

**HCL TECHNOLOGIES (TAIWAN) LTD.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2018 AND 2017**  
**WITH**  
**REPORT OF INDEPENDENT AUDITORS**

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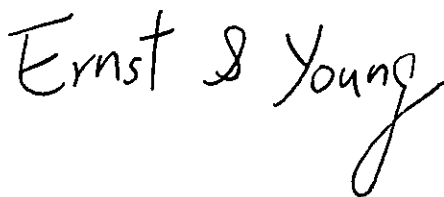
## Independent Auditors' Report

To HCL Technologies (Taiwan) Ltd.

We have audited the accompanying balance sheet of HCL Technologies (Taiwan) Ltd. (the "Company") as of March 31, 2018, and the related statements of comprehensive income, changes in equity and cash flows for the year ended March 31, 2018. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion report on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2018, and the related statements of comprehensive income, changes in equity and cash flows for the year ended March 31, 2018, in conformity with the requirements related to the preparation of financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling, and the Enterprise Accounting Standards and related interpretations issued by the Accounting Research and Development Foundation.



June 22, 2018  
Taipei, Taiwan  
Republic of China

### Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations 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 financial statements are those generally accepted and applied in the Republic of China.

HCL Technologies (Taiwan) Ltd.  
BALANCE SHEETS  
March 31, 2018 and 2017 (Unaudited)  
(Expressed in New Taiwan Dollars)

		March 31,	
ASSETS	Notes	2018	2017 (Unaudited)
CURRENT ASSETS			
Cash and cash equivalents	4 and 6	\$2,682,596	\$5,000,059
Accounts receivable from related parties	4 , 6 and 7	1,905,845	-
Other receivables from related parties	7	1,209,320	-
Prepayments		59,734	15
Other current assets	4	7,000	-
Total current assets		5,864,495	5,000,074
NON-CURRENT ASSETS			
Deferred tax assets	4 and 6	-	259,944
Refundable deposits	4	23,760	-
Total non-current assets		23,760	259,944
TOTAL ASSETS		\$5,888,255	\$5,260,018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable to related parties	7	\$118,957	\$1,529,082
Current tax liabilities	4 and 6	32,664	-
Other payables	6	576,920	-
Total current liabilities		728,541	1,529,082
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4 and 6	32	-
Total non-current liabilities		32	-
Total liabilities		728,573	1,529,082
EQUITY			
Common stock/Common stock application money	6	5,000,000	5,000,000
Retained earnings (Accumulated deficits)	6	159,682	(1,269,064)
Total equity		5,159,682	3,730,936
TOTAL LIABILITIES AND EQUITY		\$5,888,255	\$5,260,018

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

HCL Technologies (Taiwan) Ltd.

STATEMENTS OF COMPREHENSIVE INCOME

For the periods from April 1, 2017 to March 31, 2018 and from  
December 15, 2016 (Inception date) to March 31, 2017 (Unaudited)

(Expressed in New Taiwan Dollars)

	Note	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
OPERATING REVENUES	4, 6 and 7	\$2,109,550	\$-
OPERATING COSTS	7	<u>(884,261)</u>	<u>-</u>
GROSS PROFIT		1,225,289	-
OPERATING EXPENSES	4	<u>(1,033,667)</u>	<u>(1,529,082)</u>
OPERATING INCOME (LOSS)		<u>191,622</u>	<u>(1,529,082)</u>
NON-OPERATING INCOMES AND EXPENSES			
Interest income	4	522	74
Foreign currency exchange gain, net		160	-
Other income	7	<u>1,529,082</u>	<u>-</u>
Total non-operating incomes and expenses		<u>1,529,764</u>	<u>74</u>
INCOME (LOSS) BEFORE TAX		1,721,386	(1,529,008)
INCOME TAX (EXPENSE) BENEFIT	4 and 6	<u>(292,640)</u>	<u>259,944</u>
NET INCOME (LOSS)		<u>1,428,746</u>	<u>(1,269,064)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>\$1,428,746</u>	<u>\$(1,269,064)</u>

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

HCL Technologies (Taiwan) Ltd.

STATEMENTS OF CHANGES IN EQUITY

For the periods from April 1, 2017 to March 31, 2018 and from December 15, 2016 (Inception date) to March 31, 2017 (Unaudited)  
(Expressed in New Taiwan Dollars)

Description	Common Stock Application Money/Common Stock	Retained Earnings (Accumulated Deficits)	Total
Balance as of December 15, 2016 (Inception date) (Unaudited)	\$-	\$-	\$-
Issuance of Common Stock	5,000,000	-	5,000,000
Net loss from December 15, 2016 (inception date) to March 31, 2017 (Unaudited)	-	(1,269,064)	(1,269,064)
Other Comprehensive Income (Unaudited)	-	-	-
Total Comprehensive Income (Unaudited)	-	(1,269,064)	3,730,936
Balance as of March 31, 2017 (Unaudited)	5,000,000	(1,269,064)	3,730,936
Net income for year ended March 31, 2018	-	1,428,746	1,428,746
Other Comprehensive Income	-	-	-
Total Comprehensive Income	-	1,428,746	1,428,746
Balance as of March 31, 2018	\$5,000,000	\$159,682	\$5,159,682

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

## HCL Technologies (Taiwan) Ltd.

## STATEMENTS OF CASH FLOWS

For the periods from April 1, 2017 to March 31, 2018 and  
from December 15, 2016 (Inception date) to March 31, 2017 (Unaudited)

(Expressed in New Taiwan Dollars)

Description	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss) before tax	\$1,721,386	\$(1,529,008)
Adjustments for:		
The profit or loss items which did not affect cash flow:		
Interest income	(522)	(74)
Change in operating assets and liabilities:		
Accounts receivable from related parties	(1,905,845)	-
Other receivables from related parties	(1,209,320)	-
Prepayments	(59,719)	(15)
Other current assets	(7,000)	-
Accounts payable to related parties	(1,410,125)	1,529,082
Other payables	576,920	-
Cash generated from operating activities	(2,294,225)	(15)
Interest received	522	74
Net cash (used in) provided by operating activities	(2,293,703)	59
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of common stock	-	5,000,000
Net cash provided by financing activities	-	5,000,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in refundable deposits	(23,760)	-
Net cash used in investing activities	(23,760)	-
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,317,463)</b>	<b>5,000,059</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,000,059</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$2,682,596</b>	<b>\$5,000,059</b>

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

HCL Technologies (Taiwan) Ltd.  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2018 and 2017 (Unaudited)  
(Expressed in New Taiwan Dollars)

1. History and organization

HCL Technology Taiwan Limited (“the Company”) was incorporated in December 2016 and commenced operations in April 2017. The Company is primarily engaged in business of development, installation and implementation of software and management service. The Company’s registered office and the main business location is at 18<sup>th</sup> floor, No. 460 Section 4, Xinyi Road, Taipei, Republic of China (R.O.C.). HCL Technologies Limited is the Company's ultimate parent company.

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized for issue by the Board of Directors on June 22, 2018.

3. Changes in significant accounting policies

None.

4. Summary of significant accounting policies

(1) Statement of compliance

The financial statements of the Company for the periods from April 1, 2017 to March 31, 2018 and from December 15, 2016 (Inception date) to March 31, 2017 have been prepared in accordance with the requirements related to the preparation of financial statements within Business Entity Accounting Act and the Regulation on Business Entity Accounting Handling (“the Regulations”) and the Enterprise Accounting Standards (“EAS”) and related interpretations issued by the Accounting Research and Development Foundation (“ARDF”).

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign currency transactions

The Company’s financial statements are presented in NT\$, which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of EAS 15 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (4) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Company holds the asset primarily for the purpose of trading
- (c) The Company expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.



All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle
- (b) The Company holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

#### (5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of EAS 15 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

##### (a) Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- ii. it is a derivative.

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

#### Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity, other than those that are classified as financial assets at fair value through profit or loss, designated as available-for-sale, or meet the definition of loans and receivables.

After initial measurement, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company acquired or incurred principally for the purpose of selling or repurchasing it in the near term (classified as at fair value through profit or loss), upon initial recognition designated as at fair value through profit or loss, designated as available for sale, or those for which the holder may not recover substantially all of its initial investment (classified as available for sale).

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs. The effective interest method amortization is recognized in profit or loss.

### Available-for-sale financial assets

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

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

### Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

- i. significant financial difficulty of the issuer or obligor; or
- ii. a breach of contract, such as a default or delinquency in interest or principal payments;  
or
- iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- iv. the disappearance of an active market for that financial asset because of financial difficulties; or
- v. a significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

In the case of financial assets measured at cost, the amount recorded for impairment is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted by the current market rate of return of similar financial assets. The impairment loss cannot be reversed in the future.

#### Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired
- ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. In other words, the transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. Under these circumstances, the financial asset is derecognized, any rights or obligations created or retained as a result of the transfer are recognized separately as assets or liabilities.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

#### (b) Financial liabilities and equity

##### Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

##### Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- ii. it is a derivative.

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Leases

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability. Interest should be recognized over the period by applying the effective interest rate method; however, if the straight-line method generates similar results, it may be applied. Finance charges are recognised in finance costs in the statement of profit or loss. The Company will charge contingent rents as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(8) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of EAS 19 "*Impairment of Assets*" may be impaired. If any such indication exists, the Company estimates the asset's or its cash-generating unit's ("CGU") recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill or intangible assets with indefinite useful lives are amortized on a reasonable systematic basis and accounted for in accordance with paragraph 5 of EAS 19 “*Impairment of Assets*”. Annual test for impairment is not required. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) in proportion to the respective carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (9) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

##### Sale of goods

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

- (a) the significant risks and rewards of ownership of the goods have passed to the buyer;
- (b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred in respect of the transaction can be measured reliably.

For the customer loyalty points programme that the Company operates, consideration received is allocated between the goods sold and the points issued, with the consideration allocated to the points equal to their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed.

##### Rendering of services

Revenue is recognized when persuasive evidence of an arrangement exists services have been rendered, the fee is determinable and collectability is reasonably assured.



### Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

## (10) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 5. Significant accounting judgements, estimates and assumptions

None.

#### 6. Contents of significant accounts

##### (1) Cash and cash equivalents

	March 31,	
	2018	2017
		(Unaudited)
Saving accounts	\$2,682,596	\$5,000,059

##### (2) Accounts receivable from related parties

	March 31,	
	2018	2017
		(Unaudited)
Accounts receivable from related parties	\$1,905,845	\$-
Less: allowance for doubtful debts	-	-
Total	\$1,905,845	\$-

Accounts receivable were not pledged.

(3) Other payables

	March 31,	
	2018	2017 (Unaudited)
Accrued professional service fees	\$493,000	\$-
Other	83,920	-
Total	<u>\$576,920</u>	<u>\$-</u>

(4) Equities

(a) Common stock

The Company's authorized and issued capital was NT\$5,000,000 as at March 31, 2018 and 2017, respectively, each at a par value of NT\$100. The Company issued 50,000 shares.

(b) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Details of the period from December 15, 2016 to March 31, 2017 accumulated deficits as approved and resolved by the Board of Director's meeting on August 31, 2017.

Details of the period from April 1, 2017 to March 31, 2018 distribution as approved and resolved by the Board of Directors' meeting and shareholders' meeting on June 22, 2018 is as follows:

	Appropriation of earnings
	March 31, 2018
Legal reserve	<u>\$15,968</u>

(5) Operating revenue

	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
Rendering of services	<u>\$2,109,550</u>	<u>\$-</u>

(6) Operating leases

(a) Operating lease commitments – Company as lessee

The Company has entered into commercial leases on office. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2018 and 2017, are as follows:

	March 31, 2018	2017 (Unaudited)
Not later than one year	<u>\$23,760</u>	<u>\$23,760</u>

(b) Operating lease expenses recognized are as follows:

	2017/4/1 - 2018/3/31	2017/12/15 - 2017/3/31 (Unaudited)
Minimum lease payables	<u>\$142,612</u>	<u>\$118,000</u>

(7) Income tax

Based on the amendments to the Income Tax Act announced on February 7, 2018, the Company's applicable corporate income tax rate for March 31, 2019 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
Current income tax expense :		
Current income tax charge	\$32,664	\$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	259,976	(259,944)
Total income tax expense (income)	<u>\$292,640</u>	<u>\$(259,944)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
Accounting profit before tax from continuing operations	\$1,721,386	\$-
Tax at the domestic rates applicable to profits in the country concerned	\$292,635	-
Tax effect of expense not deductible for tax purposes	32	(259,944)
Impact for the changes of tax rate	(27)	-
Total income tax expense recognized in profit or loss	\$292,640	\$(259,944)

Deferred tax assets (liabilities) relate to the following:

	March 31, 2018	2017 (Unaudited)
Temporary differences:		
Accrued expenses	\$-	\$259,944
Unrealized foreign exchange gain	(32)	-
Net deferred tax (liabilities)/assets	\$(32)	\$259,944
Reflected in balance sheet as follows:		
Deferred tax assets	\$-	\$259,944
Deferred tax liabilities	\$32	\$-

The Company's income tax returns has not been assessed by the Tax Authority from the inception date.

## 7. Related party transactions

Significant transactions with related parties

### (a) Operating revenue

	2017/4/1- 2018/3/31	2016/12/15- 2017/3/31 (Unaudited)
Other related parties	\$1,905,845	\$-

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period to related parties was month-end 90 days, similar to the collection period to third parties.

(b) Purchases

	2017/4/1- 2018/3/31	2016/12/15- 2017/3/31 (Unaudited)
Other related parties	<u>\$118,997</u>	<u>\$-</u>

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 90 days.

(c) Accounts receivable from related parties

	March 31, 2018	March 31, 2017 (Unaudited)
Other related parties	<u>\$1,905,845</u>	<u>\$-</u>

(d) Other receivables from related parties

	March 31, 2018	March 31, 2017 (Unaudited)
Other related parties	<u>\$1,209,320</u>	<u>\$-</u>

(e) Accounts payable owed to related parties

	March 31, 2018	March 31, 2017 (Unaudited)
Other related parties	<u>\$118,957</u>	<u>\$1,529,082</u>

(f) Other Income

	2017/4/1 - 2018/3/31	2016/12/15 - 2017/3/31 (Unaudited)
Other related parties	<u>\$1,529,082</u>	<u>\$-</u>

8. Assets pledged as security

None.

9. Commitments and contingencies

None.

10. Significant subsequent events

None.

11. Other disclosures

(1) Categories of financial instruments

Financial assets

	March 31,	
	2018	2017 (Unaudited)
Loans and receivables:		
Cash and cash equivalents	\$2,682,596	\$5,000,059
Accounts receivable from related parties	1,905,845	-
Other receivables from related parties	1,209,320	-
Refundable deposits	23,760	-
Total	<u>\$5,821,231</u>	<u>\$5,000,059</u>

Financial liabilities

	March 31,	
	2018	2017 (Unaudited)
Financial liabilities at amortized cost:		
Accounts payable to related parties	\$118,957	\$1,529,082
Other payables	576,920	-
Total	<u>\$695,877</u>	<u>\$1,529,082</u>

(2) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.