2015 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Lion Travel Service Co., Ltd.

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 September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months ended September 30, 2016 and 2015, and for the nine months ended September 30, 2016 and 2015, as well as the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

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

As disclosed in Note 11 to the consolidated financial statements, the financial statements of subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed, except those of Lion International Holding Limited and Lion International Holding (China) Limited. As of September 30, 2016 and 2015, the unreviewed assets were 17.32% (NT\$912,101 thousand) and 18.91% (NT\$968,296 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities of these non-significant subsidiaries were 15.88% (NT\$494,914 thousand) and 13.32% (NT\$387,585 thousand), respectively, of the consolidated total liabilities; for the nine months ended September 30, 2016 and 2015, the unreviewed comprehensive (loss) income were (0.34%) (NT\$(688) thousand) and 0.37% (NT\$1,500 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.

Based on our reviews, except for the effects of adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries and associates as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

November 10, 2016

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 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)

	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 2,714,707	51	\$ 2,811,445	56	\$ 2,835,756	55
Notes receivable (Notes 4 and 10)	36,043	1	52,366	1	38,770	1
Accounts receivable (Notes 4, 5, 10 and 28)	662,834	13	752,295	15	823,967	16
Prepayments (Note 13)	1,007,401	19	767,425	15	806,772	16
Other current monetary assets (Notes 4, 9 and 29)	55,291	1	65,649	1	43,364	1
Other current assets (Note 28)	20,907	-	19,362	-	11,571	-
Total current assets	4,497,183	85	4,468,542	88	4,560,200	89
NON-CURRENT ASSETS						
Available-for-sale financial assets (Notes 4 and 7)	56,578	1	12,520	-	14,264	-
Financial assets measured at cost (Notes 4 and 8)	10,000	-	10,000	-	10,000	-
Property, plant and equipment (Notes 4, 12 and 29)	427,544	8	370,732	8	353,161	7
Goodwill (Note 22)	11,467	-	-	-	-	-
Intangible assets (Notes 4 and 22)	19,268	1	3,478	-	4,241	-
Deferred tax assets (Notes 4 and 5)	15,473	-	14,902	-	9,118	-
Other non-current assets (Notes 13 and 28)	229,871	5	174,702	4	168,287	4
Total non-current assets	770,201	15	586,334	12	559,071	11
TOTAL	\$ 5,267,384	100	\$ 5,054,876	100	\$ 5,119,271	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowing (Note 14)	\$ -	-	\$ 25,000	1	\$ 5,000	-
Notes payable	177,616	4	106,729	2	172,906	3
Accounts payable (Note 28)	1,332,518	25	940,421	19	1,094,797	21
Other payables (Note 15)	207,631	4	306,014	6	285,300	6
Current tax liabilities (Notes 4 and 5)	8,355	-	61,460	1	49,957	1
Advance receipts (Note 15)	1,297,399	25	1,292,470	26	1,203,757	24
Current portion of long-term borrowing (Note 14)	348	-	19,848	-	26,000	1
Other current liabilities	12,353	-	11,972	-	20,193	-
Total current liabilities	3,036,220	58	2,763,914	55	2,857,910	56
NON-CURRENT LIABILITIES						
Long-term borrowing (Note 14)	-	-	-	-	348	-
Deferred tax liabilities (Notes 4 and 5)	6,875	-	2,010	-	3,117	-
Other non-current liabilities	2,817	-	781	-	745	-
Net defined benefit liabilities (Notes 4 and 5)	70,868	1	71,715	1	47,145	1
Total non-current liabilities	80,560	1	74,506	1	51,355	1
Total liabilities	3,116,780	59	2,838,420	56	2,909,265	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)						
Share capital						
Ordinary shares	700,000	13	700,000	14	700,000	14
Capital surplus (Note 23)	820,390	16	815,850	16	815,850	16
Retained earnings						
Legal reserve	201,949	4	156,933	3	156,933	3
Special reserve	11,846	-	1,623	-	1,623	-
Unappropriated earnings (Note 20)	399,470	8	540,651	11	521,915	10
Other equity	(40,106)	(1)	(11,846)	-	4,922	-
Total equity attributable to owners of the Company	2,093,549	40	2,203,211	44	2,201,243	43
NON-CONTROLLING INTERESTS	57,055	1	13,245	-	8,763	-
Total equity	2,150,604	41	2,216,456	44	2,210,006	43
TOTAL	\$ 5,267,384	100	\$ 5,054,876	100	\$ 5,119,271	100

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

(With Deloitte & Touche review report dated November 10, 2016)

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 September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 28)	\$ 6,258,735	100	\$ 6,130,994	100	\$ 16,703,437	100	\$ 16,295,035	100
OPERATING COSTS (Notes 19 and 28)	<u>(5,565,875)</u>	<u>(89)</u>	<u>(5,450,401)</u>	<u>(89)</u>	<u>(14,682,013)</u>	<u>(88)</u>	<u>(14,079,261)</u>	<u>(87)</u>
GROSS PROFIT	692,860	11	680,593	11	2,021,424	12	2,215,774	13
OPERATING EXPENSES (Notes 16, 19 and 28)	<u>(660,871)</u>	<u>(11)</u>	<u>(602,095)</u>	<u>(10)</u>	<u>(1,851,311)</u>	<u>(11)</u>	<u>(1,804,280)</u>	<u>(11)</u>
PROFIT FROM OPERATIONS	<u>31,989</u>	<u>-</u>	<u>78,498</u>	<u>1</u>	<u>170,113</u>	<u>1</u>	<u>411,494</u>	<u>2</u>
NON-OPERATING INCOME (Note 19)								
Other income (Note 28)	20,333	-	24,401	1	58,485	-	60,330	1
Other gains and losses	23,755	1	18,769	-	63,062	1	28,315	-
Finance costs	<u>(38)</u>	<u>-</u>	<u>(237)</u>	<u>-</u>	<u>(328)</u>	<u>-</u>	<u>(802)</u>	<u>-</u>
Total non-operating income	<u>44,050</u>	<u>1</u>	<u>42,933</u>	<u>1</u>	<u>121,219</u>	<u>1</u>	<u>87,843</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	76,039	1	121,431	2	291,332	2	499,337	3
INCOME TAX EXPENSE (Notes 4, 5 and 20)	<u>(17,229)</u>	<u>-</u>	<u>(23,602)</u>	<u>-</u>	<u>(61,361)</u>	<u>(1)</u>	<u>(91,421)</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>58,810</u>	<u>1</u>	<u>97,829</u>	<u>2</u>	<u>229,971</u>	<u>1</u>	<u>407,916</u>	<u>3</u>
OTHER COMPREHENSIVE LOSS								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(16,318)	-	17,598	-	(25,558)	-	8,420	-
Unrealized loss on available-for-sale financial assets	<u>(1,638)</u>	<u>-</u>	<u>(3,192)</u>	<u>-</u>	<u>(2,952)</u>	<u>-</u>	<u>(6,144)</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(17,956)</u>	<u>-</u>	<u>14,406</u>	<u>-</u>	<u>(28,510)</u>	<u>-</u>	<u>2,276</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 40,854</u>	<u>1</u>	<u>\$ 112,235</u>	<u>2</u>	<u>\$ 201,461</u>	<u>1</u>	<u>\$ 410,192</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 62,323	1	\$ 101,165	2	\$ 236,058	1	\$ 410,637	2
Non-controlling interests	<u>(3,513)</u>	<u>-</u>	<u>(3,336)</u>	<u>-</u>	<u>(6,087)</u>	<u>-</u>	<u>(2,721)</u>	<u>-</u>
	<u>\$ 58,810</u>	<u>1</u>	<u>\$ 97,829</u>	<u>2</u>	<u>\$ 229,971</u>	<u>1</u>	<u>\$ 407,916</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 44,454	1	\$ 115,556	2	\$ 207,798	1	\$ 413,234	3
Non-controlling interests	<u>(3,600)</u>	<u>-</u>	<u>(3,321)</u>	<u>-</u>	<u>(6,337)</u>	<u>-</u>	<u>(3,042)</u>	<u>-</u>
	<u>\$ 40,854</u>	<u>1</u>	<u>\$ 112,235</u>	<u>2</u>	<u>\$ 201,461</u>	<u>1</u>	<u>\$ 410,192</u>	<u>3</u>

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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 September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (NT\$; Note 21)								
Basic	<u>\$ 0.89</u>		<u>\$ 1.45</u>		<u>\$ 3.37</u>		<u>\$ 5.87</u>	
Diluted	<u>\$ 0.89</u>		<u>\$ 1.44</u>		<u>\$ 3.36</u>		<u>\$ 5.84</u>	

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

(With Deloitte & Touche review report dated November 10, 2016)

(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								Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2015	\$ 700,000	\$ 815,850	\$ 118,542	\$ 1,623	\$ 443,669	\$ (4,083)	\$ 6,408	\$ 2,082,009	\$ 5,805	\$ 2,087,814
Appropriation of 2014 earnings										
Legal reserve	-	-	38,391	-	(38,391)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(294,000)	-	-	(294,000)	-	(294,000)
Net profit for the nine months ended September 30, 2015	-	-	-	-	410,637	-	-	410,637	(2,721)	407,916
Other comprehensive income (loss) for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	8,741	(6,144)	2,597	(321)	2,276
Total comprehensive income (loss) for the nine months ended September 30, 2015	-	-	-	-	410,637	8,741	(6,144)	413,234	(3,042)	410,192
Non-controlling interests	-	-	-	-	-	-	-	-	6,000	6,000
BALANCE AT SEPTEMBER 30, 2015	<u>\$ 700,000</u>	<u>\$ 815,850</u>	<u>\$ 156,933</u>	<u>\$ 1,623</u>	<u>\$ 521,915</u>	<u>\$ 4,658</u>	<u>\$ 264</u>	<u>\$ 2,201,243</u>	<u>\$ 8,763</u>	<u>\$ 2,210,006</u>
BALANCE AT JANUARY 1, 2016	\$ 700,000	\$ 815,850	\$ 156,933	\$ 1,623	\$ 540,651	\$ (10,366)	\$ (1,480)	\$ 2,203,211	\$ 13,245	\$ 2,216,456
Appropriation of 2015 earnings										
Legal reserve	-	-	45,016	-	(45,016)	-	-	-	-	-
Special reserve	-	-	-	10,223	(10,223)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(322,000)	-	-	(322,000)	-	(322,000)
Net profit for the nine months ended September 30, 2016	-	-	-	-	236,058	-	-	236,058	(6,087)	229,971
Other comprehensive loss for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	(25,308)	(2,952)	(28,260)	(250)	(28,510)
Total comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	-	236,058	(25,308)	(2,952)	207,798	(6,337)	201,461
Other changes in capital surplus:										
Changes in percentage of ownership interest in subsidiary	-	4,540	-	-	-	-	-	4,540	-	4,540
Non-controlling interests	-	-	-	-	-	-	-	-	50,147	50,147
BALANCE AT SEPTEMBER 30, 2016	<u>\$ 700,000</u>	<u>\$ 820,390</u>	<u>\$ 201,949</u>	<u>\$ 11,846</u>	<u>\$ 399,470</u>	<u>\$ (35,674)</u>	<u>\$ (4,432)</u>	<u>\$ 2,093,549</u>	<u>\$ 57,055</u>	<u>\$ 2,150,604</u>

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

(With Deloitte & Touche review report dated November 10, 2016)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 291,332	\$ 499,337
Adjustments for:		
Depreciation expenses	65,291	70,368
Amortization expenses	2,089	2,865
(Reversal of impairment loss) impairment loss recognized on accounts receivable	(3,914)	3,315
Interest expenses	328	802
Interest income	(5,866)	(8,683)
(Gain) loss on disposal of property, plant and equipment	(821)	6,749
Gain on disposal of investments	(3,485)	-
Changes in operating assets and liabilities		
Notes receivable	16,323	41,714
Accounts receivable	93,393	(74,173)
Prepayments	(239,749)	(154,430)
Other current assets	4,239	(4,578)
Notes payable	70,887	42,408
Accounts payable	392,097	304,128
Other payables	(112,375)	40,720
Advance receipts	8,635	12,464
Other current liabilities	381	7,398
Net defined benefit liabilities	(847)	(932)
Cash generated from operations	577,938	789,472
Interest received	5,866	8,683
Interest paid	(328)	(802)
Income tax paid	(112,576)	(57,235)
Net cash generated from operating activities	470,900	740,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(47,010)	-
Purchase of financial assets measured at cost	-	(5,000)
Net cash outflow on acquisition of subsidiary	(6,797)	-
Payments for property, plant and equipment	(124,533)	(50,570)
Proceeds from disposal of property, plant and equipment	3,140	-
Increase in refundable deposits	(41,934)	(45,360)
Payments for intangible assets and increase in deferred expenses	(7,496)	(182)
Decrease (increase) in other current monetary assets	10,358	(9,452)
Increase in other non-current assets	(18)	(2,047)
Increase in prepayments for equipment	(13,235)	(6,439)
Net cash used in investing activities	(227,525)	(119,050)

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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 Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowing	\$ (25,000)	\$ 5,000
Repayments of long-term borrowing	(19,500)	(19,500)
Increase (decrease) in guarantee deposits	2,036	(560)
Payments of owner's dividends	(322,000)	(294,000)
Increase in non-controlling interests	<u>24,050</u>	<u>6,000</u>
Net cash used in financing activities	<u>(340,414)</u>	<u>(303,060)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>301</u>	<u>(16,605)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,738)	301,403
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,811,445</u>	<u>2,534,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,714,707</u>	<u>\$ 2,835,756</u>

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

(With Deloitte & Touche review report dated November 10, 2016)

(Concluded)

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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.

These 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 November 10, 2016.

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

- a. International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) for application starting January 1, 2017.

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

(Continued)

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014
	(Concluded)

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

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

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

Except for the following, the initial application of the above New or amended IFRSs in 2017 would not have any material impact on the Group’s accounting policies:

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

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

2) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments”, were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss. The amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

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

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendment will be applied prospectively starting from January 1, 2017.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination. The amendment will be applied prospectively to acquisitions of investment property on or after January 1, 2017.

4) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” clarifies there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

5) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level). The amendment will be applied from January 1, 2016, and any adjustment arising from the initial application of the amendment will be recognized in net defined benefit liabilities, deferred tax asset and retained earnings.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

Impairment of financial assets

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

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

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts”.

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

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

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

3) IFRS 16 “Leases”

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

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

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

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

Except for the above 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 by the Financial Supervisory Commission (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 consolidation

See Note 11 and Table 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other significant accounting policies

Except for the following, the accounting policies applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2015. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2015.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical accounting judgments and key sources of estimation uncertainty applied to these consolidated financial statements are consistent with those applied to the consolidated financial statements for the year ended December 31, 2015. For the summary, please refer to the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand	\$ 68,249	\$ 39,316	\$ 38,515
Checking accounts and demand deposits	2,072,965	2,189,879	2,293,180
Cash equivalents			
Time deposits with original maturities of less than three months	<u>573,493</u>	<u>582,250</u>	<u>504,061</u>
	<u>\$ 2,714,707</u>	<u>\$ 2,811,445</u>	<u>\$ 2,835,756</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Annual yield rates for bank deposits	0.01%-1.62%	0.01%-1.62%	0.01%-2.25%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Non-current</u>			
Domestic investments			
Emerging market shares	\$ 9,568	\$ 12,520	\$ 14,264
Foreign investments			
Privately offered fund	<u>47,010</u>	<u>-</u>	<u>-</u>
	<u>\$ 56,578</u>	<u>\$ 12,520</u>	<u>\$ 14,264</u>

8. FINANCIAL ASSETS MEASURED AT COST

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Non-current</u>			
Domestic unlisted common shares	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Classified according to financial assets measurement categories			
Available-for-sale financial assets	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

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.

9. OTHER CURRENT MONETARY ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Current</u>			
Pledged time deposits and demand deposits	<u>\$ 55,291</u>	<u>\$ 65,649</u>	<u>\$ 43,364</u>
Rate intervals	0.41%-2.25%	0.52%-2.25%	0.20%-2.00%

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OVERDUE RECEIVABLES

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Notes receivable</u>			
Notes receivable - operating	\$ 36,043	\$ 52,366	\$ 38,770
<u>Accounts receivable</u>			
Accounts receivable	\$ 663,883	\$ 757,389	\$ 826,185
Less: Allowance for impairment loss	<u>(1,049)</u>	<u>(5,094)</u>	<u>(2,218)</u>
	<u>\$ 662,834</u>	<u>\$ 752,295</u>	<u>\$ 823,967</u>
<u>Overdue receivables</u>			
Overdue receivables	\$ 11,918	\$ 12,177	\$ 11,937
Less: Allowance for impairment loss	<u>(11,918)</u>	<u>(12,177)</u>	<u>(11,937)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

a. Notes receivable

The checks received by the Group received 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

The Group 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 prepares monthly aging schedules of accounts receivable to check for any overdue receivables. If there are overdue receivables, the Group will order the departments concerned to make the needed checks for prevention of bad debts. If the receivables become uncollectible, the Group will reclassify them to overdue receivables and instruct the internal legal department to carry out settlement procedures.

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:

	September 30, 2016	December 31, 2015	September 30, 2015
Up to 90 days	\$ 684,351	\$ 776,564	\$ 794,602
91-180 days	14,216	30,260	66,487
181-365 days	<u>1,359</u>	<u>2,931</u>	<u>3,866</u>
	<u>\$ 699,926</u>	<u>\$ 809,755</u>	<u>\$ 864,955</u>

The above aging schedule was based on the invoice date.

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

	For the Nine Months Ended September 30			
	2016		2015	
	Collectively Assessed for Impairment	Individually Assessed for Impairment	Collectively Assessed for Impairment	Individually Assessed for Impairment
	Accounts Receivable	Overdue Receivables	Accounts Receivable	Overdue Receivables
Balance at January 1	\$ 5,094	\$ 12,177	\$ 1,148	\$ 4,699
Add: Impairment losses (reversal of impairment losses) recognized on receivables	(3,932)	18	1,268	2,047
Reversal of impairment losses	-	-	-	5,191
Deduct: Amounts written off during the period as uncollectible	<u>(113)</u>	<u>(277)</u>	<u>(198)</u>	<u>-</u>
Balance at September 30	<u>\$ 1,049</u>	<u>\$ 11,918</u>	<u>\$ 2,218</u>	<u>\$ 11,937</u>

11. SUBSIDIARIES

Entities included in the consolidated financial statements (Note 4):

Investor	Investee	Nature of Activity	Percentage of Ownership			Remark
			September 30, 2016	December 31, 2015	September 30, 2015	
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	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	

(Continued)

Investor	Investee	Nature of Activity	Percentage of Ownership			Remark
			September 30, 2016	December 31, 2015	September 30, 2015	
Shuangshi Investment	US Lion Travel ("US Lion")	Travel industry	100.00	100.00	100.00	
	Lion Travel Japan 株式会社 ("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 Holding (China) Limited ("Lion Holding (China)")	Management consulting activities	100.00	100.00	100.00	d
	Lion Information Technology Co., Ltd. ("Lion Information")	Information technology activities	100.00	100.00	100.00	
	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	
Lion Information	Travel Around Investment Holding Co., Ltd. ("Travel Around Investment")	Investments	100.00	100.00	100.00	d
	Lion Technology Holding Limited ("Lion Technology")	Investments	100.00	100.00	100.00	
Lion Technology	Guangzhou Lion Technology Co., Ltd. ("Guangzhou Lion Technology")	Information technology activities	-	100.00	100.00	e
Lion HK	Lion International Travel Service (Shanghai) Co., Ltd. ("Lion Shanghai")	Travel industry	100.00	100.00	100.00	
Travel Around Investment	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	80.00	80.00	f
	Xinflight Travel Service Co., Ltd. ("Xinflight Travel")	Travel industry	100.00	100.00	100.00	f
Lion Holding (China)	Fontrip Technology Co., Ltd. ("Fontrip Technology")	Information technology activities	45.05	-	-	g
	Lion Travel International Holding Limited ("Lion Travel Holding")	Travel industry	100.00	100.00	100.00	h
Lion Travel Holding	Skylion International Travel Service Co., Ltd. ("Skylion Travel")	Travel industry	100.00	-	-	i

(Concluded)

- a. As disclosed in Note 11 to the consolidated financial statements, except for Lion International Holding Limited and Lion International Holding (China) Limited, the financial statements of subsidiaries included in the consolidated financial statement were not reviewed. As of September 30, 2016 and 2015, the unreviewed assets were 17.32% (NT\$912,101 thousand) and 18.91% (NT\$968,296 thousand), respectively, of the consolidated total assets, and the unreviewed liabilities of these subsidiaries were 15.88% (NT\$494,914 thousand) and 13.32% (NT\$387,585 thousand), respectively, of the consolidated total liabilities; for the nine months ended September 30, 2016 and 2015, the unreviewed comprehensive income were (0.34%) (NT\$(688) thousand) and 0.37% (NT\$1,500 thousand), respectively, of the consolidated total comprehensive income.
- b. Fujian Lion was established in September 2015.
- 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 Holding (China) and Travel Around Investment were established in January 2015.
- e. Guangzhou Lion Technology completed liquidation in March 2016.
- f. Uplan Travel and Xinflight Travel were established in March 2015. The Group's equity interest in Uplan Travel decreased from 80% to 62.44% in February 2016. The Group's equity in Xinflight Travel was unchanged.
- g. Fontrip Technology was established in May 2016. Although the Group holds only a 45.05% interest in Fontrip Technology, the Group can direct Fontrip Technology's activities and thus has control over this investee.
- h. Lion Travel Holding was established in August 2015.

i. Skylion Travel was established in April 2016.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Office Equipment	Total
<u>Cost</u>						
Balance at January 1, 2015	\$ 39,527	\$ 30,957	\$ 120,275	\$ 236,764	\$ 249,534	\$ 677,057
Additions	-	-	29,101	-	21,469	50,570
Disposals	-	-	(36,576)	-	(81,689)	(118,265)
Effect of foreign currency exchange differences	-	-	(108)	(565)	(982)	(1,655)
Balance at September 30, 2015	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 112,692</u>	<u>\$ 236,199</u>	<u>\$ 188,332</u>	<u>\$ 607,707</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ -	\$ 9,878	\$ 65,971	\$ 81,255	\$ 139,519	\$ 296,623
Depreciation charge for the period	-	414	20,769	16,919	32,266	70,368
Disposals	-	-	(36,555)	-	(74,961)	(111,516)
Effect of foreign currency exchange differences	-	-	(61)	(160)	(708)	(929)
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ 10,292</u>	<u>\$ 50,124</u>	<u>\$ 98,014</u>	<u>\$ 96,116</u>	<u>\$ 254,546</u>
Carrying amounts at January 1, 2015	<u>\$ 39,527</u>	<u>\$ 21,079</u>	<u>\$ 54,304</u>	<u>\$ 155,509</u>	<u>\$ 110,015</u>	<u>\$ 380,434</u>
Carrying amounts at September 30, 2015	<u>\$ 39,527</u>	<u>\$ 20,665</u>	<u>\$ 62,568</u>	<u>\$ 138,185</u>	<u>\$ 92,216</u>	<u>\$ 353,161</u>
<u>Cost</u>						
Balance at January 1, 2016	\$ 39,527	\$ 30,957	\$ 124,294	\$ 236,177	\$ 180,309	\$ 611,264
Additions	-	-	39,200	38,130	47,203	124,533
Disposals	-	-	(16,621)	(5,000)	(21,864)	(43,485)
Effect of foreign currency exchange differences	-	-	(233)	(76)	(30)	(339)
Balance at September 30, 2016	<u>\$ 39,527</u>	<u>\$ 30,957</u>	<u>\$ 146,640</u>	<u>\$ 269,231</u>	<u>\$ 205,618</u>	<u>\$ 691,973</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2016	\$ -	\$ 10,430	\$ 47,566	\$ 103,524	\$ 79,012	\$ 240,532
Depreciation charge for the period	-	415	24,882	17,981	22,013	65,291
Disposals	-	-	(16,542)	(2,917)	(21,707)	(41,166)
Effect of foreign currency exchange differences	-	-	(145)	(40)	(43)	(228)
Balance at September 30, 2016	<u>\$ -</u>	<u>\$ 10,845</u>	<u>\$ 55,761</u>	<u>\$ 118,548</u>	<u>\$ 79,275</u>	<u>\$ 264,429</u>
Carrying amounts at January 1, 2016	<u>\$ 39,527</u>	<u>\$ 20,527</u>	<u>\$ 76,728</u>	<u>\$ 132,653</u>	<u>\$ 101,297</u>	<u>\$ 370,732</u>
Carrying amounts at September 30, 2016	<u>\$ 39,527</u>	<u>\$ 20,112</u>	<u>\$ 90,879</u>	<u>\$ 150,683</u>	<u>\$ 126,343</u>	<u>\$ 427,544</u>

No impairment assessment was performed as of September 30, 2016 and 2015 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	5-9 years
Office equipment	3-10 years

Refer to Note 29 for the carrying amounts of property, plant and equipment pledged as security for long-term borrowing.

13. OTHER ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Current</u>			
Prepayments			
Prepaid expenses	\$ 22,958	\$ 34,146	\$ 29,353
Prepaid tour costs	852,119	623,482	684,815
Inventory of supplies	129,539	108,623	87,637
Others	<u>2,785</u>	<u>1,174</u>	<u>4,967</u>
	<u>\$ 1,007,401</u>	<u>\$ 767,425</u>	<u>\$ 806,772</u>
<u>Non-current</u>			
Other assets			
Prepayments for equipment	\$ 23,593	\$ 10,358	\$ 7,949
Refundable deposits	<u>206,278</u>	<u>164,344</u>	<u>160,338</u>
	<u>\$ 229,871</u>	<u>\$ 174,702</u>	<u>\$ 168,287</u>

14. BORROWING

Short-term Borrowing

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Unsecured borrowing</u>			
Line of credit borrowing	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 5,000</u>
Annual interest rate	-	1.60%	2.51%

Long-term Borrowing

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Secured borrowing</u>			
Bank loan	\$ 348	\$ 19,848	\$ 26,348
Less: Current portion	<u>(348)</u>	<u>(19,848)</u>	<u>(26,000)</u>
Long-term borrowing	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348</u>
Annual interest rate	2.74%	2.74%	2.74%

Refer to Note 29 for information on the Group's long-term borrowing secured by its freehold transportation equipment. The loan is due on October 24, 2016.

15. OTHER LIABILITIES

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Current</u>			
Other payables			
Accrued expense payable	\$ 151,438	\$ 239,673	\$ 223,399
Accrued remuneration to employees and directors	18,569	40,532	33,328
Sales tax payable	15,885	16,212	13,368
Others	<u>21,739</u>	<u>9,597</u>	<u>15,205</u>
	<u>\$ 207,631</u>	<u>\$ 306,014</u>	<u>\$ 285,300</u>
Advance receipts			
Deposits received from package-tour customers	\$ 1,204,485	\$ 1,217,144	\$ 1,140,446
Deposits received on sold travel vouchers or gift certificates	92,723	73,906	62,519
Others	<u>191</u>	<u>1,420</u>	<u>792</u>
	<u>\$ 1,297,399</u>	<u>\$ 1,292,470</u>	<u>\$ 1,203,757</u>

16. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014 and recognized in the following line items in their respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Operating expenses	<u>\$ 450</u>	<u>\$ 448</u>	<u>\$ 1,351</u>	<u>\$ 1,344</u>

17. SHAREHOLDERS' EQUITY

a. Share capital

Ordinary shares

	September 30, 2016	December 31, 2015	September 30, 2015
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

	September 30, 2016	December 31, 2015	September 30, 2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	\$ 815,850	\$ 815,850	\$ 815,850
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiary (2)	<u>4,540</u>	<u>-</u>	<u>-</u>
	<u>\$ 820,390</u>	<u>\$ 815,850</u>	<u>\$ 815,850</u>

1) When the Company has no deficit, capital surplus may be distributed as cash dividends, or may be transferred once a year to share capital within a certain percentage of the Company's capital surplus.

2) This capital surplus resulted from share transactions.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 17, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing 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 distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to e. employee benefits expense in Note 19.

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, Rule No. 1010047490 and Rule No. 1030006415 issued by the Financial Supervisory Commission (FSC) 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.

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

The appropriations of earnings for 2015 and 2014 approved in the shareholders' meetings on June 17, 2016 and June 15, 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Legal reserve	\$ 45,016	\$ 38,391	\$ -	\$ -
Special reserve	10,223	-	-	-
Cash dividends	322,000	294,000	4.60	4.20

d. Special reserves

	For the Nine Months Ended September 30	
	2016	2015
Balance at January 1	\$ 1,623	\$ 1,623
Appropriation in respect of Debit to other equity items	<u>10,223</u>	<u>-</u>
Balance at September 30	<u>\$ 11,846</u>	<u>\$ 1,623</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2016	2015
Balance at January 1	\$ 13,245	\$ 5,805
Attributable to non-controlling interests:		
Share of profit for the year	(6,087)	(2,721)
Exchange difference arising on translation of foreign entities	(250)	(321)
Issuance of common stock for cash from subsidiaries	24,050	6,000
Non-controlling interest arising from acquisition of subsidiaries	30,637	-
Adjustment for changes in capital surplus	<u>(4,540)</u>	<u>-</u>
Balance at September 30	<u>\$ 57,055</u>	<u>\$ 8,763</u>

18. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Tour revenue	\$ 6,071,811	\$ 5,924,841	\$ 16,064,822	\$ 15,655,653
FIT (Free Independent Traveler) revenue	106,182	101,795	308,075	314,366
Others	<u>80,742</u>	<u>104,358</u>	<u>330,540</u>	<u>325,016</u>
	<u>\$ 6,258,735</u>	<u>\$ 6,130,994</u>	<u>\$ 16,703,437</u>	<u>\$ 16,295,035</u>

19. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest income	\$ 58	\$ 4,449	\$ 5,866	\$ 8,683
Rental income	1,110	2,320	4,362	6,865
Others	<u>19,165</u>	<u>17,632</u>	<u>48,257</u>	<u>44,782</u>
	<u>\$ 20,333</u>	<u>\$ 24,401</u>	<u>\$ 58,485</u>	<u>\$ 60,330</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Net foreign exchange gains	\$ 24,715	\$ 23,660	\$ 63,722	\$ 42,153
Gain/(loss) on disposal of property, plant and equipment	821	(2,137)	821	(6,749)
Gain on disposal of investments	-	-	3,485	-
Others	<u>(1,781)</u>	<u>(2,754)</u>	<u>(4,966)</u>	<u>(7,089)</u>
	<u>\$ 23,755</u>	<u>\$ 18,769</u>	<u>\$ 63,062</u>	<u>\$ 28,315</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest on bank loans	<u>\$ 38</u>	<u>\$ 237</u>	<u>\$ 328</u>	<u>\$ 802</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Property, plant and equipment	\$ 22,770	\$ 23,399	\$ 65,291	\$ 70,368
Intangible assets	<u>849</u>	<u>857</u>	<u>2,089</u>	<u>2,865</u>
	<u>\$ 23,619</u>	<u>\$ 24,256</u>	<u>\$ 67,380</u>	<u>\$ 73,233</u>
An analysis of depreciation by function				
Operating costs	\$ 6,494	\$ 5,518	\$ 17,817	\$ 16,553
Operating expenses	<u>16,276</u>	<u>17,881</u>	<u>47,474</u>	<u>53,815</u>
	<u>\$ 22,770</u>	<u>\$ 23,399</u>	<u>\$ 65,291</u>	<u>\$ 70,368</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 7	\$ 2	\$ 94
Operating expenses	<u>849</u>	<u>850</u>	<u>2,087</u>	<u>2,771</u>
	<u>\$ 849</u>	<u>\$ 857</u>	<u>\$ 2,089</u>	<u>\$ 2,865</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Post-employment benefits (Note 16)				
Defined contribution plans	\$ 20,328	\$ 17,594	\$ 57,091	\$ 55,526
Defined benefit plans	<u>450</u>	<u>448</u>	<u>1,351</u>	<u>1,344</u>
	<u>20,778</u>	<u>18,042</u>	<u>58,442</u>	<u>56,870</u>
Other employee benefits	<u>482,841</u>	<u>416,324</u>	<u>1,353,700</u>	<u>1,277,984</u>
Total employee benefits expense	<u>\$ 503,619</u>	<u>\$ 434,366</u>	<u>\$ 1,412,142</u>	<u>\$ 1,334,854</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 21,052	\$ 17,390	\$ 58,485	\$ 51,830
Operating expenses	<u>482,567</u>	<u>416,976</u>	<u>1,353,657</u>	<u>1,283,024</u>
	<u>\$ 503,619</u>	<u>\$ 434,366</u>	<u>\$ 1,412,142</u>	<u>\$ 1,334,854</u>

In compliance with the Company Act as amended in May 2015, the shareholders held their meeting and resolved amendments to the Company's Articles in June 2016; the amendments stipulate distribution of employees' compensation and remuneration to directors and supervisors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months and nine months ended September 30, 2016, the employees' compensation and the remuneration to directors and supervisors represented 5% and 0.7%, respectively, of the net profit before income tax.

The Articles before the amendment stipulated to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net income (net of the bonus and remuneration). For the three months and nine months ended September 30, 2015, the bonus to employees and the remuneration to directors and supervisors represented 1-8% and 1%, respectively, of the base net income.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Employees' compensation/ bonus to employees	<u>\$ 4,051</u>	<u>\$ 7,284</u>	<u>\$ 15,361</u>	<u>\$ 29,550</u>
Remuneration to directors and supervisors	<u>\$ 568</u>	<u>\$ 911</u>	<u>\$ 2,151</u>	<u>\$ 3,694</u>

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

The appropriations of employees' compensation and remuneration to directors and supervisors for 2015 were resolved by the Company's board of directors on March 24, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 were approved in the shareholders' meeting on June 15, 2015. The amounts of the employees' compensation/bonus and remuneration to directors and supervisors are disclosed on the table below. After the amendments to the Articles had been resolved in the shareholders' meeting held on June 17, 2016, the appropriations of the employees' compensation and remuneration to directors and supervisors for 2015 were reported in the shareholders' meeting.

	For the Year Ended December 31			
	2015		2014	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation/ bonus to employees	\$ 34,992	\$ -	\$ 20,750	\$ -
Remuneration of directors and supervisors	4,665	-	3,350	-

The employees' compensation and the remuneration to directors and supervisors for 2015 approved by the board of directors on March 24, 2016, the bonus to employees and the remuneration to directors and supervisors for 2014 approved in the shareholders' meetings on June 15, 2015, and the corresponding amounts recognized in the consolidated financial statements as of and for the years ended December 31, 2015 and 2014, respectively, were as follows:

	For the Year Ended December 31			
	2015		2014	
	Employees' Compensation	Remuneration of Directors and Supervisors	Bonus to Employees	Remuneration of Directors and Supervisors
Amounts approved in shareholders' meetings and resolved by the board of directors	\$ 34,992	\$ 4,665	\$ 20,750	\$ 3,350
Amounts recognized in respective financial statements	34,992	4,666	20,747	3,400

The differences were adjusted to profit and loss for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration to directors and supervisors for 2015 that were approved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors for 2014 approved at the shareholders' meeting in 2015 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Foreign exchange gains or losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Foreign exchange gains	\$ 31,760	\$ 12,448	\$ 83,188	\$ 42,168
Foreign exchange losses	<u>(7,045)</u>	<u>11,212</u>	<u>(19,466)</u>	<u>(15)</u>
Net gain	<u>\$ 24,715</u>	<u>\$ 23,660</u>	<u>\$ 63,722</u>	<u>\$ 42,153</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Current tax				
Current period	\$ 15,900	\$ 18,983	\$ 60,410	\$ 88,055
Deferred tax				
Current period	<u>1,329</u>	<u>4,619</u>	<u>951</u>	<u>3,366</u>
Income tax expense recognized in profit or loss	<u>\$ 17,229</u>	<u>\$ 23,602</u>	<u>\$ 61,361</u>	<u>\$ 91,421</u>

b. Integrated income tax

	September 30, 2016	December 31, 2015	September 30, 2015
Unappropriated earnings			
Generated before January 1, 1998	\$ 523	\$ 523	\$ 523
Generated on and after January 1, 1998	<u>398,947</u>	<u>540,128</u>	<u>521,392</u>
	<u>\$ 399,470</u>	<u>\$ 540,651</u>	<u>\$ 521,915</u>
Imputation credit accounts	<u>\$ 40,375</u>	<u>\$ 69,475</u>	<u>\$ 32,581</u>

The creditable ratios for the distribution of the earnings of 2015 and 2014 were 23.39% and 23.29%, respectively.

c. Income tax assessments

The tax returns through 2014 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Basic earnings per share	<u>\$ 0.89</u>	<u>\$ 1.45</u>	<u>\$ 3.37</u>	<u>\$ 5.87</u>
Diluted earnings per share	<u>\$ 0.89</u>	<u>\$ 1.44</u>	<u>\$ 3.36</u>	<u>\$ 5.84</u>

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Profit for the period attributable to owners of the Company	<u>\$ 62,323</u>	<u>\$ 101,165</u>	<u>\$ 236,058</u>	<u>\$ 410,637</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Weighted average number of ordinary shares used in the computation of basic earnings per share	70,000	70,000	70,000	70,000
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>194</u>	<u>184</u>	<u>291</u>	<u>272</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,194</u>	<u>70,184</u>	<u>70,291</u>	<u>70,272</u>

If the Company decides to settle compensation to employees in cash or shares, the Company will assume the entire amount of the compensation would be settled in shares; if the effect of this settlement is dilutive, the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is approved in the following year.

22. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Skylion Travel	Travel industry	April 13, 2016	100.00	<u>\$ 1,498</u>
Fontrip Technology	Information technology activities	June 7, 2016	45.05	<u>\$ 25,000</u>

b. Considerations transferred

	Skylion Travel	Fontrip Technology
Cash	<u>\$ 1,498</u>	<u>\$ 25,000</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Skylion Travel	Fontrip Technology
Current assets		
Cash and cash equivalents	\$ -	\$ 19,701
Prepayments	-	227
Other current assets	3,386	-
Non-current assets		
Intangible assets	-	10,500
Current liabilities		
Other payables	<u>(13,753)</u>	<u>(239)</u>
	<u>\$ (10,367)</u>	<u>\$ 30,189</u>

d. Goodwill arising on acquisition

	Skylion Travel
Consideration transferred	\$ 1,498
Less: Fair value of identifiable net assets acquired	<u>(10,367)</u>
Goodwill arising on acquisition	11,865
Effect of exchange rate changes	<u>(398)</u>
Balance at September 30, 2016	<u>\$ 11,467</u>

e. Net cash outflow on acquisition of subsidiaries

	Skylion Travel	Fontrip Technology
Consideration paid in cash	\$ 1,498	\$ 25,000
Less: Cash and cash equivalent balances acquired	<u>-</u>	<u>(19,701)</u>
	<u>\$ 1,498</u>	<u>\$ 5,299</u>

f. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	Skylion Travel	Fontrip Technology
Revenue	\$ 108,498	\$ 848
Net income/(loss)	\$ 5,036	\$ (4,952)

23. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

On January 25, 2016, the Group subscribed for additional new shares of Uplan Travel Service Co., Ltd. at a percentage different from its prior ownership percentage, reducing its continuing interest from 80% to 62%.

The above transaction was accounted for as an equity transaction because the Group did not cease to have control over this subsidiary.

	Uplan Travel
Cash consideration paid	\$ (25,950)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>30,490</u>
Differences arising from equity transaction	<u>\$ 4,540</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - changes in percentage of ownership interest in subsidiary	<u>\$ 4,540</u>

24. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of buildings with terms of between 5 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:

	September 30, 2016	December 31, 2015	September 30, 2015
Not later than 1 year	\$ 232,847	\$ 277,989	\$ 188,547
Later than 1 year and not later than 5 years	720,326	723,079	671,203
Later than 5 years	<u>427,572</u>	<u>503,206</u>	<u>533,058</u>
	<u>\$ 1,380,745</u>	<u>\$ 1,504,274</u>	<u>\$ 1,392,808</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 completion of services.

In the 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), 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

September 30, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	\$ -	\$ 9,568	\$ -	\$ 9,568
Privately offered fund	-	47,010	-	47,010
	<u>\$ -</u>	<u>\$ 56,578</u>	<u>\$ -</u>	<u>\$ 56,578</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	\$ -	\$ 12,520	\$ -	\$ 12,520

September 30, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Emerging market shares				
Equity securities	\$ -	\$ 14,264	\$ -	\$ 14,264

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

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Financial assets</u>			
Receivables (Note 1)	\$ 3,468,875	\$ 3,681,755	\$ 3,741,857
Available-for-sale financial assets (Note 2)	66,578	22,520	24,264
<u>Financial liabilities</u>			
Measured at amortized cost (Note 3)	1,718,113	1,398,012	1,584,351

Note 1: The balances included receivables measured at amortized cost: Cash and cash equivalents, notes receivable, accounts receivable, and other current monetary assets.

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: Short-term borrowing, notes payable, accounts payable, other payables, and long-term borrowing.

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, there 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 U.S. dollar, Chinese yuan renminbi, Japanese yen, EU's euro, Hong Kong dollar and Canadian dollar.

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 number below indicates an increase 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.

	For the Nine Months Ended September 30	
	2016	2015
USD	\$ 2,007	\$ 15,304
CAD	1,490	(325)
HKD	(347)	(1,369)
JPY	(2,966)	(4,701)
RMB	(4,183)	(3,329)
EUR	(4,434)	(4,558)

These amounts were period-end balances of cash in banks, which had not been hedged as of the end of the 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:

- a) 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.
- b) 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. In addition to those disclosed in other notes, transactions between the Group and its related parties are disclosed below:

a. Operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
<u>Operating revenue</u>				
Others	\$ <u>3,369</u>	\$ <u>5,369</u>	\$ <u>11,526</u>	\$ <u>13,142</u>
<u>Operating costs</u>				
Others	\$ <u>9,657</u>	\$ <u>11,110</u>	\$ <u>30,713</u>	\$ <u>26,454</u>

The balances of accounts receivable from related parties were as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Others	\$ <u>1,893</u>	\$ <u>552</u>	\$ <u>1,614</u>

The balances of accounts payable from related parties were as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Others	\$ <u>3,915</u>	\$ <u>1,455</u>	\$ <u>4,040</u>

The outstanding accounts payable from related parties were unsecured and payable in cash. For the nine months ended September 30, 2016 and 2015, no impairment loss was recognized for accounts receivable from related parties. The selling and purchase prices in related-party transactions were not significantly different from those for transactions with third parties.

b. Other transactions with related parties

1) Revenue from administration services

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Others	<u>\$ 5,649</u>	<u>\$ 7,174</u>	<u>\$ 17,437</u>	<u>\$ 22,158</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Others	<u>\$ 1,880</u>	<u>\$ 2,132</u>	<u>\$ 2,067</u>

2) Lease transactions

The revenues from and expenses for lease transactions with related parties were based on market conditions and were not significantly different from those for transactions with third parties. For the nine months ended September 30, 2015, rental expenses were recognized under operating expenses, and the rental revenues were recognized under other revenues. On the buildings leased to related parties, the receipt of payments started on January 1, 2016. Rental revenue recognized as a reduction of operating expenses. As of September 30, 2016, December 31, 2015 and September 30, 2015, guarantee deposits for leases were \$0 thousand, \$10,016 thousand and \$10,016 thousand, respectively.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
<u>Rental revenue</u>				
Others	<u>\$ 4,351</u>	<u>\$ 1,659</u>	<u>\$ 14,082</u>	<u>\$ 4,770</u>
<u>Rental expense</u>				
Others	<u>\$ -</u>	<u>\$ 18,738</u>	<u>\$ -</u>	<u>\$ 49,363</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Others	<u>\$ 214</u>	<u>\$ 1,046</u>	<u>\$ 507</u>

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, and related expenses were recognized as advertising expenses and miscellaneous expenses, respectively.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Others	<u>\$ 9,991</u>	<u>\$ 15,502</u>	<u>\$ 33,912</u>	<u>\$ 46,556</u>

c. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Short-term employee benefits	\$ 22,866	\$ 29,989	\$ 103,945	\$ 69,820
Post-employment benefits	<u>1,283</u>	<u>771</u>	<u>3,802</u>	<u>2,304</u>
	<u>\$ 24,149</u>	<u>\$ 30,760</u>	<u>\$ 107,747</u>	<u>\$ 72,124</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Certificate deposits and demand deposits	\$ 55,291	\$ 65,649	\$ 43,364
Property, plant and equipment, net	<u>85,220</u>	<u>98,003</u>	<u>102,264</u>
	<u>\$ 140,511</u>	<u>\$ 163,652</u>	<u>\$ 145,628</u>

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 monetary assets.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2016, December 31, 2015 and September 30, 2015 consisted of letters of guarantee issued by banks for hotel and transportation reservations, which amounted to \$1,596,660 thousand, \$1,638,145 thousand and \$1,484,705 thousand, 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>September 30, 2016</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,099	31.36 (USD:NTD)	\$ 128,545
JPY	291,125	0.31 (JPY:NTD)	90,249
CAD	2,257	23.82 (CAD:NTD)	53,762
AUD	1,563	23.85 (AUD:NTD)	37,278
HKD	5,983	4.05 (HKD:NTD)	24,231
RMB	4,120	4.69 (RMB:NTD)	19,323
EUR	230	35.08 (EUR:NTD)	<u>8,068</u>
			<u>\$ 361,456</u>

Financial liabilities

Monetary items			
JPY	482,449	0.31 (JPY:NTD)	\$ 149,559
RMB	21,960	4.69 (RMB:NTD)	102,992
EUR	2,758	35.08 (EUR:NTD)	96,751
USD	2,819	31.36 (USD:NTD)	88,404
HKD	7,695	4.05 (HKD:NTD)	31,165
CAD	1,006	23.82 (CAD:NTD)	23,963
AUD	749	23.85 (AUD:NTD)	17,864
GBP	323	40.62 (GBP:NTD)	13,120
THB	12,204	0.90 (THB:NTD)	10,984
CHF	277	32.43 (CHF:NTD)	<u>8,983</u>
			<u>\$ 543,785</u>

December 31, 2015

Financial assets

Monetary items			
USD	9,432	32.81 (USD:NTD)	\$ 309,464
JPY	172,165	0.27 (JPY:NTD)	47,001
RMB	8,872	5.00 (RMB:NTD)	44,360
AUD	462	24.01 (AUD:NTD)	11,093
EUR	276	35.89 (EUR:NTD)	<u>9,906</u>
			<u>\$ 421,824</u>

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
JPY	\$ 391,193	0.27 (JPY:NTD)	\$ 106,796
USD	2,301	32.81 (USD:NTD)	75,496
EUR	1,542	35.89 (EUR:NTD)	55,342
RMB	7,658	5.00 (RMB:NTD)	38,290
HKD	8,207	4.24 (HKD:NTD)	34,798
NZD	600	22.53 (NZD:NTD)	13,518
THB	10,781	0.91 (THB:NTD)	<u>9,811</u>
			<u>\$ 334,051</u>

September 30, 2015

Financial assets

Monetary items			
USD	12,110	32.87 (USD:NTD)	\$ 398,056
EUR	2,163	36.92 (EUR:NTD)	79,858
JPY	155,132	0.27 (JPY:NTD)	41,886
RMB	3,195	5.18 (RMB:NTD)	<u>16,550</u>
			<u>\$ 536,350</u>

Financial liabilities

Monetary items			
EUR	4,632	36.92 (EUR:NTD)	\$ 171,013
JPY	503,383	0.27 (JPY:NTD)	135,913
USD	2,798	32.87 (USD:NTD)	91,970
RMB	16,047	5.18 (RMB:NTD)	83,123
HKD	7,819	4.24 (HKD:NTD)	33,153
CAD	511	24.51 (CAD:NTD)	12,525
GBP	172	49.83 (GBP:NTD)	<u>8,571</u>

\$ 536,268

(Concluded)

The Group is mainly exposed to the USD, JPY and EUR. Based on the above currency information, the significant realized and unrealized net foreign exchange gains were as follows:

Functional Currencies	For the Three Months Ended September 30			
	2016		2015	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$ 24,715</u>	1 (NTD:NTD)	<u>\$ 23,660</u>

Functional Currencies	For the Nine Months Ended September 30			
	2016		2015	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$ 63,722</u>	1 (NTD:NTD)	<u>\$ 42,153</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 (excluding investment in subsidiaries, associates and joint ventures). (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 makers is for resource allocation and the assessment of segment performance focuses on the types of goods and services to be delivered. For the nine months ended September 30, 2016 and 2015, the Group's revenues and income by segment, i.e., by each business division, were as follows:

	Travel Department	Others	Elimination	Total
<u>For the nine months ended September 30, 2016</u>				
Revenues from external customers	\$ 16,670,913	\$ 32,524	\$ -	\$ 16,703,437
Inter-segment revenues	<u>-</u>	<u>193,843</u>	<u>(193,843)</u>	<u>-</u>
Segment revenues	<u>\$ 16,670,913</u>	<u>\$ 226,367</u>	<u>\$ (193,843)</u>	<u>\$ 16,703,437</u>
Segment income	<u>\$ 170,360</u>	<u>\$ (4,433)</u>	<u>\$ 4,186</u>	<u>\$ 170,113</u>
Non-operating income				<u>121,219</u>
Profit before income tax				<u>\$ 291,332</u>
<u>For the nine months ended September 30, 2015</u>				
Revenues from external customers	\$ 16,257,130	\$ 37,905	\$ -	\$ 16,295,035
Inter-segment revenues	<u>20</u>	<u>203,229</u>	<u>(203,249)</u>	<u>-</u>
Segment revenues	<u>\$ 16,257,150</u>	<u>\$ 241,134</u>	<u>\$ (203,249)</u>	<u>\$ 16,295,035</u>
Segment income	<u>\$ 397,316</u>	<u>\$ 6,667</u>	<u>\$ 7,511</u>	<u>\$ 411,494</u>
Non-operating income				<u>87,843</u>
Profit before income tax				<u>\$ 499,337</u>

TABLE 1

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guar- anteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Lion Travel Service Co., Ltd.	Lion International Travel Service (Shanghai) Co., Ltd.	Subsidiary	\$ 418,710	\$ 46,930	\$ 46,930	\$ 46,930	\$ -	2.24	\$ 2,093,549	Y	N	Y	
		Uplan Travel Service Co., Ltd.	Subsidiary	418,710	170,000	170,000	31,467	-	1.50	2,093,549	Y	N	N	
		Skylion International Travel Service Co., Ltd.	Subsidiary	418,710	70,395	70,395	-	-	-	2,093,549	Y	N	Y	

Note 1: 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 2: The balance of the period as the highest guarantee of endorsement.

Note 3: 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.

TABLE 2

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2016

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2016				Note
				Shares	Carrying Amount (Note 1)	Percentage of Ownership	Fair Value	
Lion Travel Service Co., Ltd.	<u>Stock</u> Development of cultural and creative value of Venture Capital Co., Ltd.	-	Financial assets measured at cost	1,000	\$ 10,000	0.67	\$ -	No price information
	<u>Privately offered fund</u> Millerful Value Creation Fund I	-	Available-for-sale financial assets	-	47,010	-	47,010	
Shuangshi Investment	<u>Stock</u> Vigor Kobo Co., Ltd.	-	Available-for-sale financial assets	200	9,568	0.83	9,568	Note 2

Note 1: Showing at carrying amounts with adjustments for fair value and deducted accumulated impairment loss; otherwise, showing at their original carrying amounts on amortized cost deducted the accumulated impairment loss.

Note 2: The fair value of emerging stock is the average transaction price in September 2016.

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 NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details (Note)				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			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	\$ 483,897	3.45	Same as those for unrelated parties	No significant difference	No significant difference	\$ (71,638)	4.74	
Lion Shanghai	The Company	Parent company	Sales	489,897	46.91	Same as those for unrelated parties	No significant difference	No significant difference	71,638	69.55	
The Company	Lion SYD	Grandson company	Purchase	144,197	1.03	Same as those for unrelated parties	No significant difference	No significant difference	(18,314)	1.21	
Lion SYD	The Company	Parent company	Sales	144,197	98.37	Same as those for unrelated parties	No significant difference	No significant difference	18,314	71.23	
The Company	Lion YVR	Grandson company	Purchase	125,414	0.89	Same as those for unrelated parties	No significant difference	No significant difference	(22,391)	1.48	
Lion YVR	The Company	Parent company	Sales	125,414	41.51	Same as those for unrelated parties	No significant difference	No significant difference	22,391	52.28	

Note: 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 NINE MONTHS ENDED SEPTEMBER 30, 2016
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
0	Lion Travel Service Co., Ltd. (the "Company")	Uplan Travel	2	Operating revenue	\$ 50,282	Without significant difference from transactions with unrelated parties	0.30
		Fujian Lion	1	Operating revenue	18,160	Without significant difference from transactions with unrelated parties	0.11
		Lion Shanghai	2	Operating costs	483,897	Without significant difference from transactions with unrelated parties	2.90
		Lion SYD	2	Operating costs	144,197	Without significant difference from transactions with unrelated parties	0.86
		Lion Express	2	Operating costs	98,833	Without significant difference from transactions with unrelated parties	0.59
		Lion AKL	2	Operating costs	43,079	Without significant difference from transactions with unrelated parties	0.26
		Lion THA	2	Operating costs	73,737	Without significant difference from transactions with unrelated parties	0.44
		Lion Beijing	2	Operating costs	76,514	Without significant difference from transactions with unrelated parties	0.46
		US Lion	2	Operating costs	87,367	Without significant difference from transactions with unrelated parties	0.52
		Lion YVR	2	Operating costs	125,414	Without significant difference from transactions with unrelated parties	0.75
		Lion HK	2	Operating costs	8,728	Without significant difference from transactions with unrelated parties	0.05
		Uplan Travel	2	Accounts receivable	21,915	Without significant difference from transactions with unrelated parties	0.42
		Lion Shanghai	2	Accounts payable	71,638	Without significant difference from transactions with unrelated parties	1.36
		Uplan Travel	2	Accounts payable	36,639	Without significant difference from transactions with unrelated parties	0.70
		Lion SYD	2	Accounts payable	18,314	Without significant difference from transactions with unrelated parties	0.35
		Lion YVR	2	Accounts payable	22,391	Without significant difference from transactions with unrelated parties	0.43
		US Lion	2	Accounts payable	9,179	Without significant difference from transactions with unrelated parties	0.17
		Lion Information	2	Other payables	9,390	Without significant difference from transactions with unrelated parties	0.18

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
1	Travel Trend	Fujian Lion	3	Operating revenue	\$ 31,578	Without significant difference from transactions with unrelated parties	0.19
2	Lion Information	The Company	2	Operating revenue	84,818	Without significant difference from transactions with unrelated parties	0.51
2	Ansett Tour	Lion Express	5	Operating revenue	11,210	Without significant difference from transactions with unrelated parties	0.07

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 - 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 accord with the materiality principle of the company.

Note 5: The transactions between the Company and investee companies have already 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 NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Note 1)	Location	Main Business and Product	Original Investment Amount		As of September 30, 2016			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2016	December 31, 2015	Shares	%	Carrying Amount			
Lion Travel Service Co., Ltd. (the "Company")	Shuangshi Investment	Taiwan	Investments	\$ 270,000	\$ 210,000	27,000	100	\$ 260,735	\$ (2,602)	\$ (2,602)	Subsidiary (Note 3)
	Lion Holding	Hong Kong	Investments	509,137	509,137	128,040	100	499,168	11,080	11,080	Subsidiary
	Travel Trend	Taiwan	Travel industry	27,980	27,980	3,000	100	41,431	7,494	7,494	Subsidiary (Note 3)
Shuangshi Investment	Lion Information	Taiwan	Information technology industry	14,301	14,301	3,000	100	22,064	(979)	(979)	Grandson company (Note 3)
	Lion Express	Taiwan	Tour bus transportation industry	110,336	80,336	11,500	100	117,227	5,310	5,310	Grandson company (Note 3)
	Ansett Tour	Taiwan	Tour bus transportation industry	40,517	40,517	5,000	100	46,352	1,963	1,963	Grandson company (Note 3)
	Travel Around Investment	Taiwan	Investments	90,000	60,000	9,000	100	62,160	(9,716)	(9,716)	Grandson company (Note 3)
Lion Information	Lion Technology	Samoa	Investments	6,216 US\$ 200	6,216 US\$ 200	200	100	(197)	3,450	3,450	Grandson company of subsidiary (Note 3)
Lion Holding	Lion YVR	Canada	Travel industry	19,548 CAD 662	19,548 CAD 662	100	100	43,752	9,836 399	9,836 399	Grandson company (Note 3)
	Lion SYD	Australia	Travel industry	1,961 AUD 67	1,961 AUD 67	44	100	6,130	795 33	795 33	Grandson company (Note 3)
	Lion AKL	New Zealand	Travel industry	2,527 NZD 113	2,527 NZD 113	0.1	100	3,887	(19) (NZD 1)	(19) (NZD 1)	Grandson company (Note 3)
	Lion HK	Hong Kong	Travel industry	63,780 HK\$ 16,294	63,780 HK\$ 16,294	3	100	57,412	(7,578) (HK\$ 1,832)	(7,578) (HK\$ 1,832)	Grandson company (Note 3)
	US Lion	United States	Travel industry	37,182 US\$ 1,200	37,182 US\$ 1,200	1,200	100	31,963	957 32	957 32	Grandson company (Note 3)
	Lion JPN	Japan	Travel industry	26,427 JPY 74,000	26,427 JPY 74,000	7	100	21,745	1,756 5,871	1,756 5,871	Grandson company (Note 3)
	Lion THA	Thailand	Travel industry	5,131 THB 5,535	5,131 THB 5,535	637	49	4,582	(1,605) (THB 1,737)	(786) (THB 851)	Grandson company (Note 3)
	Uplan Travel	Taiwan	Travel industry	49,950	24,000	4,995	62	31,379	(6,236)	(4,303)	Grandson company of subsidiary (Note 3)
	Xinflight Travel	Taiwan	Travel industry	10,000	6,000	1,000	100	3,325	(2,944)	(2,944)	Grandson company of subsidiary (Note 3)
Travel Around Investment	Fontrip Technology	Taiwan	Information technology industry	25,000	-	2,500	45	22,629	(5,260)	(2,231)	Grandson company of subsidiary (Note 3)

Note 1: Information on investments in Mainland China, please refer to Table 6.

Note 2: The investee company was merged into the Group.

Note 3: The financial statements of some subsidiaries included in the consolidated financial statement were not reviewed.

TABLE 6

LION TRAVEL SERVICE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(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, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2016	Accumulated Repatriation of Investment Income as of September 30, 2016	Note
					Outward	Inward							
Lion (Fujian) International Travel Service Co., Ltd.	Travel industry	\$ 65,098 US\$ 2,000	The Company reinvested in Mainland China	\$ 58,588 US\$ 1,800	\$ - US\$ -	\$ - US\$ -	\$ 58,588 US\$ 1,800	\$ (1,298) (RMB 307)	90	\$ (1,168) (RMB 276)	\$ 52,204	\$ -	
Lion International Travel Service (Shanghai) Co., Ltd.	Travel industry	32,046 US\$ 1,000	Lion HK reinvested in Mainland China	32,046 US\$ 1,000	- US\$ -	- US\$ -	32,046 US\$ 1,000	(6,741) (RMB 1,400)	100	(6,741) (RMB 1,400)	36,630	-	
Lion International Travel Service (Beijing) Co., Ltd.	Travel industry	15,010 US\$ 500	Lion HK reinvested in Mainland China	15,010 US\$ 500	- US\$ -	- US\$ -	15,010 US\$ 500	(1,897) (RMB 394)	100	(1,897) (RMB 394)	2,707	-	
Lion International Holding (China) Limited	Management consulting	312,700 US\$ 10,000	Lion Holding reinvested in Mainland China	312,700 US\$ 10,000	- US\$ -	- US\$ -	312,700 US\$ 10,000	(2,129) (RMB 401)	100	(2,129) (RMB 401)	291,881	-	
Lion Travel International Holding Limited	Travel industry	152,850 RMB 30,000	Lion International (China) reinvested in Mainland China	152,850 RMB 30,000	- RMB -	- RMB -	152,850 RMB 30,000	4,241 RMB 799	100	4,241 RMB 799	144,614	-	
Skylion International Travel Service Co., Ltd.	Travel industry	7,488 RMB 1,500	Lion Travel International Holding Limited reinvested in Mainland China	- RMB -	1,498 RMB 300	- RMB -	1,498 RMB 300	5,036 RMB 948	100	5,036 RMB 948	5,859	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 424,560 US\$ 13,500	\$ 994,235 (Note 3) US\$ 31,700	\$ 1,256,129

Note 1: Investment is divided into the following three categories which can be marked:

- Direct investment in Mainland China.
- Reinvestment in Mainland China companies through the third region (please indicated the third area of investment company).
- Others.

Note 2: In addition to Shuangshi Investment Co., Ltd. in accordance with the financial statements for the period by the Scrutiny of accountants reviewed. The other financial statements of some subsidiaries included in the consolidated financial statement were not reviewed with the same period.

Note 3: Investment commission approved the foreign currency limit the amount of investment. As of the current period, the Group didn't exceed the limit.

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

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 NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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	\$ 483,897	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	\$ (71,638)	4.74	\$ -	
Lion Beijing	Purchase	76,514	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	(7,312)	0.48	-	
Fujian Lion	Sales	49,738	Transactions with non-related party fairly	Normal	Fairly the same as transactions with non-related parties	4,804	0.69	-	

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