Stock Code:8044

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016
(With Independent Auditors' Review Report Thereon)

Address: 12Fl, No. 105, Sec. 2, Tun Hwa S. Rd., Taipei 106, Taiwan
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The auditor's report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's report and consolidated financial statements, the Chinese version shall prevail.

Table Of Contents

Contents		Page

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Independent Auditors' Report

To the Board of Directors
PChome Online Inc.:

We have reviewed the accompanying consolidated balance sheets of PChome Online Inc. and its subsidiaries (the Group) as of September 30, 2017 and 2016, the consolidated statements of comprehensive income, for the third quarter of 2017 and 2016, and for the nine months ended September 30, 2017 and 2016, and the consolidated statements of changes in equity and of cash flows for the nine months ended September 30, 2017 and 2016. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as described in the following paragraph, we conducted our reviews in accordance with Statement on Auditing Standard 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Also included in the accompanying consolidated financial statements are the financial statements of certain subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had the total assets of NT$690,783 thousand and NT$626,080 thousand, both constituting 6% of the total consolidated assets as of September 30, 2017 and 2016. The total liabilities of these subsidiaries amounted to NT$ 227,697 thousand and NT$287,990 thousand, constituting 4% and 7% respectively, of the total consolidated liabilities as of September 30, 2017 and 2016. The comprehensive losses of these subsidiaries for the third quarter of 2017 and 2016, and for the nine months ended September 30, 2017 and 2016, amounted to NT$(9,799) thousand, NT$(27,882) thousand, NT$(33,233) thousand and NT$(50,843) thousand, constituting 7%, (15)%, (18)% and (8)%, respectively, of the consolidated comprehensive income.

To the consolidated financial statements, the investments accounted for using the equity method of the Group which stated at NT$13,717 thousand as of September 30, 2017 and the share of profit (loss) of associates and joint ventures accounted for the using equity method thereof amounted to loss of NT$(987) thousand for the nine months ended September 30, 2017, were recognized based upon the financial statements prepared by investee companies not reviewed by the independent accountants in compliance with the review procedures described in the preceding paragraph.

KPMG

Based on our reviews, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity 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.

KPMG

Taipei, Taiwan (Republic of China)
November 2, 2017

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditor's report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditor's report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

AS OF SEPTEMBER 30, 2017 AND 2016 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2017, December 31, 2016, and September 30, 2016

(Expressed in Thousands of New Taiwan Dollars)

		2017.9.30		2016.12.31		2016.9.30	
	ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Notes (6)(a) and (6)(t))	$ 8,205,275	76	8,188,180	78	7,812,028	78
1150	Notes receivable, net (Notes (6)(c) and (6)(t))	2,611	-	2,644	-	2,593	-
1170	Accounts receivable, net (Notes (6)(c) and (6)(t))	275,190	2	349,361	3	352,171	4
1200	Other receivables (Notes (6)(c) and (6)(t))	357,135	3	281,457	2	242,921	2
1300	Inventories (Note (6)(d))	731,347	7	608,129	6	507,888	5
1476	Other current financial assets (Notes (6)(t) and (8))	305,691	3	331,011	3	319,011	3
1479	Other current assets	80,773	1	56,576	1	64,023	1
		9,958,022	92	9,817,358	93	9,300,635	93
	Non-Current Assets:						
1543	Financial assets measured at cost (Notes (6)(b) and (6)(t))	43,557	1	30,814	-	58,335	1
1550	Investments accounted for using equity method, net (Note(6)(e))	13,717	-	-	-	-	-
1600	Property, plant and equipment (Note (6)(f))	539,318	5	377,923	4	300,792	3
1780	Intangible assets (Note (6)(g))	55,693	1	53,541	1	51,741	1
1840	Deferred tax assets (Note (6)(m))	35,644	-	36,319	-	43,708	-
1980	Other non-current financial assets (Notes (6)(t) and (8))	131,740	1	164,272	2	164,647	2
1990	Other non-current assets, others	9,917	-	50,884	-	47,951	-
		829,586	8	713,753	7	667,174	7
	Total assets	**$ 10,787,608**	**100**	**10,531,111**	**100**	**9,967,809**	**100**

		2017.9.30		2016.12.31		2016.9.30	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term borrowings (Notes (6)(h) and (6)(t))	$ -	-	96,660	1	94,050	1
2150	Notes payable (Note (6)(t))	3,336	-	2,193	-	4,850	-
2170	Accounts payable (Note (6)(t))	2,561,076	24	2,286,602	22	2,009,685	20
2200	Other payables (Note (6)(t))	820,408	8	690,359	6	588,075	6
2230	Current tax liabilities (Note (6)(m))	49,895	-	168,772	2	111,692	1
2300	Other current liabilities (Notes (6)(i), (6)(k) and (6)(t))	1,608,859	15	1,271,607	12	1,304,538	13
		5,043,574	47	4,516,193	43	4,112,890	41
	Non-Current liabilities:						
2570	Deferred tax liabilities (Note (6)(m))	6,150	-	6,168	-	10,222	-
2640	Net defined benefit liability, non-current (Note (6)(l))	9,777	-	10,714	-	3,266	-
2670	Other non-current liabilities (Notes (6)(k) and (6)(t))	7,529	-	5,523	-	-	-
		23,456	-	22,405	-	13,488	-
	Total liabilities	5,067,030	47	4,538,598	43	4,126,378	41
	Equity attributable to owners of parent (Note (6)(n)):						
	Share capital:						
3110	Ordinary share	1,171,595	11	1,103,161	11	1,103,161	11
3200	Capital surplus	2,507,459	23	2,497,037	24	2,497,037	25
	Retained earnings:						
3310	Legal reserve	404,535	4	327,935	3	327,935	3
3320	Special reserve	2,781	-	4,271	-	4,271	-
3350	Unappropriated retained earnings	944,609	9	1,309,930	12	1,170,112	12
	Other equity interest:						
3410	Exchange differences on translation of foreign statements	(3,645)	-	(2,781)	-	(2,360)	-
	Total equity attributable to owners of parent:	5,027,334	47	5,239,553	50	5,100,156	51
36XX	**Non-controlling interests**	693,244	6	752,960	7	741,275	8
	Total equity	5,720,578	53	5,992,513	57	5,841,431	59
	Total liabilities and equity	**$ 10,787,608**	**100**	**10,531,111**	**100**	**9,967,809**	**100**

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Third Quarter of 2017 and 2016 and for the Nine Months Ended September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

		Third Quarter of				For the nine months ended September 30,			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4111	**Sales revenue (Note (6)(q))**	$ 7,435,653	102	6,463,412	102	21,474,053	102	19,476,289	102
4170	Less:Sales returns, discounts and allowances	136,830	2	129,379	2	394,037	2	371,453	2
	Operating revenue, net	7,298,823	100	6,334,033	100	21,080,016	100	19,104,836	100
5000	**Operating costs (Note (6)(d))**	6,193,401	85	5,246,376	83	17,736,991	84	15,826,771	83
	Gross profit from operations	1,105,422	15	1,087,657	17	3,343,025	16	3,278,065	17
	Operating expenses:								
6100	Selling expenses	1,063,834	14	674,272	10	2,585,349	12	1,899,218	10
6200	Administrative expenses	66,854	1	111,165	2	253,077	1	349,308	2
6300	Research and development expenses	70,147	1	69,753	1	210,295	1	200,749	1
	Total operating expenses	1,200,835	16	855,190	13	3,048,721	14	2,449,275	13
	Net operating income	(95,413)	(1)	232,467	4	294,304	2	828,790	4
	Non-operating income and expenses (Note (6)(s)):								
7010	Other income	6,805	-	7,796	-	23,305	-	28,671	-
7020	Other gains and losses, net	(6,873)	-	(6,133)	-	(15,297)	-	(10,854)	-
7050	Finance costs	(218)	-	(518)	-	(1,381)	-	(871)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(832)	-	-	-	(987)	-	-	-
	Total non-operating income and expenses	(1,118)	-	1,145	-	5,640	-	16,946	-
	(Loss) Profit before income tax	(96,531)	(1)	233,612	4	299,944	2	845,736	4
7950	**Less: Tax expense (Note (6)(m))**	38,107	1	49,310	1	116,002	1	179,484	1
	(Loss) Profit	(134,638)	(2)	184,302	3	183,942	1	666,252	3
	Other comprehensive income:								
8360	**Items that will be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation (Note (6)(n))	948	-	(1,446)	-	(614)	-	1,739	-
	Other comprehensive income	948	-	(1,446)	-	(614)	-	1,739	-
8500	**Total comprehensive income**	**$ (133,690)**	**(2)**	**182,856**	**3**	**183,328**	**1**	**667,991**	**3**
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	$ (14,511)	-	169,682	3	325,692	2	619,628	3
8620	Profit, attributable to non-controlling interests	(120,127)	(2)	14,620	-	(141,750)	(1)	46,624	-
		$ (134,638)	**(2)**	**184,302**	**3**	**183,942**	**1**	**666,252**	**3**
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ (13,990)	-	168,563	3	324,828	2	621,538	3
8720	Comprehensive income, attributable to non-controlling interests	(119,700)	(2)	14,293	-	(141,500)	(1)	46,453	-
		$ (133,690)	**(2)**	**182,856**	**3**	**183,328**	**1**	**667,991**	**3**
	Earnings per share (Note (6)(p))								
9750	**Basic earnings per share (dollars)**	**$**	**(0.12)**		**1.45**		**2.78**		**5.29**
9850	**Diluted earnings per share (dollars)**	**$**	**(0.12)**		**1.45**		**2.77**		**5.28**

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

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PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent								
	Share Capital		Retained Earnings			Other Equity Interest			
	Ordinary Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Statements	Total Equity Attributable to Owners of Parent	Non Controlling Interests	Total Equity
Balance as of January 1, 2016	$ 998,549	2,498,301	250,151	-	1,260,211	(4,270)	5,002,942	724,311	5,727,253
Profit for the nine months ended September 30, 2016	-	-	-	-	619,628	-	619,628	46,624	666,252
Other comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	1,910	1,910	(171)	1,739
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	619,628	1,910	621,538	46,453	667,991
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	77,784	-	(77,784)	-	-	-	-
Special reserve appropriated	-	-	-	4,271	(4,271)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(523,060)	-	(523,060)	-	(523,060)
Stock dividends of ordinary share	104,612	-	-	-	(104,612)	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,274)	-	-	-	-	(1,274)	1,274	-
Changes in ownership interests in subsidiaries	-	10	-	-	-	-	10	(10)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(30,753)	(30,753)
Balance as of September 30, 2016	**$ 1,103,161**	**2,497,037**	**327,935**	**4,271**	**1,170,112**	**(2,360)**	**5,100,156**	**741,275**	**5,841,431**
Balance as of January 1, 2017	$ 1,103,161	2,497,037	327,935	4,271	1,309,930	(2,781)	5,239,553	752,960	5,992,513
Profit for the nine months ended September 30, 2017	-	-	-	-	325,692	-	325,692	(141,750)	183,942
Other comprehensive loss for the nine months ended September 30, 2017	-	-	-	-	-	(864)	(864)	250	(614)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	325,692	(864)	324,828	(141,500)	183,328
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	76,600	-	(76,600)	-	-	-	-
Special reserve appropriated	-	-	-	(1,490)	1,490	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(547,469)	-	(547,469)	-	(547,469)
Stock dividends of ordinary share	68,434	-	-	-	(68,434)	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(390)	-	-	-	-	(390)	390	-
Changes in ownership interests in subsidiaries	-	10,812	-	-	-	-	10,812	(2,771)	8,041
Changes in non-controlling interests	-	-	-	-	-	-	-	84,165	84,165
Balance as of September 30, 2017	**$ 1,171,595**	**2,507,459**	**404,535**	**2,781**	**944,609**	**(3,645)**	**5,027,334**	**693,244**	**5,720,578**

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

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PCHOME ONLINE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30, 2017	2016
Cash flows from operating activities：		
Profit before tax	$ 299,944	845,736
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	115,813	101,128
Amortization	16,571	10,299
Reversal of provision for doubtful accounts	(45)	(2,195)
Interest expense	1,381	871
Interest income	(15,194)	(20,228)
Dividend income	(3,436)	(3,255)
Share based payments	8,041	-
Share of losses of associates and joint ventures accounted for using equity method	987	-
Gain on disposal and retirement of property, plant and equipment	(1,139)	(34)
Loss on disposal of investments	7,257	-
Total adjustments to reconcile net income to net cash provided by operating activities	130,236	86,586
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Notes receivable	33	765
Accounts receivable	70,803	(24,152)
Other receivable	(76,059)	171,883
Inventories	(123,218)	(58,000)
Other financial assets	59,211	48,697
Other current assets	(25,966)	(27,724)
Total changes in operating assets, net	(95,196)	111,469
Changes in operating liabilities, net:		
Notes payable	1,143	(1,048)
Accounts payable	274,672	(91,897)
Other payable	109,574	(42,450)
Other current liabilities	354,134	(24,015)
Net defined benefit liabilities	(937)	(1,174)
Other non-current liabilities	2,006	-
Total changes in operating liabilities, net	740,592	(160,584)
Total changes in operating assets and liabilities, net	645,396	(49,115)
Total Adjustments	775,632	37,471
Cash inflow generated from operations	1,075,576	883,207
Interest received	14,489	18,569
Dividends received	3,436	3,255
Interest paid	(1,445)	(811)
Income taxes paid	(233,224)	(221,203)
Net cash provided by operating activities	858,832	683,017
Cash flows from investing activities:		
Acquisition of financial assets at cost	(35,664)	(10,000)
Proceeds from disposal of financial assets at cost	15,664	-
Acquisition of property, plant and equipment	(212,399)	(111,551)
Proceeds from disposal of property, plant and equipment	1,440	34
Acquisition of intangible assets	(21,231)	(24,909)
Increase in other non-current assets	(470)	(49,632)
Other investing activities	(68,692)	2,339
Net cash used in investing activities	(321,352)	(193,719)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(96,990)	96,990
Cash dividends paid	(547,469)	(523,060)
Proceeds from issuing shares by subsidiaries	131,118	-
Change in non-controlling interests	(6,159)	(30,730)
Net cash used in financing activities	(519,500)	(456,800)
Effect of exchange rate changes on cash and cash equivalents	(885)	(3,818)
Net increase in cash and cash equivalents	17,095	28,680
Cash and cash equivalents, beginning of period	8,188,180	7,783,348
Cash and cash equivalents, end of period	**$ 8,205,275**	**7,812,028**

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

PCHOME ONLINE INC. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Organization and Business

PChome Online Inc. (the Company) was incorporated on July 14, 1998. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes software design, digital information supply, data processing, and wholesaling and retailing of office machinery, equipment, and information software.

On August 30, 2004, the board of directors of the GreTai Securities Market approved the Company's application for stock listing, and it became officially listed and traded on January 25, 2005.

To enhance competitiveness and operating effectiveness, the Company decided to spin off its store segment into a newly incorporated subsidiary, PChome Store Inc., with April 30, 2010, as the effective date. Approval was given by the GreTai Securities Market, and the subsidiary company was listed on that date.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The accompanying consolidated financial statements were reported to the Board of Directors and issued on November 2, 2017.

(3) New Standards and Interpretations Not Yet Adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments 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 "Presentation of Financial Statements-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
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010 2012 Cycle and 2011 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group believes that the adoption of the above IFRSs would not have any material impact on its .

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its financial position and financial performance, and will disclose the relevant impact when the assessment is completed:

1. IFRS 9 "Financial Instruments"

   1) Classification- Financial assets

      IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow classified. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

      In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market and for which the fair value cannot be measured reliably. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments to be measured at fair value.

   2) Impairment-Financial assets and contact assets

      IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since its initial recognition; otherwise, the 12-month ECL measurement shall be applied.

   3) Transition

      Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period. Restatement of prior periods is not required.

2. IFRS 15 Revenue from Contracts with Customers

   IFRS 15 establishes a comprehensive framework for determining whether how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". IFRS 15 and its related amendments require that when another party is involved in providing goods or services to a customer, the principal controls the specified goods or services before they are transferred to a customer. Otherwise, the Group is assumed as the agent.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

1) The good or another asset that it then transfers to the customer.

2) The right ot a service to be performed by other party, which gives the Group the ability to direct that party to provide the service to the customer on its behalf.

3) The good or service from the other party that it then combines with the other goods or services in providing the specified good or service to the customer.

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

1) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.

2) The Group has inventory risk before or after the specified good or service is transferred to the customer.

3) The Group has discretion in establishing the price of the specified good or service.

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

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Significant Accounting Policies

(a) Statement of compliance

The consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated interim financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(b) Business combination

The principles applied in the preparation of the consolidated interim financial statements are consistent with the consolidated financial statements for the year ended December 31, 2016. For information about the principles, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2016.

1.List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding 2017.9.30	2016.12.31	2016.9.30	Note
The Company	PChome Store Inc.	Internet services	48.65 %	59.91 %	59.91 %	
〃	Linktel Inc.	Type II Telecommunications Business	100.00 %	100.00 %	100.00 %	
〃	PChomePay Inc.	Online payment processing services	21.18 %	21.18 %	21.18 %	Note 1
〃	IT Home Publications Inc.	Magazine publication	100.00 %	100.00 %	100.00 %	
〃	PChome US Inc.	E-commerce platform	91.40 %	91.40 %	91.40 %	
〃	PC Home Online International Co., Ltd.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
〃	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	21.03 %	25.77 %	25.77 %	Note 2
〃	eCommerce Group Co., Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
〃	Pi Mobile Technology Inc.	Online payment processing services	100.00 %	100.00 %	100.00 %	
〃	PChome (Thailand) Co., Ltd.	E-commerce platform	65.00 %	65.00 %	65.00 %	
〃	PChome Travel Inc.	Travel agency business	100.00 %	100.00 %	100.00 %	
〃	PChome Financial Technology Inc.	Information service	100.00 %	100.00 %	- %	
PChome eBay Co., Ltd.	PChomePay Inc.	Online payment processing services	24.14 %	24.14 %	24.14 %	Note 1
〃	PChome Store Inc.	Internet services	15.24 %	- %	- %	
PChome Store Inc.	PChomePay Inc.	Online payment processing services	33.88 %	33.88 %	33.88 %	Note 1
PChomePay Inc.	Pay and Link Inc.	Electronic payment business	100.00 %	100.00 %	100.00 %	
〃	Zhen Jin Lian International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of investor	Name of subsidiary	Principal activity	Shareholding 2017.9.30	Shareholding 2016.12.31	Shareholding 2016.9.30	Note
PChomePay Inc.	Yin Te Lian International Co., Ltd.	Online payment processing services	100.00 %	100.00 %	100.00 %	
〃	Yun Tung Bao International Co., Ltd.	〃	100.00 %	100.00 %	100.00 %	
IT Home Publications Inc.	Yiabi Inc.	Information processing and provision of electronic information	100.00 %	100.00 %	100.00 %	
Linktel Inc.	Rakuya International Info. Co. Ltd.	Real estate business, and internet information rental service	5.44 %	- %	- %	Note 2
PC Home Online International Co., Ltd.	PChome Online Inc.	International trade and investment activities	100.00 %	100.00 %	100.00 %	
eCommerce Group Co., Ltd.	Ruten Global Inc.	Investment activities	100.00 %	100.00 %	100.00 %	
PChome Online Inc.	PC Home Online (HK) Ltd.	Information service and indirect investment activities	100.00 %	100.00 %	100.00 %	
Ruten Global Inc.	EC Global Limited	Investment activities	100.00 %	100.00 %	100.00 %	
〃	PChome eBay Co., Ltd.	Information processing and provision of electronic information	65.00 %	65.00 %	65.00 %	
〃	Ruten Japan KK	Information processing and provision of electronic information	83.33 %	- %	- %	
〃	Ruten Singapore Pte. Ltd.	Information processing and provision of electronic information	65.00 %	- %	- %	
PC Home Online (HK) Ltd.	Shanghai Todo Inc.	Software and internet technical consulting service	100.00 %	100.00 %	100.00 %	
〃	PChome Japan KK	International trading E-commerce	100.00 %	100.00 %	100.00 %	
〃	Ruten Japan KK	Information processing and provision of electronic information	16.67 %	100.00 %	100.00 %	

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2017.9.30	2016.12.31	2016.9.30	
EC Global Limited	PChome Trading (Shenzhen) Ltd.	International trading E-commerce	100.00 %	100.00 %	100.00 %	

Note 1: The Group holds more than 50% of its outstanding equity shares. Therefore, it was included in the consolidated financial statement.

Note 2: The Group lost direct control over Rakuya International Info. Co., Ltd starting June 15, 2017 due to its newly elected board of directors. Therefore, Rakuya International Info. Co. Ltd is no longer included in the consolidated financial report of the Group.

2. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(c) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with note 5 of the consolidated interim financial statements for the year ended December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Summary of Major Accounts

Except as described in the following paragraph, there were no significant changes in significant accounting policies as compared to the consolidated financial statements for the year ended December 31, 2016. For other information about the accounting policies, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2016.

(a) Cash and cash equivalents

	2017.9.30	2016.12.31	2016.9.30
Cash on hand	$ 838	891	930
Checking accounts	42,591	33,750	15,368
Savings accounts	4,981,283	4,490,506	4,150,056
Foreign currency deposits	167,009	174,594	160,794
Time deposits	3,004,700	3,452,700	3,452,700
Cash equivalents	8,854	35,739	32,180
Cash and cash equivalents in consolidated statement of cash flows	$ 8,205,275	8,188,180	7,812,028

(b) Financial assets

Financial assets measured at cost:

	2017.9.30	2016.12.31	2016.9.30
Domestic stock of non-listed company	$ 43,557	30,814	58,335

The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined. Therefore, the Group management has determined that the fair value cannot be measured reliably.

The Group acquired 2,000 thousands shares of Readmoo Co., Ltd.'s common stock for $20,000 for the nine months ended September 30, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio at the nine months ended September 30, 2017 was 19.49%.

As of January 12, 2017, the Group disposed the shares of 17Life Ltd., Pay Easy Ltd., Eastern Online Co., Ltd., and Taiwan Star Telecom Co., Ltd. to Linktel Inc. for $503. The aforementioned inter-company transactions have been eliminated in the consolidated financial statement.

The Group received the capital reduction proceeds amounting to $15,664 from P2V Holding Limited, and recognized the loss on disposal of investments amounting to $7,257 for the nine months ended September 30, 2017.

The Group acquired 1,387 thousand of IPEVO’s common stock for $15,664 for the nine months ended September 30, 2017, and the transaction was recognized as financial assets measured at cost. The shareholding ratio for the nine months ended September 30, 2017 was 7.36%.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

As of September 30, 2017, December 31, 2016, and September 30, 2016 the Group's financial assets were not pledged as collateral.

(c) Notes and accounts receivable and other receivables, net

	2017.9.30	2016.12.31	2016.9.30
Notes receivable	$ 2,751	2,783	2,733
Accounts receivable	275,714	349,958	356,917
Other receivables	357,353	281,676	242,921
Less: Allowance for impairment loss	(882)	(955)	(4,886)
	$ 634,936	**633,462**	**597,685**

The accounts receivables and notes receivables which were past due but not impaired were as follows:

	2017.9.30	2016.12.31	2016.9.30
Past under 90 days	$ 599	1,095	931
Past due 91-180 days	107	-	-
	$ 706	**1,095**	**931**

The movement in the allowance for impairment loss with respect to notes receivable, accounts receivable and other receivables for the nine months ended September 30, 2017 and 2016 were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2017	$ -	955	955
Reversal of impairment loss	-	(45)	(45)
Derecognition effect of subsidiaries	-	(7)	(7)
Amount of write-off	-	(21)	(21)
Balance at September 30, 2017	**$ -**	**882**	**882**
Balance at January 1, 2016	$ -	16,323	16,323
Reversal of impairment loss	-	(2,195)	(2,195)
Amount of write-off	-	(9,242)	(9,242)
Balance at September 30, 2016	**$ -**	**4,886**	**4,886**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(d) Inventories

	2017.9.30	2016.12.31	2016.9.30
Merchandise inventories	$ 743,478	615,615	515,629
Less: Allowance for inventory valuation and obsolescence losses	(12,131)	(7,486)	(7,741)
	$ 731,347	608,129	507,888

As of September 30, 2017, December 31, 2016, and September 30, 2016 the Group's inventories were not pledged as collateral.

The details of operating cost were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Cost of goods sold	$ 6,191,572	5,245,134	17,731,813	15,828,204
Provision (reversal of provision) for inventory market price decline and obsolescence	1,829	1,239	4,646	(2,149)
Loss on disposal of scrap	-	3	532	716
	$ 6,193,401	5,246,376	17,736,991	15,826,771

The losses on inventories impairment were reversed because part of the inventories whose net realizable value were lower than cost were sold for the nine months ended September 30, 2016.

(e) Losing control of subsidiaries

The Group lost direct control over Rakuya International Info. Co. Ltd starting June 15, 2017 due to its newly elected board of directors. However, the decision did not result in a disposal gain or loss.The Group still has significant influence over Rakuya International Info. CO Ltd. , and the transaction was recognized as investments accounted for using the equity method.

The carrying amount of assets and liabilities of Rakuya International Info. Co. Ltd. on June 15, 2017 as follow:

Cash and cash equivalents	$ 68,692
Accounts receivable and other receivables	2,567
Property, plant and equipment	3,421
Other current assets	501
Intangible assets	2,857
Other financial assets - non-current	10
Accounts payable and other payable	(3,357)
Other current liabilities	(18,660)
Carrying amount of net assets	$ 56,031

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(f) Property, plant and equipment

	Transportation equipment	Furniture and office equipment	Leasehold improvements	Leased assets	Total
Carrying amounts:					
Balance at January 1, 2017	$ 192	268,614	102,605	6,512	377,923
Balance at September 30, 2017	$ 33	298,885	232,006	8,394	539,318
Balance at January 1, 2016	$ 412	168,953	88,128	-	257,493
Balance at September 30, 2016	$ 239	197,478	103,075	-	300,792

There were no significant additions, disposal, or impairment in property, plant and equipment for the nine months ended September 30, 2017 and 2016. The details of depreciation are disclosed in note 12(a). For other information about the property, plant and equipment, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2016.

(g) Intangible assets

	Software	Patent and Trademark	Total
Carrying amounts:			
Balance at January 1, 2017	$ 50,684	2,857	53,541
Balance at September 30, 2017	$ 55,693	-	55,693
Balance at January 1, 2016	$ 35,479	2,857	38,336
Balance at September 30, 2016	$ 48,884	2,857	51,741

There were no significant additions, disposals or impairment in intangible assets for the nine months ended September 30, 2017 and 2016. The details of amortization expenses are disclosed in note 12(a). For other information about the intangible assets, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2016.

(h) Short-term borrowings

	2017.9.30	2016.12.31	2016.9.30
Unsecured bank loans	$ -	96,660	94,050
Unused credit line	$ -	112,770	109,725
Interest rate	-	1.91%~2.40%	1.91%~2.21%

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1.Release of borrowings

The short-term borrowings of the Group were fully repaid during the year. Information on interest expense for the period is discussed in note 6(s). Please refer to note 6(g) of the 2016 annual consolidated financial statements for other related information.

(i) Other current liabilities

	2017.9.30	2016.12.31	2016.9.30
Advance receipts	$ 263,210	221,055	214,681
Receipts under custody-online payment processing service	1,335,051	1,047,663	1,078,959
Other	10,598	2,889	10,898
	$ 1,608,859	**1,271,607**	**1,304,538**

The Group received the advance receipts from consumers who purchased goods or online service points.

Agreements were entered into between the Group and its online sellers for entrusting the Group to collect sellers' online transaction payments. Collections were recognized under receipts under custody and were accounted for as payables to the sellers.

(j) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017.9.30	2016.12.31	2016.9.30
Less than one year	$ 500,832	357,474	348,170
Between one and five years	1,482,998	730,280	727,308
Over five years	899,913	123,132	149,230
	$ 2,883,743	**1,210,886**	**1,224,708**

The Group leases a number of offices and warehouses under operating leases. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date.

Details of operating lease expense were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Operating lease expense	**$ 125,990**	**97,332**	**347,576**	**261,708**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(k) Lease obligations payable

The Consolidated Company's lease obligations payable were as follows:

	2017.9.30			2016.12.31		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 2,054	766	1,288	1,369	571	798
Between one and five years	8,700	1,221	7,479	6,575	1,102	5,473
	$ 10,754	1,987	8,767	7,944	1,673	6,271

(l) Employee benefits

1.Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2016 and 2015.

The details of the Group's expenses were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Operating cost	$ -	-	-	-
Selling expenses	11	(13)	34	(32)
Administration expenses	64	57	193	171
Research and development expenses	2	-	4	(5)
	$ 77	44	231	134

2.Defined contribution plans

The Group deposited the aomunts as follows under the pension plans to the Bureau of Labor Insurance:

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Operating cost	$ 717	891	2,417	2,673
Selling expenses	11,864	10,968	34,948	31,178
Administration expenses	1,660	1,527	4,960	4,444
Research and development expenses	2,905	2,748	8,601	8,162
	$ 17,146	16,134	50,926	46,457

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(m) Income taxes

1.The details of the Group's income tax expenses were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Current income tax expense:				
Current period	$ 26,124	50,456	104,467	153,800
10% surtax on unappropriated earnings	-	-	26,009	29,210
Adjustment for prior periods	-	(1,456)	(15,096)	(4,791)
	26,124	49,000	115,380	178,219
Deferred tax expense:				
Origination and reversal of temporary differences	11,983	310	622	1,265
Income tax expense	**$ 38,107**	**49,310**	**116,002**	**179,484**

2.The amount of income tax expense recognized in other comprehensive income for the third quarter of 2017 and 2016, and for the nine months ended September 30, 2017 and 2016, was both zero.

3.Except for 2014, the Company' s tax returns for the years through 2015 were examined and approved by the Taipei National Tax Administration.

4.The Company' s information related to the inappropriate earnings and tax deduction ratio is summarized below:

	2017.9.30	**2016.12.31**	**2016.9.30**
Unappropriated earnings of 1998 and after	**$ 944,609**	**1,309,930**	**1,170,112**
Balance of imputation credit account (ICA)	**$ 119,676**	**161,858**	**97,804**

	2016 (estimated)	**2015 (actual)**
Tax deduction ratio for earnings distribution to ROC residents	**19.34 %**	**17.77 %**

The above-mentioned information of the unappropriated earnings and tax deduction ratio have been prepared in accordance with the permit No.10204562810 issued by the Ministry of Finance on October 17, 2013.

(n) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the nine months ended September 30, 2017 and 2016. For other information about the stockholders' equity please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Issuance of common stock

On June 22, 2017, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $68,434, with a total of 6,843 thousand shares issued at par value. The capital increase was effective on August 2, 2017, with all registration amendments completed.

On June 21, 2016, the Company's shareholders resolved to capitalize its unappropriated retained earnings of $104,612 with a total of 10,461 thousand shares issued at par value. The capital increase was effective on August 16, 2016, with all registration amendments completed.

2. Capital surplus

The balance of additional paid-in capital was as follows:

	2017.9.30	2016.12.31	2016.9.30
Share capital	$ 2,484,507	2,484,507	2,484,507
Difference between consideration and carrying amount of subsidiaries acquired or disposed	8,643	9,033	9,033
Changes in ownership interest subsidiaries	14,309	3,497	3,497
	$ 2,507,459	2,497,037	2,497,037

3. Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts a residual dividend policy determined by taking the following factors into consideration:

1) The reserve for the Consolidated Company's projected capital expenditure;

2) The reserve used to repay outstanding borrowings;

3) Bonuses and dividends that may be distributed in cash and by issuing shares.

The distribution ratio of stock dividends may not exceed 80% of total dividends.

The earnings distribution for 2016 and 2015 was decided in the general meeting of the shareholders held on June 22, 2017 and June 21, 2016. The relevant dividend distribution to shareholders was as follows:

	2016	2015
Dividends distributed to common shareholders		
Cash	$ 547,469	523,060
Shares	68,434	104,612
Total	$ 615,903	627,672

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

4. Other equity (net of tax)

		Exchange difference on translation of foreign financial statements
Balance at January 1, 2017	$	(2,781)
Exchange difference on translation of foreign financial statements		(864)
Balance at September 30, 2017	**$**	**(3,645)**
Balance at January 1, 2016	$	(4,270)
Exchange difference on translation of foreign financial statements		1,910
Balance at September 30, 2016	**$**	**(2,360)**

5.Non-controlling Interests

	For the nine months ended September 30,		
		2017	**2016**
Balance at January 1	$	752,960	724,311
Shares of non-controlling interests			
Profit (loss) for the nine months ended September 30, 2017		(141,750)	46,624
Foreign currency translation differences for foreign operations		250	(171)
Difference between consideration and carrying amount of subsidiaries acquired or disposed		390	1,274
Changes in ownership interests in subsidiaries		(2,771)	(10)
Changes in non-controlling interests		(46,953)	(30,753)
Proceeds from issuing shares by subsidiaries		131,118	-
Balance at September 30	**$**	**693,244**	**741,275**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(o) Share-based payment

The Group had share-based payment arrangements as follows as of September 30, 2017:

	Equity-settled
	Employee stock options
Fair value at grant date granted	May 25, 2017
Number of shares	33,372,000 units
Contract term	4 years
Vesting conditions	Note 1

Note 1: The Group provides 25% share option to its employee annually according to their years of service, with a maximum of 4 years and a minimum of 1 year.

1.Determining the fair value of equity instruments granted

The Group adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	For the nine months ended September 30, 2017
	Employee stock option plan1
Exercise price	USD 0.09
Expected volatility (%)	28.78%~60.78%
Expected life of the option (years)	5 years
Risk-free interest rate (%)	0.95%~1.31%

2.Employee stock options

Information on aforesaid employee stock options was as follows:

(Unit: Thousands)

	For the nine months ended September 30, 2017		
	Weighted-average exercise price		**Numbers of options**
Balance, beginning of January 1	$	-	-
Options granted	USD	0.09	33,372
Options forfeited		-	(1,126)
Options exercised		-	-
Options expired		-	-
Balance, end of September 30	USD	0.09	**32,246**
Options exercisable, end of September 30		-	**-**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3.Expenses and liabilities resulted from share-based payments

The incurred expenses from share-based payments transactions were $8,041 for the nine months ended September 30, 2017.

(p) Earnings per share

	Third Quarter of		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Basic earnings per share				
Profit attributable to common stockholders of the Company	**$ (14,511)**	**169,682**	**325,692**	**619,628**
Weighted-average number of ordinary shares	**117,159**	**117,159**	**117,159**	**117,159**
	$ (0.12)	**1.45**	**2.78**	**5.29**
Diluted earnings per share				
Profit attributable to common stockholders of the Company	**$ (14,511)**	**169,682**	**325,692**	**619,628**
Weighted-average number of ordinary shares (basic)	117,159	117,159	117,159	117,159
Effect of employee stock bonus	2	148	288	224
Weighted-average number of ordinary shares (adjusted with potential effect of diluted ordinary shares)	**117,161**	**117,307**	**117,447**	**117,383**
	$ (0.12)	**1.45**	**2.77**	**5.28**

(q) Revenue

For the third quarter of 2017 and 2016, and for the nine months ended September 30, 2017 and 2016, the details of revenue were as follows:

	Third Quarter of		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Sale of goods	$ 6,944,672	5,875,885	19,915,946	17,660,880
Rendering of services	354,151	458,148	1,164,070	1,443,956
	$ 7,298,823	**6,334,033**	**21,080,016**	**19,104,836**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(r) Remuneration to employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the bord of directors but has yet to be determined by the shareholders, require that earning shall first be offset against any deficit, then, 1%~15% will be distributed as employee remuneration and less than 1.5% will be allocated as directors' and supervisors' remuneration. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Comapny who meet certain specific requirement.

The remuneration to employees amounted to $260, $15,121, $29,680 and $54,498 and the remuneration to directors and supervisors amounted to $29, $1,697, $3,331 and $6,117 for the third quarter of 2017 and 2016 and for the nine months ended September 30, 2017 and 2016, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating expenses. If there would be any changes after the reporting date in the following year, the changes would be treated as changes in accounting estimates and recognized as profit or loss in following year.

For the year ended December 31, 2016 and 2015, the remuneration to employees amounted to $69,197 and $68,744, and the remuneration of directors and supervisors amounted to $5,967 and $7,736. There were no differences between the actual amounts and the estimated amounts in 2016 and 2015. Related information would be available at the Market Observation Post System.

(s) Non-operating income and expenses

1. Other revenue

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Interest income	$ 4,291	5,623	15,194	20,228
Dividend income	1,725	1,313	3,436	3,255
Other	789	860	4,675	5,188
	$ 6,805	**7,796**	**23,305**	**28,671**

2. Other gains and losses, net

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Foreign currency exchange gain (loss), net	$ 383	(6,167)	(9,179)	(10,888)
Gains on disposals of property, plant and equipment	1	33	1,139	34
Loss on disposal of investments	(7,257)	-	(7,257)	-
Other	-	1	-	-
	$ (6,873)	**(6,133)**	**(15,297)**	**(10,854)**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

3. Finance costs

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Interest expense	$ (218)	(518)	(1,381)	(871)

(t) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, and market risk for the nine months ended September 30, 2017 and 2016. For other information about the fair value of financial instruments, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2016.

1.Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at September 30, 2017							
Non-derivative financial liabilities							
Notes payable	$ 3,336	3,336	3,336	-	-	-	-
Accounts payable	2,561,076	2,561,076	2,561,076	-	-	-	-
Other payables	561,499	561,499	561,499	-	-	-	-
Receipts under custody	1,335,051	1,335,051	1,335,051	-	-	-	-
Lease obligations payable	8,767	10,754	1,027	1,027	2,055	6,645	-
	$ 4,469,729	**4,471,716**	**4,461,989**	**1,027**	**2,055**	**6,645**	**-**
Balance at December 31, 2016							
Non-derivative financial liabilities							
Short-term borrowings	$ 96,660	96,660	96,660	-	-	-	-
Notes payable	2,193	2,193	2,193	-	-	-	-
Accounts payable	2,286,602	2,286,602	2,286,602	-	-	-	-
Other payables	355,547	355,547	355,547	-	-	-	-
Receipts under custody	1,047,663	1,047,663	1,047,663	-	-	-	-
Lease obligations payable	6,271	7,944	685	685	1,368	5,206	-
	$ 3,794,936	**3,796,609**	**3,789,350**	**685**	**1,368**	**5,206**	**-**
Balance at September 30, 2016							
Non-derivative financial liabilities							
Short-term borrowings	$ 94,050	94,050	94,050	-	-	-	-
Notes payable	4,850	4,850	4,850	-	-	-	-
Accounts payable	2,009,684	2,009,684	2,009,684	-	-	-	-
Other payables	327,409	327,409	327,409	-	-	-	-
Receipts under custody	1,078,959	1,078,959	1,078,959	-	-	-	-
	$ 3,514,952	**3,514,952**	**3,514,952**	**-**	**-**	**-**	**-**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

2.Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	2017.9.30			2016.12.31			2016.9.30		
	Foreign currency (thousands of dollars)	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency (thousands of dollars)	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 41,761	30.27	1,264,109	8,595	32.22	276,923	9,123	31.35	286,000
Financial liabilities									
Monetary items									
USD	450	30.27	13,622	3,680	32.22	118,582	3,711	31.35	116,328

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the TWD against the USD as at September 30, 2017 and 2016, would have increased or decreased net income by $50,238 and $6,683, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the nine months ended September 30, 2017 and 2016.

Due to the variety of functional currency, the Group disclosed the foreign currency gain or loss on monetary items aggregately. For the nine months ended September 30, 2017 and 2016, the foreign exchange losses (including realized and unrealized) were $9,179 and $10,888, respectively.

2) Interest analysis

The interest rate exposure of the Group's financial assets and liabilities is described in note (6)(t)1. on liquidity risk management.

3. Fair value

The Group considers the carrying amount of its loans and receivables and financial assets and financial liabilities measured at amortized cost to be a reasonable approximation of fair value.

(u) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to note 6(s) of the annual consolidated financial statements for the year ended December 31, 2016.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(v) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2016. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2016. For other information about the capital management, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2016.

(7) Related-Party Transactions

Key management personnel compensation comprised:

	Third Quarter of		For the nine months ended September 30,	
	2017	2016	2017	2016
Short-term employee benefits	$ 20,335	29,460	55,600	80,888

(8) Restricted Assets

The following assets were restricted in use:

Assets	Purpose of Pledge	2017.9.30	2016.12.31	2016.9.30
Deposit account-current	Security for performance and purchase guarantee	$ 305,691	331,011	319,011
Refundable deposit	Security for provisional seizure, etc. and deposits for office rental	131,740	164,272	164,647
		$ 437,431	495,283	483,658

(9) Significant Contingencies and Commitments

(a) The agreement with a non-related party for internet phone services entered into in July 2004 was renewed on April 1, 2009. Pursuant to the newly revised agreement, the net revenue from these services is allocated each month between the parties by a set ratio. As the Company sold its internet phone services to Linktel Inc. (with 100% shareholding) on March 1, 2011, Linktel Inc. and the Company signed a contract with the non-related party in which the Company acts as the guarantor of the non-related party at all times and during the term of the agreement.

(b) As of September 30, 2017, December 31, 2016, and September 30, 2016, notes payable deposited as guarantee for commercial vehicle and office and building leases were $132,493, $111,548 and $83,291, respectively.

(c) According to the "Standardized contract for telecom product or service", the payment guarantee for Skype stored-value service should be fully provided by financial institutions. Therefore, the Group entered into an agreement with a financial institution, with having a guarantee limit of $40,000 as of September 30, 2017, December 31, 2016, and September 30, 2016, respectively.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(d) As of September 30, 2017, December 31, 2016, and September 30, 2016, the Group has entered into an agreement with a financial institution for providing performance guarantee for the Group on the balance amount received through the Group's online payment processing services to online sellers; the amount of performance guarantee agreed therein are $110,000, $28,000 and $28,000, respectively.

(e) As of September 30, 2017, December 31, 2016, and September 30, 2016, the Group has entered into several agreements with different financial institutions for providing performance guarantee for the Group on the balance amount received through the Group's online payment processing services; the amount of performance guarantee agreed therein are $935,000, $1,035,000 and $1,035,000, respectively.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events

The Board of Directors of the PChome Store Inc. resolved to issue non-public offering common shares, with the total shares of no more than 10 million and a common share price of no less than ninty percent of the reference price. The Board of Director's also resolved to convene the interim shareholder's meeting on November 23, 2017.

(12) Others

(a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

Categorized as	Third Quarter of 2017			Third Quarter of 2016		
Nature	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	20,452	355,203	375,655	20,249	360,853	381,102
Labor and health insurance	1,951	29,619	31,570	2,215	27,649	29,864
Pension	717	16,506	17,223	891	15,287	16,178
Others employee benefits	484	11,185	11,669	638	10,027	10,665
Depreciation	4,962	33,946	38,908	4,755	29,346	34,101
Amortization	-	6,651	6,651	-	4,267	4,267

Nature / Categorized as	For the nine months ended September 30, 2017			For the nine months ended September 30, 2016		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	64,052	1,101,673	1,165,725	59,719	1,065,145	1,124,864
Labor and health insurance	6,390	89,439	95,829	6,722	80,722	87,444
Pension	2,417	48,740	51,157	2,673	43,918	46,591
Others employee benefits	1,659	33,420	35,079	1,923	28,990	30,913
Depreciation	14,709	101,104	115,813	13,913	87,215	101,128
Amortization	-	16,571	16,571	-	10,299	10,299

(b) Seasonality of operations:

The factors of season or cycle have no impact on the operations of the Group.

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2017:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

No. (Note 1)	Name of company	Counter-party		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent Company endorsement/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsement/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	Linktel Inc.	2	2,513,667	38,364	6,598	6,598	-	0.13 %	5,027,334	Y		

Note 1: 0 is issuer.

Note 2: Highest balance during the period cannot exceed 50% of net asset value, and the maximum amount of endorsement cannot exceed net asset value.

Note 3: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
5. Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Note
				Number	Book value	Percentage	Market value	
	Common Stock:							
PChome Online Inc.	Syspower Ltd.	-	Financial assets measured at cost	744,118	2,846	3.72 %	-	
〃	Openfind Information Technology, Inc.	-	〃	800,000	4,031	6.26 %	-	
〃	Career Consulting Co., Ltd.	-	〃	113,005	1,015	0.72 %	-	
〃	Readmoo Co., Ltd.	-	〃	2,000,000	20,000	19.49 %	-	
〃	IPEVO Corp.	-	〃	1,386,822	15,664	7.36 %	-	
Linktel Inc.	Eastern Online Co., Ltd.	-	〃	118,750	-	3.18 %	-	
〃	Taiwan Star Telecom Co., Ltd.	-	〃	3,942	-	- %	-	
〃	PayEasy Ltd.	-	〃	5,437,762	-	12.51 %	-	
〃	17Life Ltd.	-	〃	1,126,049	-	6.26 %	-	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

5. Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

6. Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

7. Buying/selling products with the dollar amount reaches $100 million or 20% or more of paid-in capital: None.

8. Accounts receivable from related parties for which the dollar amount reaches $100 million or 20% or more of paid-in capital: None.

9. Derivative transactions: None.

10. Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	PChome Online Inc.	Linktel Inc.	1	Sales	2,839	Usual terms and conditions	0.01 %
0	〃	〃	1	Professional Service fees	1,484		0.01 %
0	〃	PChome Store Inc.	1	Sales	48,078	〃	0.23 %
0	〃	〃	1	Accounts Receivable	3,511	〃	0.03 %
0	〃	PChome eBay Co., Ltd.	1	Sales	6,417	〃	0.03 %
0	〃	〃	1	Advertisement Expenses	4,950	〃	0.02 %
0	〃	PChome Trading (Shenzhen) Ltd.	1	Other Receivables	4,014	〃	0.04 %
0	〃	PChomePay Inc.	1	Cash Equivalents	1,883	〃	0.02 %
0	〃	IT Home Publications Inc.	1	Professional Service fees	1,350	〃	0.01 %

Note 1: For the inter-company business relationship and transaction condition in the "No." column, the labeling method is as follows:
1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose transactions for which the dollar amount did not reach $1,000 thousand.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

For the nine months ended September 30, 2017, the following was the information on investees (excluding investees in Mainland China) :

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount) Ending balance	Initial investment (Amount) Beginning balance	Ending balance Shares	Ending balance Ratio of shares	Ending balance Book value	Net income (loss) of the investee	Investment income (losses)	Note
PChome Online Inc.	IT Home Publications Inc.	Taiwan	Magazine publication	30,000	30,000	5,014,802	100.00 %	50,741	(375)	(375)	Note
〃	Linktel Inc.	〃	Type II Telecommunications Business	125,000	125,000	17,325,940	100.00 %	136,721	(1,028)	(1,028)	〃
〃	PC Home Online International Co., Ltd.	British Virgin Islands	International trade and investment activities	25,485	25,485	122,328	100.00 %	9,762	(1,274)	(1,274)	〃
〃	Rakuya International Info. Co. Ltd.	Taiwan	Real estate business, and internet information rental service	45,199	35,199	2,411,315	21.03 %	10,898	(9,496)	(2,100)	〃
〃	PChome Store Inc.	〃	Internet services	84,770	84,770	12,941,501	48.65 %	170,526	(367,171)	(183,049)	〃
〃	PChomePay Inc.	〃	Online payment processing services	180,000	180,000	18,000,000	21.18 %	140,849	(51,657)	(10,941)	〃
〃	PChome US Inc.	United States of America	E-commerce platform	124,378	124,378	42,500,000	91.40 %	6,350	(3,056)	(2,793)	〃
〃	eCommerce Group Co., Ltd.	British Virgin Islands	Investment activities	2,089,037	875,250	669,000,000	100.00 %	1,950,193	14,116	14,116	〃
〃	Pi Mobile Technology Inc.	Taiwan	Online payment processing services	20,000	20,000	2,000,000	100.00 %	9,184	(5,061)	(5,061)	〃
〃	PChome (Thailand) Co., Ltd.	Thailand	E-commerce platform	66,200	66,200	6,500,000	65.00 %	39,404	(12,781)	(8,307)	〃
〃	PChome Travel Inc.	Taiwan	Travel agency business	6,000	6,000	600,000	100.00 %	5,247	(146)	(146)	〃
〃	PChome Financial Technology Inc.	〃	Information service	80,000	80,000	8,000,000	100.00 %	75,091	(4,583)	(4,583)	〃
IT Home Publications Inc.	Yiabi Inc.	〃	Information processing and provision of electronic information	5,000	5,000	500,000	100.00 %	1,587	(535)	(535)	〃
Linktel Inc.	Rakuya International Info. Co. Ltd.	〃	Real estate business, and internet information rental service	6,238	-	623,800	5.44 %	2,819	(9,496)	(398)	〃
PChome eBay Co., Ltd.	PChomePay Inc.	〃	Online payment processing services	205,200	205,200	20,520,000	24.14 %	160,533	(51,657)	(12,470)	〃
〃	PChome Store Inc.	〃	Internet services	232,265	-	4,053,486	15.24 %	179,701	(367,171)	(49,965)	〃
PChome Store Inc.	PChomePay Inc.	〃	〃	288,000	288,000	28,800,000	33.88 %	225,320	(51,657)	(17,503)	〃
PChomePay Inc.	Pay and Link Inc.	〃	Electronic payment business	500,388	500,388	50,100,000	100.00 %	441,844	(30,410)	(30,410)	〃
〃	Zhen Jain Lian International Co., Ltd.	〃	Online payment processing services	3,000	3,000	300,000	100.00 %	2,747	(53)	(53)	〃

Name of investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Net income (loss) of the investee	Investment income (losses)	Note
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
PChomePay Inc.	Yin Te Lian International Co., Ltd.	Taiwan	Online payment processing services	3,000	3,000	300,000	100.00 %	2,747	(53)	(53)	Note
〃	Yun Tung Bao International Co., Ltd.	〃	〃	3,000	3,000	300,000	100.00 %	2,747	(53)	(53)	〃
PC Home Online International Co., Ltd.	PChome Online Inc.	Cayman Islands	International trade and investment activities	25,311	25,311	10,000,000	100.00 %	10,868	(1,228)	(1,228)	〃
PChome Online Inc.	PC Home Online (HK) Ltd.	Hong Kong	Information service and indirect investment activities	25,140	25,140	5,641,239	100.00 %	12,501	(1,143)	(1,143)	〃
PC Home Online (HK) Ltd.	PChome Japan KK	Japan	International trading E-commerce	841	841	800,000	100.00 %	322	(395)	(395)	〃
〃	Ruten Japan KK	〃	Information processing and provision of electronic information	5,438	5,438	2,000,000	16.67 %	5,037	(1,618)	(542)	〃
eCommerce Group Co., Ltd.	Ruten Global Inc.	Cayman Islands	Investment activities	2,090,181	874,702	668,720,000	100.00 %	1,949,918	14,199	14,199	〃
Ruten Global Inc.	EC Global Limited	Hong Kong	〃	22,740	22,740	7,494,642	100.00 %	5,348	(728)	(728)	〃
〃	PChome eBay Co., Ltd.	Taiwan	Information processing and provision of electronic information	779,688	779,688	27,300,000	65.00 %	763,580	36,108	23,470	〃
〃	Ruten Japan KK	Japan	Information processing and provision of electronic information	27,040	-	10,000,000	83.33 %	25,181	(1,618)	(1,076)	〃
〃	Ruten Singapore Pte. Ltd.	Singapore	Information processing and provision of electronic information	63,045	-	20,800,000	65.00 %	62,497	(1,272)	(827)	〃

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan (R.O.C.)	Investment Flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2(2))	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Shanghai Todo Inc.	Software and internet technical consulting service	4,541	(2)	4,541	-	-	4,541	(201)	100.00 %	(201)	1,997	-
PChome Trading (Shenzhen) Ltd.	International trading E-commerce	10,595	(2)	10,595	-	-	10,595	(660)	100.00 %	(660)	(3,518)	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment (amount) by Ministry of Economic Affairs Investment Commission(Note 3)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 4)
The Company	15,136	58,422	3,432,347

Note 1: Investments in Mainland China are differentiated by the following five methods:

(1) Direct investment in Mainland China with remittance through a third region

(2) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.

(3) Indirect investment in Mainland China through an existing investee company in a third region.

(4) Direct investment in Mainland China

(5) Other methods

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

(1) If the corporation is in the set-up phase, no investment gain or loss recognition is required.

(2) Recognition basis of investment gains or losses is determined by the following three types:

1. Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.

2. Financial statements of the investee company were audited and certified by the external accountant of the parent company.

3. Others — financial statement compiled by investee.

Note 3: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate 30.27 at the nine months ended September 30, 2017.

Note 4: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions: None.

(14) Segment Information

The Group's regional financial information was as follows:

Third Quarter of 2017	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 6,709,785	508,854	80,184	-	7,298,823
Inter-company revenue	19,792	4,502	1,650	(25,944)	-
Total Revenue	**$ 6,729,577**	**513,356**	**81,834**	**(25,944)**	**7,298,823**
Reportable Segment net operating income (loss)	**$ 179,345**	**(240,797)**	**(33,961)**	**-**	**(95,413)**
Third Quarter of 2016					
Revenue:					
Non-inter-company revenue	$ 5,563,459	667,093	103,481	-	6,334,033
Inter-company revenue	22,957	4,871	1,600	(29,428)	-
Total Revenue	**$ 5,586,416**	**671,964**	**105,081**	**(29,428)**	**6,334,033**
Reportable Segment net operating income (loss)	**$ 191,255**	**78,087**	**(36,884)**	**9**	**232,467**
For the nine months ended September 30, 2017					
Revenue:					
Non-inter-company revenue	$ 19,160,136	1,671,609	248,271	-	21,080,016
Inter-company revenue	58,768	13,477	4,897	(77,142)	-
Total Revenue	**$ 19,218,904**	**1,685,086**	**253,168**	**(77,142)**	**21,080,016**
Reportable Segment net operating income (loss)	**$ 602,347**	**(213,790)**	**(94,257)**	**4**	**294,304**

PCHOME ONLINE INC. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

For the nine months ended September 30, 2016	E-Commerce-Sales	Market Place	Other	Adjustments and Eliminations	Consolidated
Revenue:					
Non-inter-company revenue	$ 16,684,976	2,129,629	290,231	-	19,104,836
Inter-company revenue	77,100	14,245	4,076	(95,421)	-
Total Revenue	**$ 16,762,076**	**2,143,874**	**294,307**	**(95,421)**	**19,104,836**
Reportable Segment net operating income (loss)	**$ 656,709**	**249,803**	**(77,732)**	**10**	**828,790**